

DECLARATION OF CONDOMINIUM

W I T N E S S E T H :

WHEREAS, the Grantor desires to, and by these presents does hereby submit the said Property together with the Building now or to be erected thereon, into a condominium regime pursuant to the provisions of the Real Property Article, Title 11, Section 11-101, et seq., of the Annotated Code of Maryland (1988 Repl. Vol.) ("the Maryland Condominium Act"); and

WHEREAS, Grantor desires and intends, by the recordation of the Condominium Plat and this Declaration, to submit the property described as Exhibit "A" attached hereto, together with the improvements heretofore or hereafter constructed thereon, and all appurtenances thereto, to the provisions of the Condominium Act as a condominium.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor hereby declares that all of the Property described in Exhibit A attached hereto, together with all improvements heretofore constructed thereon, and all appurtenances thereto, shall be held, conveyed, divided or subdivided, leased, rented and occupied, improved, hypothecated or encumbered, subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens (hereinafter sometimes referred to as "covenants and restrictions") hereinafter set forth, including the provisions of the By-Laws of Decoverly IV Condominium, Inc., (the "By-Laws") attached hereto as Exhibit B and incorporated

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LETITIA A. SKELTON
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herein, all of which are declared and agreed to be in aid of a plan for the improvement of said Property, and the division thereof into condominiums and shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable by the Grantor, its successors and assigns, and any person acquiring or owning an interest in said Property and improvements.

FIRST: Definitions: Unless the context shall plainly require otherwise, the following words used in this Declaration and/or any and all exhibits hereto shall have the following meanings:

(a) "unit" or "condominium unit" means a unit defined by the Maryland Condominium Act and this Declaration, and consists of any one of those parts of the Building which is separately described on the Plats and in paragraph "Third" below.

(b) "condominium" or "condominium project" means the property subject to this Declaration.

(c) "unit owner" means any person, group of persons, corporation, partnership, trust or other legal entity, or any legal combination thereof, which owns a condominium unit within the condominium project, provided, however, that any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, which holds such an interest solely as security for the payment of a debt or performance of an obligation shall not be a unit owner solely by reason of such interest.

(d) "common elements" means all of the condominium except the units.

(e) "general common elements" means all the common elements except the limited common elements.

(f) "limited common elements" means those common elements identified in this Declaration or in the Plats as reserved for the exclusive use of one or more but less than all of the unit owners.

(g) "common expenses" and "common profits" means the expenses and profits, respectively, of the Corporation.

(h) "community association" means The Decoverly Community Association Inc.

(i) "council of unit owners" means the governing body of the condominium and is comprised of all unit owners of DECOVERLY IV CONDOMINIUM, Inc.

(j) "percentage interests" means the interest expressed as percentages, established in accordance with paragraph "Fifth" below.

(k) "mortgagee" means the holder of any recorded mortgage, or the beneficiary of any recorded deed of trust encumbering one or more units.

(l) "eligible mortgagee" means the holder of a first security interest in a unit which has notified the council of unit owners, in writing, of its name and address, and that it holds a first security interest in a unit. Such notice shall be deemed to include a request that the eligible mortgagee be given the notices and other rights described herein. By example, a list of potential eligible mortgagees may include, but is not limited to the Federal National Mortgage Association ("Fannie Mae" or "FNMA"), the Federal Home Loan Mortgage Corporation ("Freddie Mac" or "FHLMC"), and the Government National Mortgage Association ("GNMA"). Wherever in the Documents the approval or consent of a specified percentage of eligible mortgagees is required, it shall mean the approval or consent of eligible mortgagees holding security interests in units which, in the aggregate, have allocated to them such specified percentage of votes in the Council of Unit Owners when compared to the total percentage allocated to all units then subject to security interests held by eligible mortgagees.

(m) "eligible insurer" means an insurer or guarantor of a first security interest in a unit which has notified the Council of Unit Owners in writing of its name and address and that it has insured or guaranteed a first security interest in a unit. Such notice shall be deemed to include a request that the eligible insurer be given the notices and other rights described herein. By example, a list of potential eligible insurers may include, but is not limited to, the U.S. Department of Housing and Urban Development ("FHA") and the Veterans Administration ("VA").

(n) "security interest" means an interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in the Condominium, and any other consensual lien or title retention contract intended as security for an obligation.

SECOND: Name of Condominium: This Condominium shall be known as "Decoverly IV Condominium".

THIRD: Condominium Property and Description of Condominium Units: The property which is, and shall be, conveyed, divided or subdivided, hypothecated or encumbered, sold, leased, rented, used, occupied, and improved subject to this Declaration and the provisions of the Maryland Condominium Act is located in the County of Montgomery, State of Maryland, and is more particularly described on Exhibit A attached hereto and by this reference made a part hereof. Annexed hereto and made part hereof as Exhibit C

is a list of all units in the Building, their unit designations, and the percentage interest of each unit in the common elements. The approximate areas and elevations of the units, the Building, and the Property and the immediate common elements to which each unit has access is shown on the Plats. Each Condominium unit in the Building shall consist of an enclosed space of one or more rooms occupying part of one floor in the Building of one or more floors or stories. The lower vertical boundary of any such condominium unit is a horizontal plane or planes, the elevation of which coincides with the upper surfaces of the floor, extending to intersect the lateral boundaries thereof. The upper vertical boundary is a horizontal plane or planes, the elevation of which coincides with the unexposed lower surfaces of the ceiling dry-wall, extending to intersect the lateral boundaries thereof. Where the unit has a loft level, the lower plane of the lower level shall be coincident with the upper surface of the wooden floor and the upper plane shall be coincident with the inclined plane of the unexposed surface of the vaulted ceiling, drywall, sheetrock or plaster of the loft level. The lateral boundaries of such units are the vertical planes coinciding with the unexposed surfaces of the interior perimeter dry-walls, extending to intersect the upper and lower boundaries thereof and the other lateral boundaries of the unit. If any wall corresponding to the boundary lines of the units shown on the Plats in fact is not comprised of dry-wall, as in the case of units with fireplaces, then the lateral boundary for that part of the unit is the vertical plane coinciding with the interior surface of the cinderblock wall. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the unit, and all other portions of the walls, floors or ceilings are a part of the common elements. Except for the common elements as hereinafter described and/or as shown on the Plats, each condominium unit shall include all the space, facilities and equipment located within the area above described for such unit. In units with fireplaces, the firebox, hearth, and that portion of the flue located within the unit, are a part of that unit. If any chute, duct, wire, conduit or any other fixture lies partially within and partially outside of the designated boundaries of a unit, any portion thereof serving only that unit is a part of that unit, and any portion thereof serving more than one unit or any portion of the common elements is a part of the common elements. The doors and windows of a unit shall be included within the unit. All spaces, interior partitions and other fixtures within the boundaries of a unit are a part of that unit.

FOURTH: (A) General Common Elements: The general common elements shall include the real property, improvements, facilities and systems described in Exhibit A and the Plats, which are not a part of any condominium unit and which are not designated limited common elements. The general common elements shall include but not be limited to, streets, curbs, sidewalks, walks, parking areas, play areas, lawn and garden areas, trees, shrubbery,

recreational areas, foundations, stairwells and stairways, hallways, and roofs. The general common elements shall also include the components of the electrical power, water, telephone and sewer systems, which are not located within any unit or which are located within the unit but serve more than one unit or the common elements, including without limitation, the pipes, ducts, water mains, chutes, conduits, utility mains, storm drainage, sewer pipes, cables, and wires which are a part of said systems.

(B) **Limited Common Elements:** The limited common elements include those designated as such on the Plats, such as balconies, patios, and terraces, and, as limited common elements, are reserved for the exclusive use of the owners of the unit or units to which they are declared to be appurtenant by appropriate designation on the Plats. The limited common elements appurtenant to a unit shall include the portion of the fireplace flue which is located outside of the unit containing the fireplace it serves. The lateral boundaries of the limited common elements are the vertical planes coinciding with the outermost boundary of the limited common elements as shown on the Plats. The upper and lower vertical boundaries of all limited common elements except the fireplace flues are horizontal planes, the elevations of which coincide with the upper and lower vertical boundaries of the units appurtenant thereto. Any shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, storage rooms, and all exterior doors and windows or other fixtures designated to serve a single unit, but located outside the unit's boundaries, are limited common elements allocated exclusively to that unit. The limited common elements shall not include any utility mains, pipes, ducts, water mains and other utility lines which may lie within the boundaries of the limited common elements. Said utility mains, pipes, etc., shall remain common elements and as such, shall not be obstructed, damaged or interfered with by any unit owner. Any unit owner of a unit to which the use of any limited common element is restricted may grant by deed the use of the limited common element to any other unit owner. Thereafter, the Grantor shall have no further right to use the limited common element.

(C) **Easement for Support and Access:** Each unit owner shall have an easement in common with the owners of all other units for the use of any pipes, wires, ducts, flues, chutes, cables, conduits, public utility lines and other common elements located in any of the other units to serve his unit. Each unit shall be subject to an easement in favor of the owners of all other units for the use of any pipes, ducts, flues, chutes, cables, wires, conduits, public utility lines and other common elements which serve such other units but are located in such unit. Every portion of a unit which contributes to the structural support of the Building shall be burdened with an easement of structural support for the benefit of all other units and the common elements.

(D) Easements, Rights-of-Way, Licenses: The Board of Directors may grant specific easements, rights-of-way, licenses, and similar interests affecting the common elements for public utilities or other public purposes consistent with the use of the common elements by the condominium, pursuant to the provisions contained in the Maryland Condominium Act.

FIFTH: Percentage Interests:

(A) The Condominium Units. Each condominium unit in the condominium shall have the same incidents as real property.

(B) Undivided Percentage Interests in Common Elements. Each unit owner shall own an undivided percentage interest in the common elements of the condominium equal from time to time to a fraction, the numerator of which is always "1" and the denominator of which is the number of condominium units from time to time contained within the condominium as more fully set forth, by way of example and not by way of limitation, on Exhibit C attached hereto and by this and other reference made a part hereof. The undivided percentage interests in the common elements shall have a permanent character and, except as specifically provided in the Condominium Act or in this Declaration, may not be changed without the written consent of all of the unit owners and the holders of all mortgages on the condominium units. The undivided percentage interest in the common elements may not be separated from the condominium units to which they appertain. Any instrument, matter, circumstance, action, occurrence or proceeding in any manner affecting a condominium unit also shall affect, in like manner, the individual percentage interest in the common elements appertaining to such unit, whether or not such percentage interest is expressly described or mentioned.

(C) Percentage Interests in Common Expenses and Common Profits. Each unit owner shall have a percentage interest in the common expenses and common profits of the condominium equal from time to time to a fraction, the numerator of which is always "1" and the denominator of which is the number of condominium units from time to time contained within the condominium, as more fully set forth, by way of example and not by way of limitation, on Exhibit C attached hereto and by this and other reference made a part hereof. The percentage interests in the common expenses and common profits shall have a permanent character and, except as specifically provided in the Condominium Act or in this Declaration, may not be changed without the written consent of all of the unit owners and the holders of all mortgages on the condominium units. The percentage interests in the common expenses and common profits may not be separated from the unit from which they appertain. Any instrument, matter, circumstance, action, occurrence, or proceeding in any manner affecting a condominium unit also shall affect, in like manner, the percentage interest appertaining to such unit, whether or not such percentage interest is expressly described or mentioned.

(D) Votes. Each unit shall have one (1) appurtenant to it, which vote cannot be separated from the unit to which it is appurtenant.

(E) Voting Rights. At any meeting of the Council of Unit Owners, each unit shall be entitled to cast one vote on each question which comes before the meeting.

SIXTH: Covenant Against Partition: The common elements shall remain undivided. No owner of any condominium unit or any other person shall bring any action for partition or division thereof except as may be provided for herein and in the Maryland Condominium Act.

SEVENTH: (A) Expansion - Addition of Subsequent Phases. Pursuant to the provisions of Section 11-120 of the Condominium Act, and subject to the limitations and requirements herein and therein set forth, Grantor shall have the absolute right, to be exercised prior to seven (7) years from the date of recording of this Declaration, but not the obligation, to annex to the land and improvements described on Exhibit A attached hereto, and thereby to submit to each and every one of the provisions of this Declaration and the Condominium Act, any or all of the land described on Exhibit D attached hereto and by this and other reference made a part hereof, together with any or all of the improvements heretofore or hereafter constructed thereon, as delineated in general terms on the Condominium Plat. Each such expansion or annexation shall be accomplished by the recordation among the Land Records of Montgomery County, Maryland, of an amendment to this Declaration and amendments to the Condominium Plat as required by the provisions of constructed pursuant to this Article SEVENTH shall be substantially similar in quality of construction to the existing condominium.

(B) Reallocation of Percentage Interests. Upon the recordation of any amendment to this Declaration and any initial amendment to the Condominium Plat, as in this Article SEVENTH contemplated, each owner, by operation of law, shall have the undivided percentage interest in the common elements, common expenses and common profits of the condominium equal from time to time to a fraction, the numerator of which is "1" and the denominator of which is the number of units from time to time contained within the condominium. Upon the recordation of each such amendment to this Declaration and each such amendment to the Condominium Plat, the undivided percentage interests in the common elements, common expenses and common profits of the condominium shall be delivered subject to a conditional limitation that the percentage interests appurtenant to the condominium unit shall be automatically reallocated, pro tanto, upon the recordation of each such amendment.

