

EXHIBIT B

STOCKBRIDGE AT TANGLEWOOD
A CONDOMINIUM

BY-LAWS

ARTICLE I

GENERAL PROVISIONS

Section 1. Condominium Submission. The Project which is all of the land more particularly described on Exhibit A attached hereto and made a part of the Declaration to which these By-Laws are appended, has been declared and constituted a Condominium Property Regime by said Declaration, and shall be governed by said Declaration, these By-Laws, the Rules and Regulations adopted pursuant thereto and by the applicable laws of the State of Maryland.

Section 2. Application. The provisions of these By-Laws are applicable to the Condominium and to the use and occupancy thereof. All present and future owners of any freehold or lease hold interest, all occupants or user of the premises, and the agents and servants of any of them are subject to the provisions of the Declaration, these By-Laws, and the applicable laws of the State of Maryland. The acceptance of a Deed of Conveyance or the entering into of a lease or the act of occupancy of a Unit shall conclusively establish the acceptance and ratification of these By-Laws, the Rules and Regulations and the provisions of the Declaration, as they may be amended from time to time, by the person so acquiring, leasing or occupying a Unit and shall constitute and evidence an agreement by such person to comply with the same.

Section 3. Definitions. Unless it is plainly evident from the context that a different meaning is intended, all items used herein shall have the same meaning as they are defined to have in the Declaration or The Real Property Article, Section 11-101, et. seq. of the Annotated Code of Maryland.

ARTICLE II

COUNCIL OF UNIT OWNERS

Section 1. Constitution. There is hereby constituted the Council of Unit Owners, sometimes herein referred to as the "Council", which shall be comprised of every person, firm, or corporation which owns, severally or with others, any Condominium Unit within the Condominium. The Council shall be unincorporated body.

Section 2. Powers. The Council shall have all of the powers and may do all the things and acts necessary for and related to the administration of the affairs

of the Condominium, not inconsistent with the laws of the State of Maryland, including but not limited to the following:

1. To transact its business, and exercise its powers in any State, Territory, District or Possession of the United States.
2. To make contracts and guarantees, incur liabilities and borrow money, sell, mortgage, lease, pledge, exchange, convey, transfer, and otherwise dispose of any part of its property and assets.
3. To acquire by purchase or in any other manner to take, receive, own, hold, use, employ, improve and otherwise deal with any property, real or personal, or any interest therein.
4. To invest its funds and to lend money in any manner appropriate to enable it to carry on the operations or to fulfill the purposes set forth in the Declaration and these By-Laws, and to take and hold real and personal property as security for the payment of funds so invested or loaned.

Section 3. Voting. Voting at all meetings of the Council, in person or by proxy, shall be on a Unit bases and a Unit Owner shall be entitled to cast the number of votes appurtenant to this Unit as established by the Declaration. In the cases of multiple ownership of a Unit, then appurtenant votes for that Unit shall be divided among the several owners of the Unit (for voting purposes only) on a per capita bases, unless a different version is effected by one or more proxies. The Owner of a leasehold interest in a Unit, the lease for which contains the right of redemption the fee interest in such Unit shall be deemed the Owner for all voting purposes; provided, however, that such lessee shall have no power, without the concurring vote of the fee simple reversion Owner, to act or vote upon any matter reducing or altering the rights of such fee simple Owner, pursuant to the terms of his lease or as otherwise existing according to law, or amending or terminating the Condominium Declaration. Other than lessees under leases above described, no other lessee, lien holder, mortgagee, pledges, or contract purchasers shall have any voting rights with respect to the affairs of the Condominium. An Owner shall be prohibited from voting at any Annual or Special Meeting of the Council of Unit Owners in the event: (a) the Council of Unit Owners has recorded a statement of condominium line on such Owner's unit, in accordance with Article VI, Section 7, hereof, and (b) the amount necessary to release such lien, including all interest, costs, attorney's fees, penalties and other expenses, if any, has not been paid as of the time of the meeting.

Section 4. Majority of Owners. As used in these By-Laws, established in accordance with the declaration.

Section 5. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a **Majority of Owners** as defined in Section 4 of this Article shall constitute a quorum.

Section 6. Proxies. At all meetings of the Council votes may be cast in person or by proxy. Proxies must be filed, in writing, with the Secretary before the appointed time of each meeting, and shall be revocable at any time by written notice to the Secretary by the Owner or Owners so designating; **unless granted to a mortgagee, or lessee as defined in Section 3 of Article II.**

Section 7. Mailing Address of Council. The mailing address of the Council of Unit Owners shall be c/o The Resident Agent at the address designated in Article XI hereof, or at such other address as may be designated from time to time by notices, in writing, to all Unit Owners.