(C) Order of Expansion - Maximum Number of Units. Pursuant to the provisions of Section 11-120 of the Condominium Act, and subject to the limitations and requirements herein and therein set

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forth, the rights herein reserved to Grantor to annex to the land and improvements described on Exhibit A attached hereto, and thereby to submit to each and every one of the provisions of this Declaration and the Condominium Act, such other parcels of land (with improvements) described on Exhibit D attached hereto and by this and other reference made a part hereof, as more fully provided for in this Article SEVENTH, may be exercised in such order or sequence and in such increments and with such configurations and areas as the Grantor may from time to time consider appropriate.

The maximum number of condominium units to be added to the condominium shall be one hundred ninety-four (194).

(D) Reservation of Power of Attorney. There is hereby reserved unto the Grantor, an irrevocable power of attorney, with power of substitution, coupled with an interest, for the purpose of reallocating the percentage interest and voting rights appurtenant to each of the condominium units in the condominium in accordance with the provisions of this Declaration and to execute, acknowledge and deliver such further instruments as may from time to time be required in order to accomplish the purposes of this Article SEVENTH. Each owner and each mortgagee of a condominium unit in the condominium shall be deemed to have acquiesced in amendments to this Declaration and in amendments to the Condominium Plat for the purpose of additional condominium units and common elements to the condominium as set forth above, and shall be deemed to have granted unto the Grantor an irrevocable power-of-attorney, coupled with an interest, to effectuate, execute, acknowledge and deliver any such amendments and each such unit owner and mortgagee shall be deemed to have agreed and covenanted to execute such further instruments, if any, as may be required by the Grantor, its successors or assigns, to properly accomplish such amendments.

(E) Interpretation. Whenever in this Declaration or in any of the Exhibits hereto any reference is made to Exhibit A, such reference shall mean Exhibit A as from time to time modified, amended, superseded or supplemented pursuant to the provisions of this Article. Whenever in this Declaration or in any of the Exhibits hereto any reference is made to Exhibit C, such reference shall mean Exhibit C as from time to time modified, amended, superseded or supplemented pursuant to the provisions of this Article. Whenever in this Declaration or in any of the Exhibits hereto any reference is made to Condominium Plat, such reference shall mean the Condominium Plat referred to in the recitals hereof as from time to time modified, amended, superseded or supplemented pursuant to the provisions of this Article.

EIGHTH: Expansion - Rights of Administrator of Veterans Affairs - Veterans Administration: So long as any mortgage secured on any condominium unit in the condominium is guaranteed by the Administrator of Veterans Affairs, the rights reserved to Grantor in Paragraph SEVENTH of this Declaration may be exercised

only in accordance with a plan for the total development of the condominium approved by the Administrator of Veterans Affairs. Improvements constructed upon the parcels of land described in Paragraph SEVENTH of this Declaration shall be consistent, as to quality of construction, with the improvements constructed upon the land and premises described in Exhibit A attached hereto.

NINTH: (A) Membership in the Decoverly Community Association, Inc. Every person or entity who is a record owner of a fee or undivided fee interest in any unit within Decoverly IV Condominium which is subject to these covenants and restrictions shall automatically be a member of the Decoverly Community Association, Inc. provided that any such person or entity; who holds such interest merely as security for the performance of an obligation shall not be a member, and provided further that no voting or other privileges and no assessments or charges hereinafter provided for shall be effective for any unit until such unit has first been occupied; thereafter, all voting and other privileges and all assessments and charges shall be fully effective whether such unit be occupied or not.

(B) Voting Rights in the Decoverly Community Association, Inc. All members of the Decoverly Community Association, Inc. as defined in Section (A) of this Article shall have the voting rights as provided in the Declaration of Covenants, Conditions and Restrictions of the Decoverly Community Association, Inc.

(C) Priority of Decoverly Community Association, Inc. It is expressly understood and agreed that all property which is now or shall hereafter become subject to this Declaration shall have also been subjected to all the terms, covenants, and conditions of the Declaration establishing Decoverly Community Association, Inc. No amendment hereof shall be accomplished which will conflict with, contravene, or violate the terms, covenants, or conditions of the Decoverly Community Association, Inc.

TENTH: (A) Covenants for Maintenance Assessments: Each Owner of any unit within Decoverly IV Condominium, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to Decoverly IV Condominium, Inc., (1) annual assessments or charges; (2) special assessments for capital improvements, such assessments to be fixed, established and collected from time to time as hereinafter provided; (3) and shared assessments or charges. The annual, special and shared assessments together with such interest thereon late charges, attorneys' fees and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a lien upon the property against which each such assessment is made in accordance with the By-laws. Each such assessment, together with such interest thereon, late charges, attorneys' fees and costs of

collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

(B) Purpose of Assessments: The assessments levied under this Article shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents of Decoverly IV Condominium and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement and additions thereto and for the cost of labor, equipment, materials, management and supervision thereof and for such other needs as may arise.

Shared assessments levied under this Article shall be paid to Key West Condominium, Inc. and used for the purpose of improving and maintaining the properties, services and facilities which are jointly used by the members of Decoverly IV Condominium and the members of Key West Condominium, including but not limited to common parking areas, common entrance ways, curbs and gutters, common lawns and landscaping and commonly used trash compactors.

(C) Annual Assessments: The annual assessments for the Decoverly IV Condominium shall be established in accordance with Article IX of the By-Laws of the Decoverly IV Condominium.

The annual assessments paid to Decoverly IV Condominium on behalf of Decoverly Community Association shall be established in accordance with Article V of the Declaration of Covenants, Conditions and Restrictions, Decoverly Community Association, Inc.

(D) Shared Assessments: The shared assessments for the Decoverly IV Condominium shall be established in accordance with Article IX of the By-Laws of Decoverly IV Condominium.

(E) Commencement of Assessments: Assessments shall be levied and become a charge against each condominium unit beginning on the date that the amended, as built condominium plat describing such unit is recorded among the Land Records of Montgomery County, Maryland.

ELEVENTH: Encroachments: If any portion of any common element encroaches on any unit or if any portion of a unit encroaches on any common element or any other unit, as a result of the duly authorized construction, reconstruction, repair, shifting, settlement or movement of any portion of the condominium, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the building stands. In the event any unit, any adjoining unit, or any adjoining common element shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then constructed,

condemnation or eminent domain proceedings, and then constructed, reconstructed or repaired, encroachment of parts of the common elements resulting from such reconstruction, construction or repair shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the encroaching improvements shall stand.

The grant or other disposition of a condominium unit shall include and grant, and be subject to, any easement arising under the provisions herein without specific or particular reference to the easement.

The council of unit owners or its designee, including the management agent, shall have an irrevocable right and easement to enter units to inspect the units, to remove violations therefrom and to make repairs to common elements when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the condominium. Except in cases involving manifest danger to public safety or property, the council of unit owners shall make a reasonable effort to give notice to the owner of any unit to be entered for the purpose of such repairs. No entry by the council of unit owners for the purposes specified in this subsection may be considered a trespass.

For all purposes incident to the interpretation of deeds, the Condominium Plat and all other instruments of title relating to any condominium unit in the condominium project, the existing physical boundaries of any condominium unit constructed or reconstructed in substantial conformity with the Condominium Plat shall be conclusively presumed to be its boundaries, regardless of the shifting, settling or lateral movement of any buildings and regardless of minor variations between the physical boundaries shown on the Condominium Plat and those of any condominium unit.

TWELFTH: (A) Easement to Grantor: There is hereby reserved to the Grantor, its employees, agents, contractors and invitees, a non-exclusive easement over all of the general common elements of the condominium for purposes of ingress, egress, regress, storage of building supplies, materials and equipment and, without limitation, for any and all purposes reasonably related to the completion of the marketing, sale, inspection, construction, rehabilitation, restoration, repair and management of the condominium. There is further reserved to the Grantor the right to construct underground utility lines, pipes, wires, ducts, conduits and other facilities across all of the general common elements for the purpose of furnishing utility and other services to the buildings and units to be constructed upon the land described in Exhibits "A" and "D" attached to this Declaration, and to grant easements to public utility companies for such facilities anywhere within the general common elements not occupied by buildings. The foregoing rights may be exercised at any time, but not more than seven (7) years after the date of recordation hereof. As used in this paragraph, and anything contained in this Declaration to the contrary notwithstanding, the

expression "Grantor" shall include and mean those successors and assigns of the Grantor to whom the Grantor shall specifically assign the easement reserved in this paragraph, and shall include and mean the respective employees, agents, contractors and invitees of such successors and assigns.

(B) Easements for Ingress and Egress: There is hereby reserved to the Grantor the successors and assigns of the Grantor, and to all persons having any interest of record in title to the land and premises described on Exhibit "A" and Exhibit "D" attached to this Declaration, and to their respective agents, employees and tenants, a non-exclusive easement and right-of-way over all streets, roadways and parking areas constructed upon the general common elements of the condominium for purposes of ingress, egress and regress to and from the land and premises described on Exhibit "A" and Exhibit "D" attached to the Declaration.

(C) Easement to Montgomery County, Maryland: The Grantor hereby grants to Montgomery County, Maryland, a municipal body corporate, its agents and contractors, a non-exclusive easement and right-of-way in, through, over and across the common elements for all purposes reasonably associated with the inspection, operation, installation, construction, reconstruction, maintenance or repair of any stormwater management facilities constructed upon the Property; and in the event that, after reasonable notice to the Council of Unit Owners by Montgomery County, Maryland, the Council of Unit Owners shall fail to maintain any stormwater management facility constructed upon the Property in accordance with applicable law and regulations, then Montgomery County, Maryland, may do and perform all necessary repair and maintenance work and may assess the Council of Unit Owners for the cost of work and any applicable penalties.

The Council of Unit Owners shall indemnify and save Montgomery County, Maryland, harmless from any and all claims or damages to persons or property arising in connection with the installation, construction, maintenance, repair, operation or use of any stormwater management facility constructed upon the Property.

(D) Model. As long as the Grantor is a unit owner, but in any event no longer than seven (7) years from the date this Declaration is recorded, the Grantor and its duly authorized agents, representatives and employees may maintain any unit owned or leased by the Grantor, or any portion of the common elements as a model unit, sales office or management office.

(E) Signs and Marketing. The Grantor hereby reserves the right to post signs and displays within the common elements to promote sales of units, and to conduct general sales activities in a manner that will not unreasonably disturb the rights of the other unit owners. This right, if not earlier terminated, shall

terminate upon the earlier of sale of the last unit owned by Grantor or seven (7) years from the date this Declaration is recorded.

(F) Interference with Grantor's Rights. Neither the Corporation, nor any unit owner, may take any action or adopt any rule that will interfere with or diminish any of the foregoing Grantor's rights without the prior written consent of the Grantor.

THIRTEENTH: (A) Duty to Maintain. Except for maintenance requirements herein imposed upon the Council of Unit Owners, the owner of any condominium unit shall, at his own expense, maintain the interior and exterior of his condominium unit and any and all equipment, appliances or fixtures therein situate, and its other appurtenance, including, without limitation, any balcony, terrace, fenced area, courtyard, open (yard) area, fence, front stoop or steps, leadwalks, patio or the like appurtenant to such condominium unit and designated herein or in the Declaration or the Condominium Plat as a limited common element reserved for exclusive use by the owner of that particular condominium unit, and including all mechanical equipment and appurtenances located outside such unit which are designed, designated or installed to serve only that unit, in good order, condition and repair, free and clear of ice and snow, and in a clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his condominium unit. In addition to the foregoing, the owner of any condominium shall, at his own expense, maintain, repair, or replace any plumbing and electrical fixtures, water heaters, fireplaces, heating and air-conditioning equipment, lighting fixtures, refrigerators, freezers, trash compactors, dishwashers, clothes washers, clothes dryers, disposals, ranges, range hoods, and other equipment that may be in or declared to be appurtenant to such condominium unit. The owner of any condominium unit shall also, at his own expense, keep any other limited common elements which may be appurtenant to such condominium unit and reserved for his exclusive use in a clean, orderly and sanitary condition.

(B) Windows and Doors. The owner of any condominium unit shall, at his own expense, clean and maintain both the interior and exterior surfaces of all windows of such condominium unit and shall, at his own expense, clean and maintain both the interior and exterior surfaces of all entry doors of the condominium unit, including the interior and exterior surfaces of any door leading to any terrace, fenced area, courtyard, patio or the like appurtenant to such condominium unit designated herein or in the Declaration or the Condominium Plat as a limited common element reserved for the exclusive use of the owner of that particular condominium unit.

(C) Access at Reasonable Times. The Council of Unit Owners shall have an irrevocable right and an easement to enter condominium units for the purpose of making repairs to the common elements when the repairs reasonably appear necessary for public

safety or to prevent damage to or devaluation of other portions of the condominium. Except in cases involving manifest danger to public safety or property, the Council of Unit Owners shall make a reasonable effort to give notice to the owner of any condominium unit to be entered for the purpose of such repairs. No entry by the Council of Unit Owners for any of the purposes specified in this Section may be considered a trespass and the Council of Unit Owners is held harmless for any action it may take, in good faith, in reliance upon the provisions of this Section.

(D) Easement for Utilities and Related Purposes. The Council of Unit Owners is authorized and empowered to grant (and shall from time to time grant) such licenses, easements and rights-of-way over the general common elements for sewer lines, water lines, electrical cables, telephone cables, CATV cables, gas lines, storm drains, overhead or underground conduits and such other purposes related to the provision of public utilities and the like to the condominium as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation and enjoyment of the common elements or for the preservation of the health, safety, convenience and welfare of the owners of the condominium units or Grantor; provided, however, that any such grant is made pursuant to the provisions of the Condominium Act.

FOURTEENTH: Termination and Waiver: The condominium regime established by the recordation of this Declaration and the Condominium Plat may be terminated by Deed of Termination executed by all of the unit owners and, in a manner to indicate their consent to such termination, by all persons with recorded encumbrances, including eligible mortgagees and Insurers and judgment lienors, on the condominium units in the condominium, all in the manner provided in Section 11-121 of the Maryland Condominium Act. Any such termination shall be effective only upon the recordation of a Deed of Termination among the Land Records of Montgomery County, Maryland.

FIFTEENTH: Amendment: Except as otherwise provided in the Maryland Condominium Act, the Bylaws and in Paragraph SEVENTH of this Declaration, this Declaration may be amended only with the written consent of eighty percent (80%) of the unit owners listed on the current roster and the written consent of the Veterans Administration, when acting as a mortgagee as defined in Title 11 of the Real Property Article of the Annotated Code of Maryland and the written consent of Fifty-one percent (51%) of the eligible mortgagees. No amendment shall be effective until recorded in the same manner as this Declaration.

SIXTEENTH: (A) Construction and Enforcement: The provisions hereof shall be liberally construed to effectuate the purposes of creating a uniform plan for the development and operation of a condominium project. Enforcement of these covenants and restrictions and of the By-Laws attached hereto shall be by any proceeding at law or in equity against any person

or persons violating or attempting to violate any covenant or restriction, either to restrain or enjoin violation or to recover damages, or both, and against any condominium unit to enforce any lien created hereby, or by any proceeding permitted by the By-Laws; and the failure or forbearance by the council of unit owners, or the owner of any condominium unit to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

There shall be and is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the within covenants or restrictions cannot be adequately remedied by action at law or by recovery of damages.

(B) Severability: Invalidation of any one of these covenants and restrictions by judgment, decree or order shall in no way affect any other provisions hereof, each of which shall remain in full force and effect.

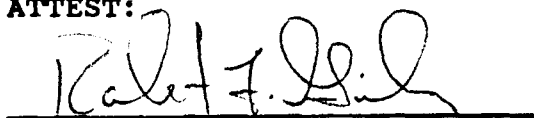
(C) Assignment by Grantor. Any or all of the easements, rights-of-way, reservations, powers, rights and the like reserved or granted in this Declaration to Grantor may be assigned or transferred by Grantor, either exclusively or non-exclusively, by an instrument or instruments in writing, executed and acknowledged by the Grantor, and recorded among the Land Records of Montgomery County, Maryland. For all purposes of this Declaration, the party or parties named in any such instrument or instruments shall have and enjoy all of the easements, rights-of-way, reservations, powers and rights of Grantor therein described.

(D) Successors of Grantor. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Grantor hereunder, or any part of them, may be assigned without notice to the council of unit owners.

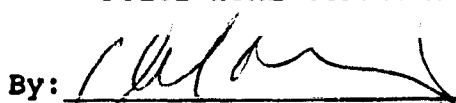
(E) Captions. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration.

IN WITNESS WHEREOF, the said Pulte Home Corporation, a Michigan corporation, has on the 16th day of July, 1992, caused these presents to be executed.

ATTEST:


ROBERT F. GILROY

PULTE HOME CORPORATION

By: 
CHARLES HOCKENSMITH, Vice President
POTOMAC OPERATIONS, ATTORNEY IN FACT

STATE OF MARYLAND)
COUNTY OF MONTGOMERY) ss:

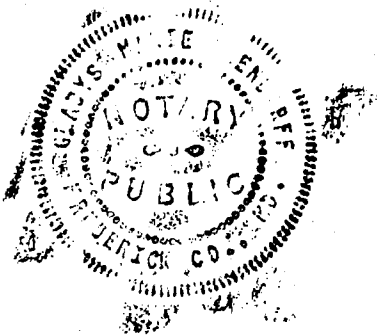
I HEREBY CERTIFY that on this 15 day of July,
19 92, before me, a Notary Public, personally appeared
CHARLES HOCKENSMITH, ATTORNEY
FACT of Pulte Home Corporation, a Michigan corporation, and
first being duly sworn, testified that he being duly authorized to
execute this document on behalf of the aforementioned Corporation
acknowledges that the foregoing is the act of the Corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

GLADYS MARIE ORENDORFF
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires January 6, 1996

Gladys Marie Orendorff
Notary Public

My Commission Expires: _____



Title Insurer: Security Title Guarantee Corp.

Parcel ID No. 9-72-2957405

Pulte Home Corporation
11120 New Hampshire Avenue
Silver Spring, Maryland 20904

Return to: Fenton Title Company
8485 Fenton Street
Suite 300
Silver Spring, Maryland 20910

EXHIBIT "A"

DESCRIPTION OF PHASE 1

DECOVERLY IV CONDOMINIUM

GAITHERSBURG (9TH) DISTRICT

MONTGOMERY COUNTY, MARYLAND

Being a part of Parcel "C", Block 1 as shown on a plat of subdivision entitled, "Subdivision Record Plat, Lots 209-234 and Parcels "C" and "D", Block 1, Discoverly Adventure" recorded among the Land Records of Montgomery County, Maryland in Plat Book 162 as Plat No. 18292 and being more particularly described as follows

Beginning for the same at a point on the easterly or South 01°59'00" East, 802.60 foot line of said Parcel "C", distant 592.41 feet southerly from the northerly end thereof, and running thence with and binding on the outline of said Parcel "C", the following three (3) courses and distances

1. South 01°59'00" East, 210.19 feet to a point, thence
2. North 89°27'50" West, 50.41 feet to a point, thence

3. South $88^{\circ}01'00''$ West, 24.11 feet to a point, thence in, through, over, and across said Parcel "C" the following fourteen courses and distances
4. 150.62 feet along the arc of a curve deflecting to the left having a radius of 286.00 feet and a chord bearing and distance of North $22^{\circ}53'46''$ West, 148.88 feet to a point, thence
5. North $37^{\circ}59'00''$ West, 5.27 feet to a point, thence
6. 89.47 feet along the arc of a curve deflecting to the left having a radius of 86.00 feet and a chord bearing and distance of North $67^{\circ}47'09''$ West, 85.49 feet to a point, thence
7. South $82^{\circ}24'41''$ West, 9.42 feet to a point, thence
8. 11.80 feet along the arc of a curve deflecting to the left having a radius of 136.00 feet and a chord bearing and distance of South $79^{\circ}55'34''$ West, 11.80 feet to a point, thence
9. North $12^{\circ}33'33''$ West, 57.31 feet to a point, thence
10. North $04^{\circ}52'53''$ West, 78.20 feet to a point, thence
11. North $03^{\circ}10'08''$ East, 113.05 feet to a point, thence
12. South $86^{\circ}49'52''$ East, 110.44 feet to a point, thence

13. South $03^{\circ}10'08''$ West, 109.77 feet to a point, thence
14. 140.89 feet along the arc of a curve deflecting to the right having a radius of 221.00 feet and a chord bearing and distance of South $56^{\circ}14'47''$ East, 138.51 feet to a point, thence
15. South $37^{\circ}56'52''$ East, 4.88 feet to a point, thence
16. 13.17 feet along the arc of a curve deflecting to the right having a radius of 421.00 feet and a chord bearing and distance of South $37^{\circ}09'07''$ East, 13.17 feet to a point, thence
17. North $88^{\circ}01'00''$ East, 11.05 feet to the point of beginning, containing 56,112 square feet or 1.28815 acres of land.

D016E1.DR
89-202
7/10/92

FINAL LOCATION PLAT
PHASE ONE BLOCK 1
PART OF PARCEL 'C'

10513.466

DECOVERLY ADVENTURE.

Scale: 1" = 50'
Plat Book 162

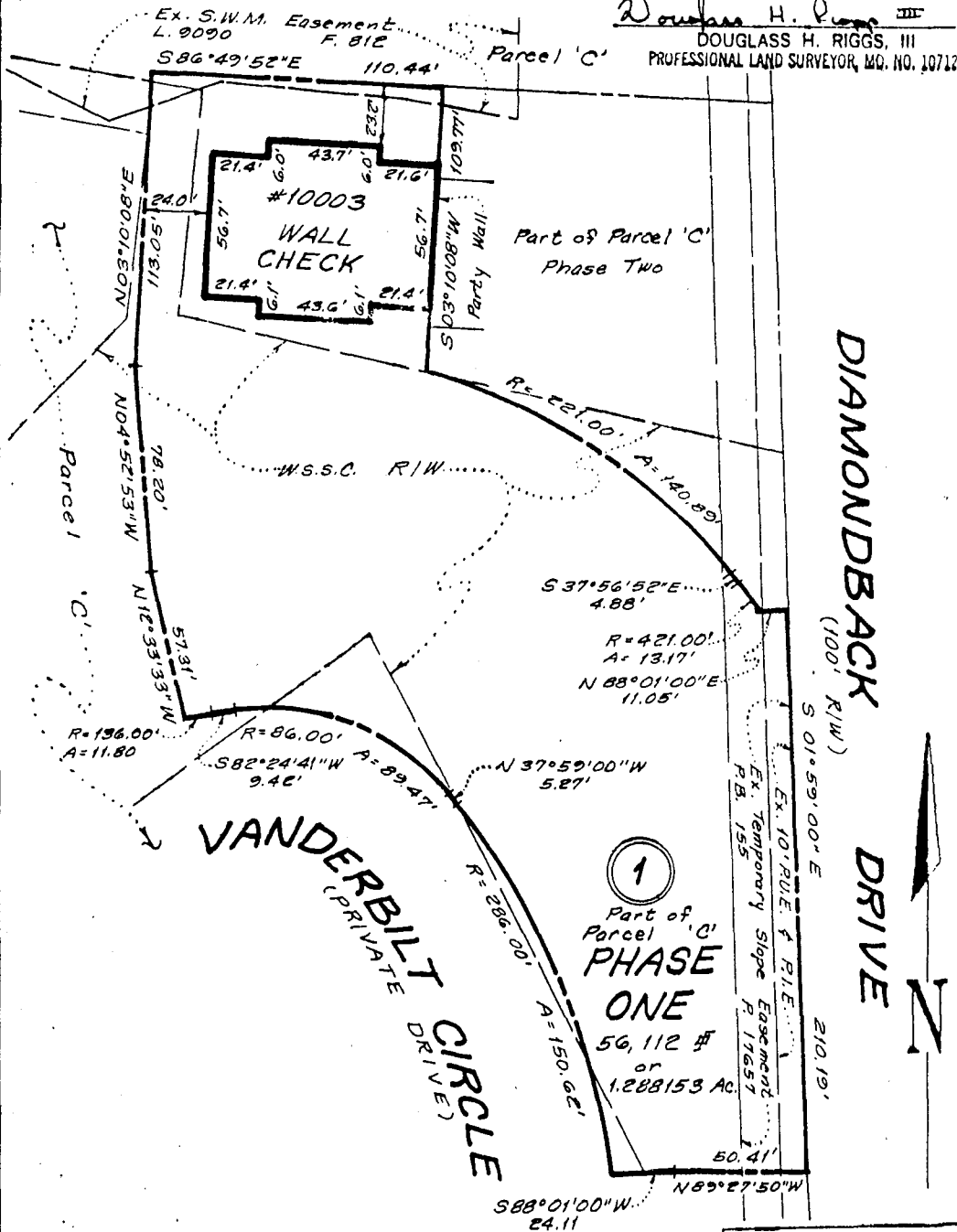
May 28, 1992
Plat 18292

MACRIS, HENDRICKS and GLASCOCK, P.A.

ENGINEERS • PLANNERS • SURVEYORS
9220 WIGHTMAN ROAD GAITHERSBURG, MD. 20879
(301) 670-0840

I hereby certify that the survey shown hereon is correct and the property is as delineated on the above stated plat as recorded among the Land Records of Montgomery County, Md. The improvements were located by a transit-tape survey made on April 30, 1992. Unless shown hereon, there are no visible encroachments. I further certify that no portion of the property lies within the designated 100 year flood plain as reflected on the Flood Insurance Rate Maps issued by the Federal Emergency Management Agency.

Douglas H. Riggs III
DOUGLASS H. RIGGS, III
PROFESSIONAL LAND SURVEYOR, MD. NO. 10712



NOTE: EXISTENCE OF PROPERTY CORNER MARKERS NOT GUARANTEED BY THIS SURVEY, UNLESS INDICATED HEREON AS FOUND.

Field WC
Draft D.B.
Check C.K.
ED

89-202

4/16/08 5:00 PM
10513.467

EXHIBIT B

BY-LAWS

DECOVERLY IV CONDOMINIUM, INC.