ARTICLE III

ADMINISTRATION

Section 1. Council.

A. Council Responsibilities: The Council shall be responsible for the overall policy and administration of the Project, but, except as otherwise provided in these By-Laws or by statute, shall act by and through its elected Board of Directors. The Council shall have the responsibility of electing the Board of Directors, seeing that the Board of Directors maintains a current roster of names and addresses of each Unit Owner, prepares an annual budget of the Project and if requested by the Council or by a mortgagee or mortgagees holding liens on a majority of the Units then and in either event the Board of Directors shall arrange for the professional management of the Project.

B. Place of Meeting: Meetings of the Council shall be held at the principal office of the Condominium or such other suitable place convenient to the Council as may be designated by the Board of Directors.

C. Annual Meetings: The first annual meeting of the Council shall be held on August 10, 1983, or as soon thereafter as is practical. **Thereafter, the annual meetings of the Council shall be held on the first Saturday, that is not a legal holiday in the month of January of each succeeding years,** and if such date shall be legal holiday then such meetings shall be held on the next succeeding business day. At such meetings there shall be elected, by ballot of the Unit

Owners, Directors in accordance with the requirements of Section 2 of Article II of these By-Laws and the Owners may also transact such other business of the Councils may properly come before them.

D. Special Meetings: It shall be the duty of the President of the Council, elected in accordance with the provisions of Article IV hereof, to call a special meeting of the Council when directed to do so by a duly adopted resolution of the Board of Directors or upon presentment to the President or Secretary of a petition signed by twenty-five (25%) percent of the Unit Owners requesting such a meeting. The notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as state in the notice.

E. Notice of Meeting: It shall be the duty of the Secretary of the Council, elected in accordance with the provision of Article IV hereof, 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 Owner of record, **at least fifteen (15) days but not more than sixty (60) days prior to such meeting.** The mailing or delivery of a notice in the manner provided in this Section shall be considered notice served.

F. Adjourned Meetings: If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting ***and reconvene said meeting after having given fifteen (15) days notice of such meeting, until a quorum shall be present or represented.*** At such meeting, at which a quorum shall be present or represented any business may be transacted which might have been transacted at the meeting originally called.

G. Order of Business: The order of business at all meetings of the Council shall be as follows: (a) roll call, (b) proof of notice of meeting or waiver of notice, (c) reading of minutes of preceding meeting, (d) reports of officers, (e) report of committees, (f) election for the inspectors of election, if applicable, (g) election of Directors, if applicable, (h) unfinished business, and (i) new business.

H. Validity of Contracts: No contract or other transaction between the Council and any other legal entity, and no act of the Council, shall in any way be effected or invalidated by virtue of the fact that any of the Officers or Directors of the Council are pecuniarily or

otherwise interested in, or are Directors or Officers of such other legal entity.

Section 2. Board of Directors.

- A. Number and Qualification: The affairs of the Council shall be governed by a Board (5) persons, and all Directors shall be Unit Owners or persons having a Unit ownership interest "in Good Standing" and any person designated as tenants in common, joint tenants, or tenants by the entirety, "in Good Standing" shall for this purpose be deemed to have a Unit from the date hereof until their successors have been duly elected or appointed as hereinafter provided in Paragraphs B and C of this Section 2, namely:
- B. Election and Term of Office: At the first annual meeting of the Council the term of office of two Directors shall be fixed for three (3) years. The term of office of two Directors shall be fixed at two (2) years, and the term of office of one Director 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. The Directors shall hold office until their successors shall have been elected by the Council.**
- C. Vacancies: Vacancies in the Board of Directors caused by any reason other than removal of a Director by a vote of the Council shall be filled by vote of the Majority of the remaining Directors, even though they may constitute less than a quorum of said Board; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Council.
- D. Powers and Duties: The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Council 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 Council, and such duties shall include but not be limited to the following:
- a) provide for the operation, care, up-keeps, maintenance and surveillance of the Common Elements and services of the Project;