ARTICLE I

Section 1. Name and Location. The name of the Corporation is Decoverly IV Condominium, Inc. Its principal office is located at 444 N. Frederick Avenue, Suite 408, Gaithersburg, Maryland 20879.

ARTICLE II

Plan of Condominium Regime

Section 1. Council of Unit Owners. This Corporation is the legal entity comprising the council of unit owners of Decoverly IV Condominium, Inc., a condominium established pursuant to the Real Property Article, Section 11-101 et seq, Annotated Code of Maryland (1981 Repl. Vol.) (the "Maryland Condominium Act") by the recordation of a Declaration, these By-Laws, and condominium plats in the Land Records of Montgomery County. As the council of unit owners of Decoverly IV Condominium, Inc., this corporation shall govern and administer the affairs of the Condominium.

Section 2. Definitions.

(a) **Declaration.** "Declaration" as used herein, means that certain Declaration made the 16th day of July, 1992, by the Grantor therein identified, pursuant to the Maryland Condominium Act, by which certain described premises (including land) are submitted to the condominium property regime and which Declaration is recorded among the Land Records for Montgomery County, Maryland, immediately prior hereto and to which these By-Laws are appended as an Exhibit.

(b) **Mortgagee.** "Mortgagee", as used herein, means the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the condominium units in the condominium. "Mortgage", as used herein shall include deed of trust. "First mortgage", as used herein shall mean a mortgage with priority over other mortgages.

(c) **Documents.** "Documents" means, collectively, the Declaration and Condominium Plat recorded and filed pursuant to the Maryland Condominium Act, these By-Laws and the Rules and Regulations of the Condominium, as they may be amended from time to time. Any exhibit, schedule, or certification accompanying each Document is deemed to be a part of such Document.

(d) **Eligible Mortgagee.** "Eligible Mortgagee" means the holder of a first Security Interest in a unit which has notified the council of the unit owners, in writing, of its name and address, and that it holds a first Security Interest in a unit. Such notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and other rights described herein. By example, a list of potential Eligible Mortgagees may include, but is not limited to the Federal National Mortgage Association ("Fannie Mae" or "FNMA"), the Federal Home Loan Mortgage Corporation ("Freddie Mac" or "FHLMC"), and the Government National Mortgage Association ("GNMA"). Wherever in the Documents the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent of Eligible Mortgagees holding Security Interests in units which, in the aggregate, have allocated to them such specified percentage of votes in the Council of Unit Owners when compared to the total percentage allocated to all units then subject to Security Interests held by Eligible Mortgagees.

(e) **Eligible Insurer.** "Eligible Insurer" means an insurer or guarantor of a first Security Interest in a unit which has notified the Council of Unit Owners in writing of its name and address and that it has insured or guaranteed a first Security Interest in a unit. Such notice shall be deemed to include a request that the Eligible Insurer be given the notices and other rights described herein. By example, a list of potential Eligible Insurers may include, but is not limited to, the U.S. Department of Housing and Urban Development ("FHA") and the Veterans Administration ("VA").

(f) **Security Interest.** "Security Interest" means an interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in the Condominium, and any other consensual lien or title retention contract intended as security for an obligation.

(g) **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 the Maryland Condominium Act.

ARTICLE III

Membership

Section 1. Members. Every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, which owns a condominium unit within the condominium project shall be a member of the Corporation, provided, however, that any person, corporation, partnership, trust or other legal

entity, or any combination thereof which holds such interest solely as security for the performance of any obligation shall not be a member.

Section 2. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Corporation, each member of the Corporation shall be entitled to receive, out of the assets of the Corporation available for the distribution to the members, an amount equal to the member's prior percentage interest in the common elements, as designated in the Declaration and the Plats.

ARTICLE IV

Meeting of Members

Section 1. Place of Meetings. Meetings of the membership shall be held at the principal office or place of business of the Corporation or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the members of the Corporation shall be held within sixty (60) days after units representing fifty percent (50%) of the votes in the condominium as fully expanded have been sold to the initial purchaser of the units and title to the same has been conveyed. Thereafter, the annual meetings of the members of the Corporation shall be held within the same month of each succeeding year. At the first annual meeting and each succeeding annual meeting there shall be elected by ballot the members of the Board of Directors in accordance with the requirements of Sections 1 and 4 of Article V of these By-Laws. The members may also transact such other business of the Corporation as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by members representing at least twenty-five percent (25%) of the total percentage interests being presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths (4/5) of the members present, either in person or by proxy.

Section 4. Roster of Unit Owners. The Corporation shall maintain a current roster of the names and addresses of each member to which written notice of meetings of the members shall be delivered or mailed. Each member shall furnish the Corporation with his name and current mailing address.

Section 5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of record, at the address shown on

the roster on the date of the notice, 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 his dwelling unit or last known address. Notice by either method shall be considered as notice served. Notices of all meetings shall be mailed to the Director of the local insuring office of the Federal Housing Administration.

Section 6. Quorum. The presence, either in person or by proxy, of members representing at least twenty-five percent (25%) of the total percentage interests entitled to be cast shall constitute a quorum for the transaction of business at all meetings of members. If the number of members at a meeting drops below the quorum and the question of lack of quorum is raised, no business may thereafter be transacted.

Section 7. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 8. Order of Business. The order of business at all meetings of the Corporation shall be as follows:

- (a) Roll Call.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of Board of Directors.
- (f) Report of Federal Housing Administration representative, if present.
- (g) Reports of committees.
- (h) Appointment of inspector of election (when so required).
- (i) Nomination of Directors from the floor (when so required).
- (j) Election of members of the Board of Directors (when so required).

(k) Unfinished business.

(l) New business.

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

Section 9. Voting. The percentages established in Exhibit C to the Declaration shall be applicable to voting rights. At every meeting of the members, each member shall have the right to cast his vote based on the percentages established in Exhibit C of the Declaration for each membership he owns on each question. Members shall be entitled to vote by proxy, but the proxy must be submitted to the Secretary prior to the meeting and be effective only for a maximum period of 180 days following its issuance, unless granted to a mortgagee or lessee. All proxies so granted may be revoked at any time by the member executing such proxy. Only a member voting in person, or a proxy voting for a specific candidate or candidates designated by the member appointing such proxy, may vote for officers and members of the Board of Directors. "Blank" proxies may be used to vote for all other matters of business before the Corporation, including obtaining a quorum. A fiduciary shall be the voting member with respect to any unit owned in a fiduciary capacity. In the case of a unit which is owned by more than one person or entity, any or all of such owners may be present at any meeting of the Corporation and may vote or take any other action as a unit owner, either in person or by proxy. If such multiple owners shall be unable to agree upon their vote upon any subject, then if only one votes his vote binds all, and if more than one votes, the vote of the majority binds all. If more than one vote and the vote is evenly split on any particular matter: each fraction may vote the interest in question proportionally; or any person voting the interest or any beneficiary may apply to a court of competent jurisdiction to appoint an additional person to act with the persons voting the interest and the interest shall then be voted as determined by a majority of those persons and the person appointed by the court. In the event any condominium unit is owned by a corporation, then the vote appurtenant to such condominium unit shall be cast by a person designated in a certificate signed by the president or any vice president and attested by the secretary or an assistant secretary of such corporation and filed with the Secretary of the Corporation at or prior to the meeting. Any such certificate shall remain valid until revoked or superseded in writing. The vote of the members representing fifty-one percent (51%) of the total percentage interests of those present and voting shall decide any questions brought before such meeting, unless the question is one upon which, by express provision of statute or of the Articles of Incorporation, or of the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. No member shall be eligible to vote or to be elected to the Board of Directors if the Corporation has

recorded a statement of condominium lien on his unit and the amount necessary to release the lien has not been paid at the time of the meeting. No member shall be entitled to vote at the meetings of the Corporation until said member has furnished to the Secretary his name and current mailing address. No unit owner shall be eligible to vote, or to be elected to the Board of Directors who is shown on the books or management accounts of the Corporation to be more than sixty (60) days delinquent in any payment due the Corporation.

Section 10. Inspectors of Election. The Board of Directors may, in advance of any annual or special meeting of the members appoint an uneven number of one or more inspectors of election to act at the meeting and at any adjournment thereof. In the event inspectors are not so appointed, the Chairman of any annual or special meeting of members shall appoint such inspectors of election. Each inspector so appointed, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector of election at such meeting. The oath so taken shall be filed with the Secretary of the Corporation. No officer or director of the Corporation, and no candidate for Director of the Corporation, shall act as an inspector of election at any meeting of the members if one of the purposes of such meeting is to elect Directors.

Section 11. Rights of Eligible Mortgagees and Insurers. Any Eligible Mortgagee or Insurer who desires notice of the annual and special meetings of the members shall notify the Secretary to that effect. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the members should be addressed. The Secretary of the Corporation shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the members to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations as are provided in this Article for notice to the members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the members and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the members upon request made in writing to the Secretary.

ARTICLE V**Directors**

Section 1. Number and Qualification. The affairs of the Corporation shall be governed by the Board of Directors, composed of five (5) persons. Until the first annual meeting of the members in accordance with Article IV, Section 2, the Board of Directors shall consist of three (3) persons to be designated by the Grantor. At the first annual meeting of the members, and each succeeding annual meeting, there shall be elected by ballot from and by the members of the Corporation, the members of the Board of Directors in accordance with the requirements of Section 4 of Article V, of these By-Laws. In addition, at the first annual meeting of the members, there shall be added to the Board of Directors two (2) additional directors to be elected from and by the membership of the Corporation.

The foregoing notwithstanding, the Grantor must transfer control of the Condominium Association to the unit owners no later than the earlier of:

(a) four (4) months after conveyance of 75% of the units that may be created to unit owners other than the Grantor; or

(b) five (5) years after the first unit is conveyed to a unit owner other than the Grantor.

After the first annual meeting, all of the duly chosen and qualified directors, and those who succeed them, shall thereafter be members of the Corporation.

Section 2. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Corporation and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the members. The powers and duties of the Board of Directors shall include, but not be limited to, the following:

(a) To provide for the care, upkeep and surveillance of the project and its common elements and services in a manner consistent with the provisions of these By-Laws and the Declaration.

(b) To establish and provide for the collection of assessments and/or carrying charges including those assessed by Decoverly Community Association, Inc. from the members and for the assessment and/or enforcement of liens therefor in a manner consistent with the provisions of these By-Laws and the Declaration.

(c) To provide for the designation, hiring and/or dismissal of the personnel necessary for the good working order of the project and for the proper care of the common elements and to provide services for the project in a manner consistent with the provisions of these By-Laws and the Declaration.

(d) To promulgate and enforce such rules and regulations and such restrictions or requirements as may be deemed proper respecting the use, occupancy and maintenance of the project and the use of the common elements.

(e) To authorize, in their discretion, the payment of patronage refunds from residual receipts or common profits when and as reflected in the annual report.

(f) To enter into agreements whereby the Corporation acquires leaseholds, memberships and other possessory or use interests in real or personal property for the purpose of promoting the enjoyment or welfare of the members and to declare expenses incurred in connection therewith to be common expenses of the Corporation.

(g) To purchase insurance upon the condominium in the manner provided for in these By-Laws.

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

(i) To lease, grant licenses, easements, rights-of-way and other rights of use in all or any part of the common elements of the condominium.

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

(k) To appoint the members of the Architectural and Environmental Control Committee provided for in Article XI of these By-Laws and to appoint the members of such other committees as the Board of Directors may from time to time designate.

(l) To exercise all powers and perform all duties enumerated in Section 11-109 of the Maryland Condominium Act.

Section 3. Management Agent. The Board of Directors shall employ for the Corporation a management agent (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize, including, but not necessarily limited to, the duties set out in subsections (a) through (k) of Section 2 of this Article. The Corporation shall not undertake "self-management" or otherwise fail to employ a professional management agent without

the prior written approval of all the institutional holders of all first mortgages on the condominium units. The Corporation shall not employ any new management agent without thirty (30) days prior written notice to the institutional holders of all first mortgages on the units. Any management agreement entered into by the Corporation shall provide inter alia, that such agreement may be terminated by either party, with or without cause, upon thirty (30) days written notice thereof. Within three (3) years following the date on which units have been granted by the developer to unit owners having a majority of the votes in the corporation, any lease, and any management contract, employment contract, or other contract affecting the use of, maintenance of or access to all or part of the condominium, to which the council of unit owners is a party, entered into between the date the property subjected to the condominium regime was granted to the developer and the date on which units have been granted by the developer to unit owners having a majority of the votes in the corporation, may be terminated by a majority vote of the council of unit owners without liability for the termination. The termination shall become effective upon 30 days' written notice of the termination from the council of unit owners.

Section 4. Election and Term of Office. The term of the Directors named in the Articles of Incorporation shall expire when their successors have been elected at the first annual meeting of the members. A member may nominate himself or any other member to be a Director. Only nominations made at least fifteen (15) days before notice of an election shall be listed on the election ballot. Candidates shall be listed on the ballot in alphabetical order, with no indicated candidate preference. Nominations may be made from the floor at the meeting at which the election to the Board is held. 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 term of office of the Directors receiving the second and third greatest number of votes shall be fixed at two (2) years and the term 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, his successor shall be elected to serve a term of three (3) years. In the event that the first annual meeting of the members falls on a day other than the 2nd Thursday in April, then the first year of each Director's term shall be deemed to commence as of the first annual meeting and to terminate as of the next following annual meeting. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 5. 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 6. Removal of Directors. At a regular or special meeting duly called, any Director may be removed with or without cause by the affirmative vote of the majority of the votes of the members present and voting, in person or by proxy, and a successor may then and there be elected by the membership to fill the vacancy thus created. The term of any Director who becomes more than sixty (60) days delinquent in payment of any assessments or carrying charges due to the Corporation may be terminated by resolution of the remaining Directors and the remaining Directors shall appoint his successor as provided in this Article.

Section 7. Compensation. No compensation shall be paid to Directors for their services as Directors. However, Directors may be reimbursed for the expenses incurred in the performance of their duties.

Section 8. Organization Meeting. The first meeting of the 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 legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year. Notice of open regular meetings of the Board of Directors shall be given to each Director and member, personally or by mail, telephone or telegraph, at least fifteen (15) days prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President or by any two (2) Directors on fifteen (15) days notice to each Director and member, given personally or by mail, telephone or telegraph, which notice shall state time, place (as hereinabove provided) and purpose of meeting.

Section 11. Closed Meetings. A meeting of the Board of Directors may be held in closed session only for the following purposes:

- (a) discussion of matters pertaining to employees and personnel;
- (b) protection of the privacy or reputation of individuals in matters not related to the council of unit owners' business;
- (c) consultation with legal counsel;
- (d) consultation with staff personnel, consultants, attorneys, or other persons in connection with pending or potential litigation;

(e) investigative proceedings concerning possible or actual criminal misconduct;

(f) complying with a specific constitutional, statutory, or judicially imposed requirements protecting particular proceedings or matters from public disclosure; or

(g) on an individually recorded affirmative vote of two-thirds (2/3) of the Board members present, for some other exceptional reason so compelling as to override the general public policy in favor of open meetings.

If a meeting is held in closed session under this Section 11, a statement of the time, place, and purpose of such meeting, the record of the vote of each board member by which such meeting was closed, and the authority under this section for closing such meeting shall be included in the minutes of the next meeting of the Board of Directors.

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

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

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

Section 15. Rights of Mortgagees. Any institutional mortgagee of any condominium unit in the condominium who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of

the Corporation shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the members of the Board of Directors. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representatives may participate in the discussion at any such meeting any may, upon his request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

Section 16. Fidelity Bonds. The Board of Directors shall require that all officers, Directors and employees of the Corporation regularly handling or otherwise responsible for the funds of the Corporation shall furnish adequate fidelity bonds or equivalent insurance against acts of dishonesty in accordance with the requirements of Article XII of these By-Laws. The premiums on such bonds or insurance shall be paid by the Corporation. The Board of Directors shall give prompt written notice of any lapse, cancellation or material modification to such bond or insurance to each Eligible Mortgagee and Insurer.

Section 17. Procedure Prior to Imposition of Sanction for Rule Violations. The Board may not impose a fine, suspend voting, or infringe upon any other rights of a member or other occupant for violations of rules until the following procedure is followed:

(a) Written demand to cease and desist the alleged violation is served on the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and
- (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction if the violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing if the violation is not continuing.

(b) Within twelve (12) months of the demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is violated subsequently, the board serves the alleged violator with written notice of a hearing to be held by the Board in session. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of the hearing, which time may be not less than ten (10) days from the giving of the notice;
- (iii) an invitation to attend the hearing and produce any statement, evidence, and witnesses on his or her behalf; and
- (iv) the proposed sanction to be imposed.

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

Section 18. Registration. The Board shall register annually pursuant to the provisions of the Condominium Act.

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Corporation shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. Prior to the first annual meeting of unit owners, the officers of the Corporation need not be unit owners. Thereafter, except for the President, the officers of the Corporation need not be unit owners. The President shall be elected from among the members of the Board of Directors. The Directors may appoint assistant secretaries and assistant treasurers and such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Corporation shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board of Directors. Election materials prepared with funds of the Corporation shall list candidates in alphabetical order and may not indicate a candidate preference.

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

Section 4. President. The President shall be the chief executive officer of the Corporation. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the 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 of all meetings of the Board of Directors and the minutes of all meetings of the members of the Corporation; he shall have custody of the seal of the Corporation; he shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; he shall count votes at the meetings of the members of the Corporation; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Corporation. He shall be responsible for the deposit of all 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 designated by the Board of Directors. He shall be bonded under a fidelity bond in such amount as may be determined by the Board of Directors.

Section 8. Registration. The officers of the corporation shall register annually pursuant to the provisions of the Condominium Act.

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

Section 1. Liability and Indemnification of Officers and Directors. The Corporation shall indemnify every officer and director of the Corporation, in accordance with Section 2-418 of the Corporations and Associations Article of the Annotated Code of Maryland, against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Corporation) to which he may be made a party by reason of being or having been an officer or director of the Corporation, whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Corporation shall not be liable to the members of the Corporation for any mistake of judgment, negligence, or otherwise, except for their own individual wilful 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 project (except to the extent that such officers or directors may also be owners of the condominium units) and the Corporation shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment.

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 and the condominium project. 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 Grantor) in which one or more of the Directors of this Corporation are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a majority of disinterested directors; 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 other than the votes of shares owned of record or beneficially by the interested directors; or

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

ARTICLE VIII

Management

Section 1. Management and Common Expenses. The corporation shall manage, operate and maintain the condominium project and, for the benefit of the condominium units and owners thereof, shall enforce the provisions hereof and may pay out of the common expense fund the following:

(a) The cost of providing water, sewer, garbage and trash collection, electrical and other necessary utility services for the condominium including recreational facilities used by the condominium project and for the condominium units except where individually metered and separately billed to an individual unit.

(b) The cost of fire and extended liability insurance on the project, the cost of such other insurance as the Corporation may affect and the cost of the Treasurer's fidelity bond.

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

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

(e) The cost of painting, maintaining, repairing and snow removal of the common elements and such furnishings and equipment for the general common elements as the Board of Directors shall determine are necessary and proper, and the Board of Directors shall have the exclusive right and duty to acquire the same; provided, however, that nothing herein contained shall require the Corporation to paint, repair or otherwise maintain the interior of any condominium unit, the limited common elements, or any fixtures or equipment located therein.

(f) The cost of any and all materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like which the Corporation is required to secure or 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 may be specially assessed to the owner or owners thereof.

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

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

(i) The cost of all material and labor incident to the maintenance and/or repair of all exterior paint and/or stain, roof, exterior doors, gutter and downspouts, and other items of exterior trim of all condominium units.

Except in the event of a bona fide emergency, if the cost of any item contained in subparagraphs (a) - (i) above will exceed \$50,000.00, the Board of Directors shall not pay or authorize such expense until approved by a majority of the membership.

Section 2. Duty to Maintain. It shall be the sole obligation and the exclusive right of the corporation to perform the exterior maintenance and/or repair set forth in Section 1 (i) above. Except for those specific requirements imposed upon the Corporation, the owner of any condominium unit shall, at his own expense, repair and maintain his condominium unit and any and all equipment, fixtures, appliances and utilities therein situate, and its other appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting, repair and the like which may at any time be necessary to maintain the good appearance of his condominium unit. The owner of any condominium unit shall also, at his own expense, maintain and repair any limited common elements which may be appurtenant to such condominium unit in a clean, orderly and sanitary condition, including but not limited to, the maintenance of the fireplace.

All maintenance, repairs and replacements to the general common elements, whether located inside or outside of the units (except when such repairs are required by the negligence, misuse or neglect of the unit owner, in which case such expense shall be charged to the unit owner) shall be made by the Board of Directors and charged to all the unit owners as a common expense. Each unit owner shall maintain and repair both the interior and exterior glass windows and/or interior doors, if any, located in or about his unit. The exterior and interior surfaces of all entry doors leading to common elements or limited common elements shall be cleaned, maintained and repaired by and at the expense of the individual unit owners.

Section 3. Access at Reasonable Times. For the purpose solely of performing any of the repairs or maintenance required or authorized by these By-Laws, or in the event of a bona fide emergency involving illness or potential danger to life or property, the Corporation, through its duly authorized agents or employees, shall have the right, after reasonable notice to the owner, to enter any condominium unit or limited common element appurtenant thereto at any hour considered to be reasonable under the circumstances.

Section 4. Easements for Utilities and Related Purposes. Subject to paragraph "Fourth" of the Declaration, the Corporation is authorized and empowered to grant licenses, easements and/or rights-of-way for sewer lines, water lines, electrical cables, telephone cables, television cables, gas lines, storm drains, underground conduits and/or such other purposes related to the provision of the public utilities to the project or other similar projects as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation of the health, safety, convenience and/or welfare of the owners of the condominium units. The same may be granted only over those portions of the common elements upon which no building or structure has been erected.

Section 5. Limitation of Liability. The Corporation shall not be liable for any failure of water supply or other services to be obtained by the Corporation or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or from any pipe, drain, conduit, appliance, or equipment. The Corporation shall not be liable to the owner of any condominium unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. No diminution or abatement of common expense assessments, as hereinelsewhere provided shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements or from any action taken by the Corporation to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE IX

Assessments and Carrying Charges

Section 1. Annual Assessments and Carrying Charges. Each member shall be liable for all assessments, or installments thereof, coming due while he is the owner of a unit. Each member shall pay to the Corporation, in advance, a monthly sum (hereinafter sometimes referred to as "carrying charges") equal to one-twelfth (1/12) of the member's proportionate share (determined in accordance with the percentage set forth in Exhibit C to the Declaration) of the sum required by the Corporation, as estimated by its Board of Directors, to meet its annual expenses and for the creation of reserves for the payment of future common expenses, including, but in no way limited to, the following:

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

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

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

(e) The cost of furnishing water, sewer, electricity, garbage and trash collection and/or other utilities.

(f) The cost of funding all reserves established by the Corporation.

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

(h) The collection of assessments on behalf of and charged by Decoverly Community Association, Inc.

(i) The collection of assessments from Key West Condominium, Inc. for the maintenance of the storm water management pond.

The regular and shared (as opposed to special) assessments determined pursuant to this Article shall include an adequate reserve fund for maintenance, repairs and replacement of those common elements that must be replaced on a regular basis. The Board of Directors shall determine the amount of the assessment annually, so as to equal the estimated annual operating expenses, and may do so at more frequent intervals should circumstances so require. In addition, a working capital fund shall be established, which fund shall be funded by an initial capital

contribution by each unit owner equal to two (2) months' assessment, and payable by each unit owner to the Council of Unit Owners upon the purchase of a unit from the grantor. Such fund shall be working capital and shall not reduce future assessments.

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

Section 2. Shared Assessments. Some unit owners within Decoverly IV Condominium, Inc. will share, with unit owners within the Key West Condominium, Inc., use of certain common elements owned, or to be owned, by Key West Condominium, Inc. and Decoverly IV Condominium, Inc., but which common elements shall be repaired and maintained by Key West Condominium, Inc. These shall include, but not be limited to, parking areas, curb and gutters, lawn and landscaping and trash compactors. These expressly exclude any buildings or portions thereof.

Each unit owner within Decoverly IV Condominium, Inc. shall be assessed and shall pay to the Corporation, an amount which bears the same proportion to the portion of the annual operating budget of Key West Condominium, Inc., designed to pay for the maintenance, repair and reserves for those shared common elements, as the number of units within the Corporation using such common elements bears to the total number of units using such common elements (those units plus Key West Condominium units). The annual assessment shall be levied at a uniform rate for each unit.

Section 3. Special Assessments. In addition to the regular assessments authorized by this Article, the Corporation may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the project, including the necessary

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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 sixty-seven percent (67%) of the votes of the project. A meeting of the members shall be duly called for this purpose, written notice of which shall be sent to all members at least fifteen (15), but not more than thirty (30) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

Section 4. Non-Payment of Assessment. Any assessment levied pursuant to these By-Laws, or any installment thereof, which is not paid on the date when due shall be delinquent and shall, together with interest, late charges, if any, the actual costs of collection, and reasonable attorneys' fees, be enforced by the imposition of a lien on the unit in accordance with the provisions of the Maryland Contract Lien Act. Suit for any deficiency following foreclosure may be maintained in the same proceeding, and suit to recover any money judgment for unpaid assessments may also be maintained in the same proceeding, without waiving the right to seek to impose a lien under the Maryland Contract Lien Act. A member shall be liable for all assessments, or installments thereof, coming due while he is the owner of a unit. 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 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. Liability for assessments may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of the unit for which the assessments are made.

If a member fails to pay a monthly installment when due, the Corporation may demand payment of the remaining annual assessment coming due within that fiscal year. Such a demand by the Corporation is not enforceable unless the Corporation, within fifteen (15) days of a member's failure to pay a monthly installment, notifies the member that if the member fails to pay the monthly installment within fifteen (15) days of the notice, full payment of the remaining annual assessment will then be due and shall constitute a lien on the unit as provided in this section.