- b) preparation of an annual budget in which there shall be established the contribution of each Owner to the Common Expenses;
- c) making assessments against the Owners, based upon the annual budget, to defray the costs and expenses of the Condominium, establishing the means and methods of collecting such assessments from the Owners, and establishing the period of the installment payment of such assessments. Unless otherwise determined by the Board of Directors, the annual assessment against each Owner for his proportionate share of the Common Expenses shall be payable in equal monthly Installments; each such installment to be due and payable in advance on the first day of each month for said month;
- d) collection of the Common Assessments from the Unit Owners including collection by legal means, if necessary;
- e) designation hiring, dismissal, and control of the personnel necessary for the maintenance, operation and good working order of the Project and the Common Elements;
- f) adoption and amendment of Rules and Regulations covering the details of the operation and use of the property, subject to the right of the Owners to overrule the Board of Directors;
- g) opening of bank accounts on behalf of the condominium and designation of signatories required therefore;
- h) obtaining of insurance for the property, including the Units pursuant to the provisions of these By-Laws;
- i) making of alterations, repairs, additions and improvements to, and restoration of the property in accordance with the other provisions of these By-Laws;
- j) enforcing, by legal means, the provisions of the Declaration, these By-Laws and the Rules and Regulations, and bringing any proceedings which may be necessary to institute, on behalf of the Owners;
- k) paying the costs of all authorized services rendered to the Condominium and not chargeable to Owners of individual Units;

- l) keeping books with detailed accounts, in chronological order, of the receipts and expenditures affecting the property, and the administration of the Condominium, specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Unit Owners, their duly authorized agents or attorneys, during general business hours on working days at the times and in the manner that shall be set and announced by the Board of Directors for the general knowledge of the Owners. All books and records shall be kept in accordance with good and accepted accounting practices, and the same shall be audited at least once a year by an outside auditor employed by the Board of Directors who shall not be a resident of the Condominium, The cost of such audit shall be a Common Expense;
 - m) notifying the mortgagee of any Unit of any default by the Owner of such Unit whenever requested in writing by such mortgagee to send such notice;
 - n) to do such other things and acts, not inconsistent with the laws of the State of Maryland, and with the Declaration, which it may be authorized to do by a resolution of the Council.
- E. Removal of Directors: At any regular or special meeting of the Council duly called, any one or more of the Directors may be removed with or without cause by a majority of the Unit Owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.
- F. Organization Meeting: The first meeting of a newly elected Board of Directors shall be held within ten (ten) days of election at such place and time 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, providing a majority of the whole Board shall be present.
- G. 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 two (2) such meetings shall be held during each

fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director personally or by mail, telephone, or telegraph, at least three (3) business days prior to the day named for such meeting.

- H. Special Meetings: Special meetings of the Board of Directors may be called by the President on three (3) business days notice to each Director. Such notice shall be given personally or by mail, telephone, or telegraph, and such notice shall state the time, place (as herein above provided) and the purposes of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and like notice on the written request of at least three (3) Directors.
- I. 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 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, no notice shall be required and any business may be transacted at such meeting.
- J. Board of Directors' Quorums: At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors, there be less than a quorum present, the majority of such adjourned meeting, at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.
- K. Fidelity Bonds: The Board of Directors may require that all Officers and employees of the Council handling or responsible for funds furnish fidelity bonds in an amount not less than 50% of the amount of the current annual estimated operating expenses. The premiums on such bonds shall be paid by the Council.
- L. Compensation: No member of the Board of Directors shall receive any compensation from the Condominium for acting as such.
- M. Managing Agents: The Board of Directors may employ for the Condominium a professional managing agent at a

compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize, including, but not limited to, the duties listed in paragraphs (a), (d), (e), (h), (i), (k), (l), (m) and (n) of Paragraph D of Section 2 of this Article. The Declarant or an affiliate of the Declarant may be employed as managing agent.

ARTICLE IV

OFFICERS

Section 1. Designation. The principal officers of the Council shall be a President, a Vice President, a Secretary and a Treasurer, all of which shall be elected by the Board of Directors. The Directors may appoint assistants and such other officers as in their judgment may be necessary. The President and Vice President shall be members of the Board of Directors and all other officers be, but are not required to be, members of the Board of Directors.

Section 2. Election of Officers. The Officers of the Council 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. Any vacancy in an office shall be filled by the Board of Directors, any Officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting called for that purpose.

Section 3. Removal of Officers. The Officers of the Council shall be elected annually by the Board of Directors, any Officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting called for that purpose.

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

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

Section 6. *Secretary.* The Secretary shall keep the minutes of all meeting of the Board of Directors and the minutes of all meetings of the Council; he shall have charge of such books and papers as the Board of Directors may direct; and general perform all the duties incident to the office of Secretary.

Section 7. *Treasurer.* The Treasurer shall have the responsibility for Council funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursement in books belonging to the Council. He shall be responsible for the deposit of all moneys and other valuable effects in the name and to the credit of the Council in such depositories as may from time to time be designated by the Board of Directors. The Board shall arrange for an external annual audit of the fiscal records of the Council.

Section 8. *Agreements, Contracts, Etc.* All agreements, deeds, and other instruments of the Condominium shall be executed by the President, Vice President and Secretary or Assistant Secretary or such other person or persons the Board of Directors may designate.