Any assessment levied pursuant to these By-Laws, or any installment thereof, which is not paid when due shall bear interest at the rate of eighteen percent (18%) per annum from the date when due until paid, and the Corporation may bring an action at law against the member personally obligated to pay the same, or foreclose the lien against the condominium unit or units then belonging to said member in the manner provided for in the Maryland Contract Lien Act, in either of which events interest, costs, and reasonable attorneys' fees of not less than fifteen percent (15%) of the sum claimed shall be added to the amount of

each assessment. No action may be brought to foreclose the lien unless brought within three (3) years following the recordation of the statement of condominium lien. If any assessment, or installment thereof, is not paid when due, the Board of Directors may also impose a late charge of fifteen dollars (\$15.00) or one-tenth (1/10) of the total amount of any delinquent assessment or installment, whichever is greater, provided the charge may not be imposed more than once for the same delinquent payment and may only be imposed if the delinquency has continued for at least fifteen (15) calendar days.

The personal obligation of the member to pay such assessment shall remain his personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any assessments levied pursuant to these By-Laws, or any installment thereof, may be maintained without recording the Statement of Lien, foreclosing or waiving the lien herein and by the aforesaid statute created to secure the same.

Section 5. Assessment Certificates. The Corporation shall upon demand at any time furnish to any member liable for any assessment levied pursuant to these By-Laws (or any other party legitimately interested in the same) a certificate in writing signed by an officer 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 who requests such a certificate.

Section 6. Priority of Lien. The lien hereinabove set forth shall be inferior only to deeds of trust, mortgages or other encumbrances recorded prior to the date of the recording of the Statement of Lien, or recorded promptly after receipt of a written statement from the Board of Directors that payments due on said unit were current as of the date of such written statement.

Upon the voluntary sale or conveyance of a unit there shall be paid or provided from the sale proceeds an amount sufficient to satisfy any unpaid portion of the assessments due as of the date of sale or conveyance. Any purchaser or mortgagee in connection with any such sale or conveyance shall be entitled to a statement furnished by the Board of Directors setting forth in detail the amount of any unpaid assessments owed by the seller or borrower, and such purchaser or mortgagee shall be entitled to rely on such statement and shall have no liability for, nor shall the unit be encumbered with, an amount of unpaid assessments greater than that shown on such statement. A mortgagee who takes title by virtue of foreclosure of a mortgage, or by deed or assignment in lieu of foreclosure of a mortgage, or any purchaser at a foreclosure sale,

will take the unit free of any claims for unpaid assessments and charges by the Council against the unit which accrue prior to the time such mortgagee or purchaser takes title of the unit.

Section 7. Subordination and Mortgage Protection.

Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these By-Laws upon any condominium unit in the project shall be subordinate to, and shall in no way effect the rights of the holder of any indebtedness secured by any recorded mortgage upon such interest made in good faith and for value received, provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such condominium unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser at such sale or the condominium unit from liability for any assessments thereafter accruing and becoming due, nor from the lien of any such subsequent assessment, which said lien, if any, shall have the same effect and be enforced in the same manner as provided herein.

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

Section 8. Additional Rights of Mortgagees - Notice. The Corporation shall promptly notify the holder of the first mortgage on any condominium unit for which any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, becomes delinquent for a period in excess of thirty (30) days and the Corporation shall promptly notify the holder of the first mortgage on any condominium unit with respect to which any default in any provision of the Declaration or these By-Laws remains uncured for a period in excess of thirty (30) days following the date of such default. Any failure to give any such notice shall not affect the priorities established by this Article, the validity of any assessment levied pursuant to the Declaration or these By-Laws or the validity of any lien to secure the same.

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

Section 9. Budget. The Board of Directors, with the assistance and counsel of the Management Agent, shall prepare and adopt a budget for each annual assessment period which shall include estimates of the funds required by the Corporation to meet its annual expenses for that period. The budget herein required to be prepared and adopted by the Board of Directors shall be in a format consistent with the classification of the accounts of the

Corporation, as hereinafter in these By-Laws provided for, and shall provide for sufficient estimates on a monthly basis, to permit comparison to and analysis of deviations from the various periodic reports of the actual results of operations and the actual financial condition of the Corporation, on both a current basis and for prior corresponding periods, all in accordance with generally accepted accounting practices, consistently applied. Copies of the budget shall be available for examination by the members and the institutional holder of any first mortgage on any condominium unit in the condominium, and by their duly authorized agents and attorneys during normal business hours for purposes reasonably related to their respective interests.

Section 10. Developer/Builder Assessments. The Developer and Builder shall pay full assessments on all units owned by the Developer/Builder.

ARTICLE X

Use Restrictions

Section 1. Residential Use. Except as provided in Section 3, all condominium units shall be used for private residential purposes exclusively, except for such temporary non-residential uses as may be permitted by the Board of Directors from time to time.

Section 2. Leasing. With the exception of a lender in possession of a condominium unit following a default in a mortgage foreclosure proceeding, or any deed or other arrangement in lieu of foreclosure, no unit owner shall lease his unit for transient or hotel purposes, or in any event, for any periods less than three months. No unit owner shall lease less than the entire unit. All leases shall provide that the lease is subject in all respects to the provisions of the Declaration and By-Laws, and that a failure by the lessee to comply with the terms of such documents shall be a default of the lease.

Section 3. Prohibited Uses and Nuisances.

(a) No noxious or offensive trade or activity shall be carried on within the project or within any condominium unit or any common elements (general or limited) situate thereon, nor shall anything be done therein or thereon which may be or become an annoyance to the neighborhood or the other owners.

(b) There shall be no obstruction of any common elements. Nothing shall be stored upon any common elements without the approval of the Board of Directors.

(c) Nothing shall be done or maintained in any condominium unit or upon any limited or general common elements which will increase the rate of insurance of any condominium unit or common elements, or result in the cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done

or maintained in any condominium unit or upon the limited or general common elements which would be in violation of any law. No waste shall be committed upon any limited or general common elements.

(d) No structural alteration, construction, addition or removal of any condominium unit or limited or general common elements shall be commenced or conducted except in strict accordance with the provisions of these By-Laws, or Title 11 of the Real Property Article of the Annotated Code of Maryland.

(e) The maintenance, keeping, boarding and/or raising of animals, livestock or poultry of any kind, regardless of number, shall be and is hereby prohibited within any condominium unit or upon any limited or general common elements, except that this shall not prohibit the keeping of dogs, cats and/or caged birds as domestic pets provided they are not kept, bred or maintained for commercial purposes subject to the rules and regulations.

(f) Except for any units owned by Grantor or its assigns, no signs of any character shall be erected, posted or displayed upon, in, from or about any condominium unit or limited or general common elements, provided, however, that one temporary real estate sign of customary and reasonable dimensions may be displayed upon, in or from any condominium unit placed on the market for sale or rent. Grantor may employ whatever means are appropriate in its sole discretion to sell units (including the use of common elements and the use of "model" units) and may continue its sales operation in the same manner until all units in Phase I and/or future phases are sold.

(g) No boats, boat trailers, recreational vehicles, trucks of a capacity of one ton or more, or unlicensed vehicles may be parked upon any limited or general common elements. Bicycles shall not be stored on the balconies, patios or terraces.

(h) No part of the limited or general common elements shall be used for commercial activities of any character (except as provided in (f), above).

(i) No burning of any trash and no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or materials or trash of any other kind shall be permitted within any condominium unit (including balconies and terraces) or upon any limited or general common elements. Trash and garbage containers shall not be permitted to remain in public view, and all trash shall be deposited into the central trash collection area designated by the Grantor. All members shall abide by the rules and regulations regarding the use of the trash enclosure.

(j) No structure of a temporary character, trailer, tent, shack, barn or other outbuildings shall be maintained upon any limited or general common elements at any time. No clothing, laundry, or the like shall be hung from any part of any condominium unit or upon any of the common elements.

(k) No outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission, shall be maintained upon any condominium unit or upon any limited or general common elements without the prior written consent of the Architectural and Environmental Control Committee and under such reasonable limitations and conditions as it may establish.

(l) There shall be no violation of any rules or regulations for the use of the units or common elements which may from time to time be adopted by the Board of Directors and promulgated among the membership by them in writing.

Section 4. First Refusal. The right of any unit owner to sell, transfer, or otherwise convey his unit shall not be subject to any right of first refusal or any similar restriction in favor of the Council. Should a unit owner reserve to himself the right of first refusal or similar restriction in the sale of his unit, any mortgagee who obtains title to the unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall be exempt from any such right of first refusal or similar restriction.

ARTICLE XI

Architectural Control

Section 1. Architectural Control. Except for the original construction of the condominium units situate within the project and any improvements to any limited or general common elements accomplished concurrently with said 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, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, porches, driveways, fences, walls, or to make any change to or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any condominium unit or any of the limited or general common elements within the project, or to remove or alter any windows, exterior doors of any condominium 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, or materially increase the cost of operating or insuring the project, without the written consent of the Board of Directors or by an Architectural and Environmental Control Committee designated by the Board of Directors.

Section 2. Architectural and Environmental Control Committee - Operation. The Architectural and Environmental Control Committee shall be composed of an uneven number of three (3) or more natural persons designated from time to time by the Board of Directors of the 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 and Environmental Control Committee, then the Board of Directors shall constitute the Committee. The affirmative vote of a majority of the members of the Architectural and Environmental Control Committee shall be required in order to adopt or promulgate any rule or regulation, or to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article

Section 3. Approvals, etc. Upon approval of the Architectural and Environmental 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 same. In the event the Architectural and Environmental Control Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within sixty (60) days after such plans and specifications (and all other materials and information required by the Architectural and Environmental 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 the plans and specifications approved by the Architectural and Environmental 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 and Environmental Control Committee (whether by affirmative action or by forbearance from action, as in Section 3 of this Article provided for), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Architectural and Environmental 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 and Environmental 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 and Environmental Control Committee without the prior written consent in writing of the Architectural and Environmental Control Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural and Environmental Control Committee

to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 5. Certificate of Compliance. Upon the completion of any construction or alteration or other improvements or structure in accordance with plans and specifications approved by the Architectural and Environmental Control Committee in accordance with the provisions of this Article, the Architectural and Environmental Control Committee shall, at the request of the unit owner affected, 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 and Environmental Control Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions of these By-Laws as may be applicable.

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

ARTICLE XII

Insurance

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

(a) casualty or physical damage insurance in an amount equal to the full replacement value (i.e. 100% of "replacement cost" exclusive of land, foundation and excavation) of the condominium project (including all building service equipment and the like) with an "Agreed Amount" endorsement, a "Condominium Replacement Cost" endorsement and a "Contingent Liability from Operating of

Building Laws" endorsement, without deduction or allowance for depreciation (as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

- (i) loss or damage by fire or other hazards covered by the standard extended coverage endorsement together with coverage for common expenses with respect to condominium units during any period of repair or reconstruction;
- (ii) such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, cost of demolition, vandalism, malicious mischief, windstorm, water damage, machinery explosion or damage, and such other insurance as the Board of Directors may from time to time determine; and

(b) public liability insurance with a "Severability of Interest" endorsement in such amounts and in such forms as may be considered appropriate by the Board of Directors (but not less than One Million and No/100 Dollars (\$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, water damage, legal liability, hired automobile, non-owned automobile, liability for property of others, and any and all other liability incident to the ownership and/or use of the condominium project or any portion thereof;

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

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

(e) Fidelity Bonds in an amount not less than 150% of the estimated annual operating expenses, including reserves, for all directors, officers and employees of the Corporation regularly handling or otherwise responsible for the funds of the Corporation. Such other policies of insurance as are or shall hereafter be considered appropriate by the Board of Directors.

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

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

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

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

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

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

(f) all policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors (or any Insurance Trustee);

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

(h) all policies of casualty insurance shall contain the standard mortgage clause except that any loss or losses payable to named mortgagees shall be payable in the manner set forth in Article XIII of these By-Laws. Such mortgagee clause shall provide for notice in writing to the mortgagee of any loss paid as aforesaid; and

(i) any other insurance required by Title 11 of the Real Property Article of the Annotated Code of Maryland.

Section 3. Individual Policies. The owner of any condominium unit (including the holder of any mortgage thereon) may obtain additional insurance (including a "Condominium Unit-Owner's Endorsement" for improvements and betterments to the condominium unit made or acquired at the expenses of the owner) at his own expense. Such insurance shall be written by the same carrier as that purchased by the Board of Directors pursuant to this Article or shall provide that it shall be without contribution as against the same. Such insurance shall contain the same waiver of subrogation provision as that set forth in Section 2(g) of this Article.

The owner of any condominium unit shall notify the Board of Directors in writing of any and all improvements and betterments made to the condominium unit at the expense of such owner, the value of which is in excess of Two Thousand and No/100 Dollars (\$2,000.00).

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

Section 5. Inspection of Insurance Policies. The Corporation shall maintain and make available for inspection a copy of all insurance policies maintained by the Corporation.

Article XIII

Casualty Damage - Reconstruction or Repair

Section 1. Use of Insurance Proceeds. In the event of damage or destruction by fire or other casualty the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications with the proceeds of insurance available for that purpose, if any, unless the council of unit owners elects to use one option contained in subsection 11-114(g) of the Real Property Article of the Annotated Code of Maryland.

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 herein required to be insured against, then the repair or reconstruction of the damaged common elements shall be accomplished promptly by the Corporation at its common expense (pursuant to such conditions and subject to such controls as the mortgagee, as defined in Section 4 of this Article, may require) and the repair or reconstruction of any condominium unit shall be accomplished promptly by the Corporation at the expense of the owner of the affected condominium unit. The ratable share of the expense of such repairs or reconstruction may be assessed and the lien for the same shall have all the priorities provided for in Article IX of these By-Laws. In the event that the proceeds of casualty insurance are paid to any Insurance Trustee pursuant to the requirements of Section 4 of this Article, then all funds collected from the owners of the condominium units pursuant to this Section 2 shall likewise be paid over to such Insurance Trustee and shall be disbursed by such Insurance Trustee in accordance with the provisions of Section 4 of this Article.

Section 3. Restoration Not Required. The condominium need not be restored in the event the condominium is terminated, or repair or replacement of the condominium would be illegal under any state or local health or safety statute or ordinance, or eighty percent (80%) of the unit owners, including every owner of a unit or assigned limited common element, which will not be rebuilt, vote not to rebuild or replace. If the entire condominium is not repaired or replaced, then the insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the condominium; and the insurance proceeds attributable to units and limited common elements which are not rebuilt, shall be distributed to the owners of those units and the owners of the units to which those limited common elements were assigned; and the remainder of the proceeds shall be distributed to all unit owners in proportion to their percentage interest in the common elements. If the unit owners vote not to rebuild any unit, that unit's entire common element interest, votes in the council of unit owners, and common expense liability are automatically reallocated upon the vote, as if the unit had been condemned under Section 11-112 of the Real Property Article of the Annotated Code of Maryland, and the council of unit owners promptly shall prepare, execute and record an amendment to the Declaration reflecting the reallocations.

Section 4. Insurance Trustee. Except for losses involving the damage or destruction of more than two-thirds (2/3) of the condominium project, where the members do not resolve to proceed with the repair or reconstruction, as in Section 3 of this Article provided for, in the event the cost of reconstruction or repair (as estimated by the Board of Directors) shall exceed an amount equal to two and one-half percent (2 1/2%) of the full replacement

value of the condominium project, as estimated by the Board of Directors and the insurer pursuant to the requirements of Section 1(a) of Article XII of these By-Laws for the period during which such loss was sustained, and the institutional holder of any mortgages or other obligations secured by any condominium unit or units in the aggregate principal sum of more than \$150,000.00 (hereinafter in this Section 4 called the "mortgagee") shall so require all proceeds of insurance shall be paid over to a trust company or bank (the "Insurance Trustee") having trust powers and authorized to engage in trust business in the jurisdiction wherein the condominium project is located, selected by the Board of Directors with the approval of the mortgagee, and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement satisfactory in form and substance to the mortgagee and which contains, inter alia, the following provisions:

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

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

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

(d) each request for an advance of the proceeds of insurance shall, if required by the mortgagee, be accompanied by satisfactory waivers of liens covering that portion of the repair or reconstruction for which payment or reimbursement is being

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requested, together with appropriate evidence from a title insurance company or the like to the effect that there has not been filed with respect to the condominium project any mechanic's or other lien, or notice of intention to file the same, which has not been dismissed or satisfied of record.

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

(f) such other provisions not inconsistent with the provisions hereof as the Board of Directors, the Insurance Trustee or the mortgagee may reasonably require.

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

ARTICLE XIV

Parking

Section 1. General Requirements. All parking areas within the condominium shall be considered part of the general common elements. Parking may be regulated by the Board of Directors and parking spaces may initially be assigned by the Grantor and thereafter by the Board of Directors. No unit owner shall make use of any parking space other than the space or spaces appurtenant or assigned to his condominium unit by the Board of Directors, if any, without the express written consent of both the unit owner to whom such space has been assigned and the Board of Directors, nor shall any unit owner invite, encourage or permit the use by his guests of parking spaces appurtenant or assigned to condominium units other than his own. 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 assigned to any other unit owner. Nothing shall be stored upon any parking space nor shall the same be permitted to accumulate trash or debris.

Each unit owner shall comply in all respects with such supplementary rules and regulations which are not inconsistent with the provisions of these By-Laws which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the condominium and the Board of Directors is hereby, and elsewhere in these By-Laws authorized to adopt such rules and regulations.

In the event the Board of Directors elects to assign parking spaces within the condominium, the Board of Directors may make reasonable efforts to assign parking spaces in a manner calculated to make reasonable adjustments to accommodate the elderly and handicapped.

ARTICLE XV

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January every year, except that the first fiscal year of the Corporation shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

Section 2. Books and Accounts. Books and accounts of the Corporation shall be kept under the direction of the Treasurer in accordance with good accounting practices on a consistent basis. The same shall include books and detailed accounts, in chronological order, of receipts and of the expenditures affecting the project and its administration and shall specify the maintenance and repair expenses of the common elements and services and any other expenses incurred. That amount of any assessment required for payment on any capital expenditures of the Corporation shall be credited upon the Books of the Corporation to the "Paid-In-Surplus" account as a capital contribution by the members. Every record kept by the Corporation shall be maintained in Maryland or within fifty (50) miles of its borders and shall be available at some place designated by the Corporation within Montgomery County for examination and copying by any member, his mortgagee, and their respective duly authorized agents or attorneys, during normal business hours, and after reasonable notice.

Section 3. Annual Proposed Budget. The Corporation shall cause to be prepared and submitted to the members an annual proposed budget as least thirty (30) days before its adoption. This annual budget shall provide for at least the following items:

- (a) income;

- (b) administration;
- (c) maintenance;
- (d) utilities;
- (e) general expenses;
- (f) reserves; and
- (g) capital items.

The budget shall be adopted at an open meeting of the members of any other body to which the members delegate responsibilities for preparing and adopting the budget.

Any expenditure made, other than those made because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the members or a significant risk of damage to the condominium, that would result in an increase in an amount of assessments for the current fiscal year of the condominium in excess of fifteen percent (15%) of the budgeted amount previously adopted, shall be approved by an amendment to the budget adopted at a special meeting, upon not less than ten (10) days written notice to the members.

Section 4. Auditing. At the close of each fiscal year, the books and records of the Corporation shall be audited by an independent accountant whose report shall be prepared in accordance with generally accepted auditing standards. Based upon such report, the Corporation shall furnish its members with an annual financial statement including the income and disbursements of the Corporation. Upon receipt of a written request signed by owners of at least five percent (5%) of the units, the Corporation shall cause an audit of the books and records to be made by an independent certified public accountant, provided an audit shall be made not more than once in any consecutive twelve (12) month period. The cost of the audit shall be a common expense.

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

Section 6. Rights of Eligible Mortgagees and Insurers. The Corporation shall permit any Eligible Mortgagee or Eligible Insurer to inspect the books and records of the Association during normal business hours. The Corporation shall also provide to any Eligible Mortgagee or Eligible Insurer which submits a written request, a copy of an annual financial statement within ninety

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(90) days following the end of each fiscal year of the Corporation. Such financial statement shall be audited by an independent certified public accountant if:

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

(b) any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

ARTICLE XVI

Amendment

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of members having at least sixty-six and two-thirds percent ($66 \frac{2}{3}\%$) of the total percentage interests at a meeting of the Council called for that purpose; provided, however, that all mortgagees shall be given thirty (30) days notice of all proposed amendments, and shall be effective only upon recordation in accordance with Title 11 of the Real Property Article of the Annotated Code of Maryland. The following specific types of amendments shall require the consent of all unit owners: (i) any change in the pro rata interest or obligations of any individual unit for the purpose of levying assessments or charges of allocating distribution of hazard insurance proceeds or condemnation awards, or in determining the pro rata share of ownership of each unit in the common elements; (ii) any partition or subdivision of any condominium unit; (iii) any abandonment partition, subdivision, encumbrance, sale or transfer of the common elements. The granting of easements for public utilities or 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; (iv) use of hazard insurance proceeds for losses to any condominium property (whether to units or to common elements) for other than repair, replacement or reconstruction of such improvements, except as provided in Article XIII in the case of substantial loss to the units and/or common elements of the condominium.

Notwithstanding any lower requirement permitted by these By-Laws, the Declaration or the Condominium Act, no amendment of any material provision of the Document by the Council of Unit Owners or unit owners described herein may be effective without the vote of at least sixty-seven percent (67%) of the unit owners (or any greater unit owner vote required in the Declaration or the Condominium Act) and until approved in writing by at least fifty-one percent (51%) of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by the Documents). The foregoing approval requirements shall not apply to amendments effected in accordance with Paragraph SEVENTH of the Declaration, but shall be deemed to apply to any provision affecting the following:

- (i) Assessments, assessment liens or subordination of assessment liens;
- (ii) Voting rights;
- (iii) Reserves for maintenance, repair and replacement of Common Elements;
- (iv) Responsibility for maintenance and repairs;
- (v) Reallocation of interests in the General Common Elements or Limited Common Elements except that when Limited Common Elements are reallocated by agreement between unit owners, only those unit owners and only the Eligible Mortgagees holding Security Interest in such units must approve such action;
- (vi) Rights to use General Common Elements and Limited Common Elements.
- (vii) Definitions of boundaries of units except that when boundaries of only adjoining units are involved, or a unit is being subdivided, then only those unit owners and the Eligible Mortgagees holding Security Interests in such unit or units must approve such action;
- (viii) Convertibility of units into General Common Elements or General Common Elements into Units;
- (ix) Expansion or contraction of the Condominium, or the addition, annexation or withdrawal of property to or from the Condominium, except as provided in paragraph SEVENTH of the Declaration;
- (x) Insurance or fidelity bonds;
- (xi) Leasing of units;
- (xii) Imposition of restrictions on a unit owner's right to sell or transfer his or her unit;
- (xiii) Establishment of self-management when professional management had been required previously by any Eligible Mortgagee;
- (xiv) Restoration or repair of the project after a hazard damage or partial condemnation in a manner other than that specified in the Documents;

- (xv) Termination of the Common Interest Community after occurrence of substantial destruction or condemnation; and
- (xvi) The benefits of mortgage holders, insurers or guarantors.

Section 2. Proposal of Amendments. Amendments to these By-Laws may be proposed by the Board of Directors of the Corporation or by a petition signed by members representing at least twenty-five percent (25%) of the total percentage interests of the Corporation, which petition shall be delivered to the Secretary. A description of any proposed amendment shall accompany the notice of any annual or special meeting of the members at which such proposed amendment is to be considered and voted upon.

ARTICLE XVII

Mortgages

Section 1. Notice to Board of Directors. A member who mortgages his unit shall in writing notify the Board of Directors of the name and address of his mortgagee (as defined in the Declaration), and shall file a conformed copy of the note and mortgage with the Board of Directors. The Board of Directors shall maintain such information in a book entitled "Mortgages of Units".

Section 2. Notice of Unpaid Common Charges or other Default. The Board of Directors, whenever so requested in writing by a mortgagee of a unit whose name and address is listed in the "Mortgages of Units", shall promptly report any then unpaid annual and/or special assessments due from, or any other default by, the owner of the mortgaged unit, which is not cured within thirty (30) days.

Section 3. Notice of Default. The Board of Directors, when giving notice to a member of a default in paying common expenses or other default, shall send a copy of such notice to each mortgagee with respect to such unit whose name and address has theretofore been furnished to the Board of Directors, as aforesaid.

Section 4. Notice of Loss. The Board of Directors shall promptly notify all mortgagees in the event of substantial damage to or destruction of any unit or the common elements. "Substantial" shall be deemed to include damage to a unit in excess of \$1,000,000.00 and damage to common elements in excess of \$10,000.00.

Section 5. Examination of Books. Each member, mortgagee, and their duly authorized agents or attorneys shall be permitted to examine the books and records of account of the Corporation during normal business hours. Upon request, each mortgagee shall receive an annual audited financial statement of the condominium within

ninety (90) days following the end of any fiscal year of the condominium. Upon request, each mortgagee shall be entitled to written notice of all meetings of the Council and shall be entitled to designate a representative to attend such meetings, but said representative shall not have the power to vote.

Section 6. Additional Notice. The Board of Directors shall promptly notify all Eligible Mortgagees and Insurers of any proposed action by the unit owners or the Board of Directors which would require the consent of a specified percentage of Eligible Mortgagees. Further, the Board of Directors shall promptly notify all Eligible Mortgagees and Insurers of any judgment rendered against the Corporation. All notices required by this Article XVII and elsewhere within these By-Laws shall be in writing.

Section 7. Consent of Eligible Mortgagees. Notwithstanding any lower requirement permitted by these By-Laws, the Declaration or the Maryland Condominium Act, the Corporation may not take any of the following actions, other than rights reserved to the Declarant, without the approval of at least Fifty-one percent (51%) of the Eligible Mortgagees:

- (i) Convey or encumber the General or Limited Common Elements or any portion thereof, as to which an Eighty percent (80%) Eligible Mortgagee approval is required. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the General or Limited Common Elements by the Condominium will not be deemed a transfer within the meaning of this clause);
- (ii) The establishment of self-management when professional management had been required previously by any Eligible Mortgagee;
- (iii) The restoration or repair of the Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Documents;
- (iv) The termination of the Condominium for reasons other than substantial destruction or condemnation, as to which a sixty-seven percent (67%) Eligible Mortgagee approval is required;
- (v) The alteration of any partition or creation of any aperture between adjoining units (when unit boundaries are not otherwise being affected), in which case only the owners of units affected and Eligible Mortgagees of those units need approve the action;

- (vi) The merger of this Condominium with any other Condominium;
- (vii) The granting of any easements, leases, licenses or concessions through or over the General or Limited Common Elements (excluding, however, any utility easements serving or to serve the Condominium and excluding any leases, licenses or concessions for no more than one year);
- (viii) The assignment of the future income of the Council of Unit Owners, including its right to receive maintenance assessments;
- (ix) Any action taken not to repair or replace the Property; and
- (x) The Council of Unit Owners may not change the period of collection of regularly budgeted maintenance assessments to other than monthly without the consent of all Eligible Mortgagees.