Section 9. Compensation of Officers. No Officer shall receive any compensation from the Condominium for acting as such.

ARTICLE V

LIABILITY AND INDEMNIFICATION OFFICERS AND BOARD OF DIRECTORS

The Officers and members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the Officers and Directors from and against all contractual liability to others arising out of contracts made by the Officers and the Board of Directors on behalf of the Unit Owners unless any such contract shall have made in bad faith or contrary to the provisions of the Declaration or of these By-Laws. It is intend that the Officers and the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Unit Owners. It is also intended that the liability of any Unit Owner arising out of any contract made by the Officers or the Board of Directors or out of the aforesaid indemnity in favor of the Officers and the members of the Board of Directors shall be limited to such proportion of the total liability thereunder as his Percentage Interests bears to the Percentage Interests of all of the Unit Owners. Every agreement made by the Officers and the Board of Directors or by the Managing Agent on behalf of the Unit Owners shall, if obtainable, provide that the Officers and the members of the Board of Directors, or the Managing Agent, as the case may be, are

acting only as agents for the Unit Owners and shall have no personal liability there under (except as Unit Owners), and that each Unit Owner's liability there under shall be limited to such proportion of the total liability there under as his Percentage Interests bears to the Percentage Interests of all Unit Owners. The Unit Owners shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a Director, or Officer, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in the best interest of the Unit Owners.

Neither the Council or the Board of Directors shall be liable for any failure to obtain or provide services to or for any Unit, or for injury or damage to person or property caused by the elements or by the Owner of any Condominium Unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements or form any wire, pipe, drain, conduit, appliance or equipment. The Council and the Board of Directors 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 herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the Making of repairs or improvements to the Common Elements, or to any Condominium Unit, or from any action taken by the Council or the Board of Directors to comply with any law ordinance or with the order or directive of any municipal or governmental authority.

ARTICLE VI

BUDGET, CHARGES AND ASSESSMENTS

Section 1. Charges and Assessments. The Council, acting by and through its Board of Directors, shall manage, operate and maintain the Condominium and, for the benefit of the Condominium Units and the Owners thereof, shall enforce the provisions hereof and shall pay out of the Common Expense Fund herein elsewhere provided for, the following:

- a. the cost of providing water, sewer, garbage and trash collection, electrical, and other necessary utility service for the Common Elements and to the extent that the same are not separately metered or billed to each Condominium Unit, for the Condominium Units;
- b. the cost of fire, extended coverage and liability insurance on the Condominium and the cost of such other insurance as the Council may effect;

- c. the cost of the services of a person or firm to manage the Project to the extent deemed advisable by the Board of Directors together with the services of such other personnel as the Board of Directors shall consider necessary for the operation of the Condominium;
- d. the cost of providing such legal and accounting services as may be considered necessary to the operation of the Condominium;
- e. the cost of painting, maintaining, replacing, repairing, and landscaping the General Common Elements and such furnishings and equipment for the Common Elements as the Board of Directors shall determine are necessary and proper and the Board of Directors shall have the exclusive right and duty to acquire the same; provided, however, that nothing herein contained shall require the Board of Directors or the Council to paint, repair, or otherwise maintain the interior of any Condominium Unit or any fixtures, appliances, or equipment located therein;
- f. the cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Council 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 shall be specially assessed to the Unit Owner or Unit Owners thereof in the manner provided in Subsection (g) of Section I of this Article;
- g. the cost of the maintenance or repair of any Condominium Unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the Common Elements or to preserve the appearance or value of the Condominium or is otherwise in the interest of the general welfare of all Owners of the Condominium Units; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the Owner of the Condominium Unit proposed to be maintained and provided further that the cost thereof shall be rendered promptly to the then Owner of said Condominium Unit at which time the assessment shall become due and payable and continuing lien and obligation of said Unit Owner in all respects as provided in these By-Laws;
- h. any amount necessary to discharge any lien or encumbrance levied against the Condominium, or any portion thereof, which may, in the

opinion of the Board of Directors, constitute a lien against any of the Common Elements rather than the interests of the Owner of any individual Condominium Unit.

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The Board of Directors may, in its sole and absolute discretion, extend the provisions of this Section to the holders of mortgages not otherwise entitled therein.

Section 2. Preparation and Approval of Budget. Each year on or before December 1st, the Board of Directors shall adopt a budget for the Condominium containing an estimate of the total amount which it considers necessary and required during the ensuing fiscal year for the administration, operation, maintenance and as provided in Section I of this Article. Such budget shall also include such reasonable amounts as the Board of Directors deem it advisable, the assessment made against each Unit Owner for each fiscal year set forth separately such Unit Owner's share of the total assessment allocated to normal and recurring expense of administration, management, operation and repair, and the amount of the total assessment allocated to each category or reserves included in the budget. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses of the Condominium. The failure or delay of the Board of the Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expense as herein provided, whenever the same shall be determined, and in the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until such new annual or adjusted budget shall have been mailed or delivered and thereafter all subsequent monthly payments shall be as provided by such new annual or adjusted budget. The budget, as defined in this Section, for the period from the date of commencement of the Condominium and ending on December 31, 1983 shall be the budget prepared by the Declarants for the Condominium and assessments shall be levied against the Unit Owners during said period as hereinafter provided based upon said budget.

Section 3. Assessment and Payment of Common Charges. The Board of Directors shall assess the Common Expenses based upon the budget adopted as aforesaid, among the Unit Owners according to their respective Percentage Interests as set forth in the Declaration and each such assessment shall be a lien against the Unit to which it applies if a statement of lien is recorded in accordance with the Act, and all Unit Owners shall be obligated to pay the common Expenses so assessed by the Board of Directors in twelve (12) equal monthly installments on the first day of each month beginning with the first day of the first month of the fiscal year for which the budget applies or at such other time or times as the Board of Directors shall determine. Any amount accumulated in excess of the amount required for actual expenses and reserves shall in the discretion of the Board of Directors either be returned to the Unit Owners in accordance with each Unit Owner's Percentage Interests as set forth in the Declaration or

applied to the reduction of the next monthly installment or installments due from the Unit Owners under the current fiscal years' budget until exhausted.

Section 4. Reserves. The Board of Directors, shall build up and maintain reasonable reserves for working capital, operation, contingencies and replacements. **The working capital fund shall be equal to at least two (2) months estimated assessment for each unit.** If the Board of Directors deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except where an emergency requires an expenditure to prevent or minimize loss from further damage to, or deterioration of the Common Elements; reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Council of Unit Owners.

Section 5. Special Assessments. In addition to the regular assessments authorized by these By-Laws, the Council may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purposes of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the Condominium, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate, provided that two-thirds (2/3rds) of the Unit Owners assent to such assessment at a duly called meeting of the Council, the notice of which shall have set forth the purpose of the meeting.

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

Section 7. Default in Payment of Assessments. **Upon default in the payment of the delinquent Unit Owner shall be obligated to pay interest at the maximum on such charges from the due date thereof to the date of payment together with all expenses; including attorney s fees, incurred by the Board of Directors in any proceeding brought to collect such unpaid assessment and if any such delinquent assessment, (including accelerated installments) is not paid within thirty (30) days after written notice and demand is made, then and in that event the amount due and payable as aforesaid shall become a lien if a statement of lien is recorded in accordance with the Act, secured against the Unit owned by the defaulting Unit Owner and the Council or Board of Directors shall be entitled to enforce the payment of said lien according to the laws of the State of Maryland. Each such lien arising by operation of this Section shall be recorded among the applicable records of Montgomery County, Maryland.**

The Board of Directors may post a list of Unit Owners who are delinquent in the payment of any assessment or other fees which may be due, including any

installment thereof which becomes delinquent, in any prominent location within the Condominium.

Section 8. Priority of Lien. The lien established by this Article and by The Real Property Article of the Annotated Code of Maryland, shall have preference over any other assessment, liens, judgments or charges of whatever nature except the following:

- a. general and special assessments for real estate taxes on the Condominium Unit; and
- b. the liens of any deeds of trust, mortgage instruments or encumbrances duly recorded on the Condominium Unit prior to the assessment of the lien thereon or duly recorded on said Unit after receipt of a written statement from the Board of Directors reflecting that payments on said lien were current as of the date of recordation of said deed of trust, mortgage instrument or encumbrance.

Section 9. Subordination and Mortgage Protection. Notwithstanding any other provision hereof to the contrary, the lien of any assessment levied pursuant to these By-Laws upon any Condominium Unit (and any penalties, interest on assessments, "late charge" or the like) shall be subordinated to, and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first mortgage upon such Unit 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 of the Condominium Unit from liability for any assessments thereafter becoming due, nor form the lien of any such subsequent assessment, which said lien, if any, claimed 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 indebtedness, secured by a mortgage recorded prior to recondition of such amendment, unless the holder thereof shall join in the execution of such amendment. The Board of Directors may, in its sole and absolute discretion, extend the provisions of this Section to the holders of mortgages not otherwise entitled thereto.