ARTICLE XVIII

Eminent Domain

Section 1. Meaning of "taking under the power of eminent domain".
In this Article, the term "taking under the power of eminent domain" includes any sale in settlement of any pending or threatened condemnation proceedings.

Section 2. Allocation of Award.

(a) Each unit owner shall be entitled to the entire award for the taking of all or part of his respective unit and for consequential damages to his unit.

(b) Any award for the taking of limited common elements shall be allocated to the unit owners of the units to which the use of those limited common elements is restricted in proportion to their respective percentage interests in the common elements.

(c) Any award for the taking of general common elements shall be allocated to all unit owners in proportion to their respective percentage interests in the common elements.

Section 3. Reconstruction Following Taking. Following the taking of all or a part of a condominium, the Corporation promptly shall undertake to restore the improvements of the condominium to an architectural whole. Any costs of such restoration shall be a common expense.

Section 4. Adjustment of Percentage Interests Following Taking: Effect of Taking on Votes Appurtenant to Unit. Following the taking of all or a part of any unit, the percentage interests appurtenant to the unit shall be adjusted in proportion as the amount of floor area of the unit so taken bears to the floor area of the unit prior to the taking. The council of unit owners promptly shall prepare and record an amendment to the Declaration reflecting the new percentage interests appurtenant to the unit. Subject to Section 6, following the taking of part of a unit, the votes appurtenant to that unit shall be appurtenant to the remainder of that unit; and following the taking of all of a unit, the right to vote appurtenant to the unit shall terminate.

Section 5. Priority in Distribution of Damages for Each Unit. All damages for each unit shall be distributed in accordance with priority of interests at law or in equity in each respective unit.

Section 6. Taking Not to Include Percentage Interests or Votes. Except to the extent specifically described in the condemnation declaration or grant in lieu therefor, a taking of all or part of a unit may not include any of the percentage interests or votes appurtenant to the unit.

Section 7. Notice of Condemnation. If a unit or portion thereof or the common elements or portion thereof is made the subject matter of any condemnation or eminent domain proceeding or otherwise sought to be acquired by a condemning authority, the Council shall give timely written notice to all mortgagees of such proceeding or proposed acquisition.

Section 8. Rights of Mortgagees. In the event of a taking of all or a part of the Condominium, any Eligible Mortgagee may require that the proceeds therefrom be payable to and disbursed by a Trustee established pursuant to Article XII, Section 4 of these By-Laws.

ARTICLE XIX

Compliance - Interpretation - Miscellaneous

Section 1. Compliance. These By-Laws are set forth in compliance with the requirements of the Maryland Condominium Act.

Section 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Maryland Condominium Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration or the aforesaid statute. In the event of any conflict among the Maryland Condominium Act, the Declaration, Plat, or By-Laws, the provisions of each shall control in succession listed hereinbefore commencing with "Maryland Condominium Act".

Section 3. Resident Agent. Lewis S. Pettey located at 8485 Fenton Street, Silver Spring, Maryland 20910, shall be designated as the person authorized to accept service of process in any action relating to two or more condominium units or to the common elements as authorized under the Maryland Condominium Act. The resident agent shall register annually pursuant to the provisions of the Condominium Act.

Section 4. Enforcement - Eligible Mortgagees and Insurers. Any and all provisions contained within these By-Laws or within the other Condominium Documents which are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors, may be enforced by any of them by any available means, at law, or in equity.

Section 5. Consent - Eligible Mortgagees and Insurers. Wherever in these By-Laws, or in any other Condominium Document, an amendment by or action of the owners shall require the consent of a certain percentage of Eligible Mortgagees and Insurers, each such Eligible Mortgagee or Insurer shall be deemed to have approved such amendment or action if, within thirty (30) days of a written request for such approval, no response has been received by the Condominium.

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

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

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

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

Section 10. Rules and Regulations. The Board of Directors may adopt rules for the condominium. Proposed rules are attached hereto as Schedule 1.

(a) Each member shall have mailed or delivered to him a copy of the proposed rule, notice that members are permitted to submit written comments on the proposed rule, and notice of the proposed effective date of the proposed rule. Before a vote of the Board is taken on the proposed rule, an open meeting shall be held to

allow each member or tenant to comment on the proposed rule. Each member shall receive written notice of this open meeting at least fifteen (15) days before said meeting. A quorum of the Board of Directors shall be present at such open meeting.

(b) A regular or special meeting of the Board of Directors shall be held at which the vote on the proposed rule shall be taken. Notice of this meeting shall be given as provided in Article V, Sections 9 and 10 of these By-Laws. The proposed rule shall be passed on the affirmative vote of a majority of the Directors present and voting.

(c) The vote on the proposed rule shall be final unless within fifteen (15) days of the vote to adopt the proposed rule, fifteen percent (15%) of the members sign and file a petition with the Board of Directors, calling for a special meeting. Such special meeting shall be held between fifteen (15) and thirty (30) days after the day the petition is given by the Board of Directors to the resident agent of the Corporation. Members and their mortgagees shall receive at least fifteen (15) days written notice of such special meeting. The proposed rule shall be disapproved if a quorum of the members attends the meeting, and fifty percent (50%) of the members present and voting disapprove the proposed rule, and the members voting to disapprove are more than thirty-three percent (33%) of the total votes of the condominium. During such meeting, members, tenants, and mortgagees may comment on the proposed rule.

(d) Each member or tenant may request an individual exception to a rule adopted while the individual was the unit owner or tenant of the condominium. Such a request for an individual exception shall be made in writing and filed with the Board of Directors within thirty (30) days after the effective date of the rule.

(e) Each rule adopted under this Section 8 shall state that the rule was adopted under the provisions of this Section and Section 11-111 of the Maryland Condominium Act.

(f) The "House Rules and Regulations of Decoverly IV Condominium", attached to these By-Laws as Schedule 1, are proposed initial rules and regulations governing the condominium. Any additions, deletions or changes to these Rules and Regulations shall be made by the Board of Directors as provided above.

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DISCOVERLY IV CONDOMINIUM

HOUSE RULES AND REGULATIONS

The Board of Directors of the Council of Unit Owners of Discoverly IV Condominium has adopted the following Rules for the mutual benefit of the owners and occupants of the condominium units therein ("Units"). These Rules may be modified from time to time by the Board of Directors as it deems necessary to promote the safety and welfare of the owners and occupants of the Units. The Managing Agent has been authorized and directed by the Board of Directors to uniformly enforce the Rules at all times.

1. The sidewalks, paths, driveways, and other areas for use in getting to and from parking spaces, Units and/or recreational facilities shall not be obstructed or used for any purpose other than for ingress to and egress from the parking spaces, Units and/or recreational facilities.

2. Unless specific portions of the common elements are designated by the Board of Directors for such purposes, no portion of the common elements shall be used for the storage or placement of any articles, including, but not limited to, furniture, boxes, shopping carts and the like. No offensive or unsightly materials may ever be stored or placed on the common elements.

3. Patio furniture may be placed on decks or patios which are limited common elements appurtenant to any unit(s). No unsightly or offensive materials may be placed or stored on any deck or patio. In the event any Unit Owner fails to comply with a request of the Board to remove any unsightly or offensive material, the Board may, after reasonable notice to such Unit Owner (except in the case of an emergency), remove such unsightly or offensive material at the expense of such Unit Owner.

4. No Unit owner or occupant shall make or permit to be made any disturbing noise in the common areas or in the Units by himself, his family, friends, tenants, employees, servants or invitees; nor permit anything to be done by any such persons as would interfere with the rights, comfort or convenience of other Unit owners or occupants. No Unit owner or occupant shall play or allow to be played any musical instruments, radio, TV, hi-fi, tape recorder or the like if the same shall unreasonably disturb or annoy any other Unit owners or occupants.

5. Unit owners and occupants shall not be allowed to put their names in any entry or passageway, or other common area, except in the place designated for same by the Board of Directors, or in the mailbox provided for the use of the Unit occupied by them.

6. No rugs shall be beaten on common areas, nor dust, rubbish or litter swept from the Unit or any other room thereof

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onto any of the common areas. Unit owners and occupants must deposit all rubbish or litter in the designated areas and receptacles provided for such purpose.

7. Persons shall not be permitted to loiter or play in any common area not specifically designated as a play or recreation area.

8. The water closets and other water, plumbing and disposal apparatus shall not be used for any purpose other than that for which they are constructed. No sweepings, rubbish, rags, newspapers, ashes or other substances shall be thrown therein. Any damage to the property of others, including the common areas, resulting from the misuse or neglect of such facilities or from the misuse or neglect of any heating, cooling or electrical apparatus or facility shall be paid for by the owner of the Unit who caused the damage.

9. The repair of all damage to the common areas and property of the Council of Unit Owners resulting from the moving and/or carrying of furniture and/or other articles therein shall be paid for by the Unit owner or the person in charge of such articles.

10. Nothing shall be thrown or emptied out of the windows, patios, decks or doors of any Unit, or thrown or emptied in the common areas, nor shall anything be hung from outside the windows or on the patios or decks or placed on the outside window sills of any Unit.

11. Common utilities shall not be used or left running for unreasonable or unnecessary lengths of time.

12. No one shall interfere in any manner with the heating, cooling, hot water, lighting or similar apparatus in or about the buildings and common areas.

13. No awnings or window guards shall be used except as shall be put up or approved by the Board of Directors.

14. The Managing Agent, by authority of the Board of Directors, shall retain a passkey to each Unit. No Unit owner shall alter any lock or install a new lock on any door leading into the Unit without the prior consent of the Board of Directors. If such consent is given, the Unit owner or occupant shall provide the Managing Agent with a key for its use. A charge may be made for opening a Unit owner's door.

15. Unit owners and occupants, their employees, servants, agents, visitors, licensees and their families will obey the parking regulations posted at the parking areas, and any other traffic regulations promulgated in the future for the safety, comfort and convenience of the Unit owners and occupants.

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Double-parking shall not be permitted, except in the case of emergency.

16. The Unit owners and occupants shall not cause or permit the blowing of any horn from any vehicle in which his guests, family, tenants, invitees, or employees shall be occupants, approaching or upon any of the driveways or parking areas serving the Condominium, except as may be necessary for the safe operation thereof.

17. The owners and occupants of the Units shall in general not act or fail to act in any manner which unreasonably interferes with the rights, comfort and convenience of other Unit owners and occupants.

18. Unit owners will faithfully observe the procedures established from time to time by the Board of Directors, the Managing Agents or the Manager with respect to the disposal of garbage, rubbish and refuse.

19. Unit owners, their families, guests, servants, employees, agents, visitors or licensees shall not at any time or for any reason whatsoever enter upon or attempt to enter upon the roof of any buildings.

20. No Unit owner or any of his agents, servants, employees, licensees or visitors shall at any time bring into or keep in his Unit any inflammable, combustible or explosive fluid, material, chemical or substance, except for normal household use.

21. Solicitors are not permitted in the buildings. If a Unit owner is contacted by one, he should notify the Manager immediately.

22. All personal property placed in any portion of the buildings or any place appurtenant thereto shall be at the sole risk of the Unit owner.

23. No radio or TV aerial or connection shall be installed or extend outside of Units.

24. Subject to the provisions of the Bylaws, dogs, cats and other domestic pets are allowed, provided that the same shall not disturb or annoy other occupants. Any inconvenience, damage or unpleasantness caused by such pets shall be the sole responsibility of the respective owners thereof. All such pets shall be kept under the direct control of their owners at all times and shall not be allowed to run free or unleashed or to otherwise interfere with the rights, comfort and convenience of any of the Unit owners or occupants.

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EXHIBIT "C"

<u>Phase 1</u>	<u>Unit</u>	<u>% Interest</u>	<u>Vote</u>
	#1-1	1/14	1
	#2-1	1/14	1
	#3-1	1/14	1
	#4-1	1/14	1
	#5-1	1/14	1
	#6-1	1/14	1
	#7-1	1/14	1
	#8-1	1/14	1
	#9-1	1/14	1
	#10-1	1/14	1
	#11-1	1/14	1
	#12-1	1/14	1
	#13-1	1/14	1
	#14-1	1/14	1
		<hr/> 14/14ths or 100%	<hr/> 14

exhibitC/mstr.

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EXHIBIT D

Phases two (2) through and including sixteen (16) as shown on Condominium Plat Phasing Plan entitled "DECOVERLY IV CONDOMINIUM" as recorded among the Land Records of Montgomery County, Maryland in Plat Book 61 at Plat No. 6226.

[illegible]

CURVE DATA CHART

[illegible]

MONTGOMERY COUNTY, MARYLAND
JAN 1993
SCALE 1"=100'

Exhibit "E"