ARTICLE VII

INSURANCE

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

- a. casualty or physical damage insurance in an amount equal to the full replacement value (i.e., 100% of "replacement cost") of the Condominium Project, including each Condominium Unit, with an "agreed amount" endorsement and a "Condominium replacement cost" endorsement without deduction or allowance for depreciation (said amount to re-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, 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 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; and
- c. workmen's compensation insurance to the extent necessary to comply with any applicable law; and
- d. such other policies of insurance, including insurance for other risks of a similar or dissimilar nature, as are or shall hereafter be required by law or which maybe be considered appropriate by the Board of Directors.

Section 2. Insurance Limitations. Any insurance obtained pursuant to the requirements hereof shall meet the requirements as specified in Section 11-114 of the Real Property Article of the Annotated Code of Maryland and shall be further subject to the following provisions:

- a. all policies shall be written, insofar as reasonably available, with a company or companies licensed to do business in the jurisdiction

where the Project is located with a reading equal or comparable to a rating of "A+AAA" or better in Best's Insurance Guide;

- b. exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors or its authorized representative, including any trustee with which the Council of Unit Owners may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be herein elsewhere referred to as the "Insurance Trustee", provided, however, that no loss under any insurance policy shall be compromised or settled, either by the by the Board of Directors or the Insurance Trustee, without the prior written consent of the mortgagee holding first mortgages on the Units for which such claim has been made;
- c. in no event shall the insurance coverage obtained and maintained pursuant to the requirements hereof 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 requirements of this Article shall exclude such policies from consideration;
- d. all policies shall provide that such policies may not be cancelled, or substantially modified without at least ten (10) days prior written notice to any and all insured named thereon, including any and all mortgagees of the Condominium Units. All policies shall further provide that such policies may not be cancelled for non-payment of premiums without at least ten (10) days prior written notice to any and all insured named thereon, including any and all mortgagees of the Condominium Units;
- e. 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);
- f. all policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Condominium, the Board of Directors, the Owner of any Condominium Unit and/or their respective agents, employees or invitees, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured;
- g. all policies shall contain the standard mortgagee clause, except that any loss or losses payable to named mortgagees shall be payable in the manner hereinafter set forth in this Article. Such

mortgagee clause shall provide for notice in writing to the mortgagee of any loss paid as aforesaid.

Section 3. Individual Insurance Policies. The Owner of any Condominium Unit (including the holder of any mortgage thereon) may obtain additional insurance (including the holder of any mortgage thereon) may obtain additional insurance (including a "Condominium Unit-Owner's Endorsement) for improvements and betterments to the Condominium Unit made or acquired at the expense of the Unit Owner at his own expense. Such insurance shall be written by the same carrier as that purchased buy 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 (f) of this Article. The Declarant recommends that each Owner of a Condominium Unit in the Project obtain, in addition to the insurance hereinabove provided to be obtained by the Board of Directors, a "Tenant's Homeowners Policy", or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the Condominium Unit, additional living expense, plate glass damage, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "Condominium Owner's Endorsement" covering losses to improvements and betterments to the Condominium Unit made or acquired at the expense of the Unit Owner.

Section 4. Endorsements, Etc. The Board of Directors, at the request of any Owner of a Condominium Unit in the Project or at the request of the mortgagees of any such Condominium Unit, shall promptly obtain and forward to such to such Unit Owner or mortgagee (a) an endorsement to any of the policies aforementioned in this Article showing the interest of such Unit Owner or mortgagee as it may appear; and (b) certificates of insurance relating to any of such policies; and (c) copies of any such policies, duly certified by the insurer or its duly authorized agent; and (d) proof of payment of premium for any such policy or policies; and the Board of Directors may, at its discretion, make a nominal charge for furnishing such information, except for the initial request for such information.

Section 6. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial Owners in the following manner:

- a. Expense of the Trust. All customary expenses of the Insurance Trustee shall be first paid or provision made therefore.
- b. Reconstruction or Repair. In the event the damage for which the proceeds are paid is the repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as herein elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to or credited to the Unit Owners in proportion to their Percentage Interests as set forth in the Declaration and any balance due to Unit Owners shall be paid to

the Unit Owners and their respective mortgagees (if any) as their interests may appear. This is a covenant for the benefit of any mortgagee of a Condominium of Unit and may be enforced by such mortgagee.

- c. When Damaged Area is not to be restored. In the event it is determined in the manner herein elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, then the remaining proceeds shall be paid to the Unit Owner in proportion to their Percentage Interests as set forth in the Declaration and any balance due to Unit Owners shall be paid to the Unit Owners and their respective mortgagee (if any) as their interests may appear as hereinafter provided in Section 7, Paragraph (d). This is a covenant for the benefit of any mortgagee of a Condominium Unit and may be enforced by such mortgagee.

Section 7. Repair or Reconstruction after Fire or Other Casualty.

- a. In the event of damage to or destruction of the Condominium as a result of fire or other casualty the Board of Directors shall arrange for the prompt repair and restoration of the damaged area, substantially in accordance with the original Plan and Specifications, (including any damaged Units, and any kitchen or bathroom fixtures initially installed therein but not including any wall, ceiling, or floor decorations or coverings or other furniture, furnishings, fixtures or equipment installed in the Units), and the Board of Directors shall, under the direction of the Insurance Trustee, arrange for the disbursement of the proceeds of all insurance policies. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair, or if at any time during reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all Condominium Unit Owners in sufficient amounts to provide funds for the payment of such costs. Such assessments against Unit Owners shall be in proportion to the Owner's respective Percentage Interests as set forth in the Declaration. Said funds shall be paid to the Insurance Trustee for disbursement as hereinafter set forth;
- b. Immediately after a casualty causing damage to property for which the Board of Directors has the responsibility for restoration and repair, the Insurance Trustee shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Insurance Trustee may reasonably require;

- c. The proceeds of insurance collected on account of casualty and the sums received by the Insurance Trustee from collection of assessments against Unit Owners on account of such casualty, if any, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:
- (ii). If the amount of the estimated costs of reconstruction is less than Ten Thousand Dollars (\$10,000.00), then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors, provided, however, that upon request of a mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereafter provided in the following paragraph (2);
 - (ii). if the estimated cost of reconstruction and repair of the building or other improvements is more than Ten Thousand Dollars (\$10000.00) then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Maryland and employed by the Insurance Trustee to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect, or other persons who have rendered services or furnished materials in connection with the work, (a) that the sums requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; (b) that there is no other outstanding indebtedness known to the said architect for the services and materials described, and (c) that the cost as estimated by said architect for the work remaining to be done subsequent to the date of such certificate, does not exceed the amount of the construction fund remaining after payment of the some so requested.
- d. Restoration not Required. In the event the Condominium is damaged or destroyed by fire or other casualty to the extent of two-thirds (2/3rds) of its then replacement cost and all of the Unit Owners do not promptly and unanimously resolve to proceed with repair or reconstruction, then and in that event the Condominium shall be deemed to be owned in common by the Owners of all of

the Condominium Units in the same proportions as their Percentage Interests as established in the Declaration, and the Condominium shall be subject to an action for partition at the suit of the Owner of any Condominium Unit or the holder of any lien thereon, in which event the net proceeds of sale together with the net proceeds of any insurance paid to the Board of Directors shall be considered as one fund and shall be divided among the Owners of all the Condominium Units in the same proportion as their Percentage Interests as previously established in the Declaration after first paying out of the share is sufficient for the purpose, all liens upon said Condominium Unit.

In addition to the above, repair or reconstruction by the Council of Unit Owners shall not be required where:

1. The condominium is terminated;
2. Repair or replacement would be illegal under any State or local health or safety statute or ordinance; or
3. 80 percent of the unit owners, including every owner of a unit or assigned limited common element which will not be rebuilt, vote not to rebuild.

ARTICLE VIII

OPERATION OF THE PROPERTY

Section 1. Abatement and Enjoinment of Violation by Unit Owners. The violations of any Rule or Regulation adopted by the Board of Directors, or the breach of any By-Law contained herein or the breach of any provision of the Declaration shall give the Board of Directors or their authorized agents, the right, in addition to any other rights set forth in these By-Laws; (a) to enter the Unit in which, or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof; and the Board of Directors shall not thereby be deemed guilty in any manner of trespass or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Section 2. Access at Reasonable Times. For the purpose solely of performing any of the repairs or maintenance, or inspections for same, required or authorized by these By-Laws, or in the event of a bona fide emergency involving illness or potential danger of life or property, the Council, the Board of Directors, the Manager or Managing Agent, through their duly authorized agents or employees, shall have the right, after reasonable efforts to give notice to the Unit Owner or occupant, to enter any Condominium Unit at any hour considered to be reasonable under the circumstances.

Section 3. Easements for Utilities and Related Purposes. The Council of Unit Owners is hereby authorized to grant specific easements, right-of-way, licenses affecting the common elements of the condominium if the grant is approved by the affirmative vote of unit owners having 66 2/3 percent or more of the votes, and with the express written consent of the mortgagees holding an interest in those units as to which unit owners vote affirmatively. Any easement, right-of-way, license, or similar interest granted by the council of unit owners under this subsection shall state that the grant was approved by unit owners having at least 66 2/3 percent of the votes, and by the corresponding mortgagees.

Section 4. Maintenance and Repairs.

- a. Duty to Maintain. Except for maintenance requirements herein imposed on the Council, 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 appurtenances (including without limitation, any yard, terrace, patio or other facility appurtenant to such Condominium Unit and/ or reserved for the exclusive use of the Owner of a particular Condominium Unit), in good order, condition and repair, free and clear of ice snow and in a clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his Condominium Unit and such appurtenances. In addition to the foregoing, the Owner of any Condominium Unit shall, at his own expense, maintain, repair or replace any plumbing and electrical fixtures, water heaters, filters, hearing and air-conditioning equipment, lighting fixtures, refrigerators, dishwashers, disposals, ranges, range hoods, and/or other equipment that may be located within such Condominium Unit.
- b. Common Elements. All maintenance, repairs and replacements to the Common Elements as refined in the Declaration shall be made by the Board of Directors and shall be charged to all of the Unit Owners as a Common Expense, excepting to the extent that the same are necessitated by the negligence, misuse or neglect of a Unit Owner, in which case such expense shall be charged to such Unit Owner

Section 5. Additions, Alterations or Improvements by Board of Directors. Whenever, in the judgment of the Board of Directors, the Common Areas and Facilities shall require additions, alterations or improvements shall have been approved by seventy-five (75%) percent of the Unit Owners and by the mortgagees, if any, holding mortgages or deeds of trust constituting first liens upon such Units, the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Unit

Owners for the cost thereof as a Common Charge. Any additions, alterations or improvements costing \$10,000.00 or less may be made by the Board of Directors without approval of the Unit Owners or any mortgagee of Units and the costs thereof shall constitute part of the Common Expense.

Section 6. Additions, Alterations or Improvements by Unit Owners. No Unit Owner shall make any structural addition, alteration, or improvement in or to his Unit, without the prior written consent thereto of the Board of Directors. The Board of Directors shall have the obligation to answer any written request by a Unit Owner of Owner for approval of a proposed structural addition, alteration or improvement in such Owner's Unit, within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement. The provisions of this Section shall not apply to Units owned by the Declarant until such Units shall have been initially sold by the Declarant.

Section 7. Use of Common Areas and Facilities. A Unit Owner shall not place or cause to be placed in the Common Areas and Facilities, or Limited Common Areas and Facilities, objects of any kind.

Section 8. Rules of Conduct. Rules and Regulations concerning the use of the Units and the Common Areas and Facilities may be promulgated and amended by the Board of Directors with the approval of a majority of the Unit Owners. Copies of such Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time when the same shall become effective. Initial Rules and Regulations, which shall be effective until amended by the Board of Directors with the approval of a majority of the Unit Owners, are annexed hereto and made a part hereof as "Schedule A".

Section 9. Utilities. All utilities shall be supplied by the public utility company serving the area directly to each Unit through a separate meter. Each Unit Owner shall be required to pay the bills for any and all utilities consumed or used in his Unit. Any utilities that may hereafter be used for or serve the General Common Areas and Facilities shall be separately metered and the Board of Directors shall pay all bills for such use as a Common Expense.

ARTICLE IX

MORTGAGEES

Section 1. Record of Mortgagees. The Board of Directors shall keep an accurate record of each mortgagee of a Unit who notified the Board of Directors in writing that said mortgagee is the holder of a mortgage secured on one or more units and such records shall contain at least the name and address of the mortgagee, the Unit upon which the lien is secured and the date of receipt of notice of said lien.

Section 2. Notice of Unpaid Assessments. The Board of Directors, whenever so requested in writing by a mortgagee of a Unit, shall promptly report any then unpaid assessments due from, or any other default by, the Owner of the mortgaged Unit.

Section 3. Notice of Default. The Board of Directors, when giving notice to a Unit Owner of a default in paying Common Assessments or other default, shall send a copy of such notice to each mortgagee covering such Unit whose name and address has theretofore been furnished to the Board of Directors.

Section 4. Examination of Books. Each Unit Owner and each mortgagee of a Unit shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, provided that reasonable advance notice has been given.

Section 5. Rights of Mortgagees. If a Unit is encumbered by the lien of a mortgage and the mortgagee has given written notice of such lien to the Board of Directors, the Unit Owner shall not be permitted to modify, alter or change the physical aspect of his Unit, without the written authorization of the mortgagee and he shall not vote for the modification, alteration or revocation of any clause or condition of the Declaration or these By-Laws without previous authorization, in writing, by the mortgagee. The Council shall require the written approval of the mortgagee as a condition to the acceptance of a vote on any of the foregoing matters by an Owner who has a mortgage covering his Unit.

Section 6. Information to Veterans. Owner's title insurance is not provided to the Unit Owner. Personal liability policies are the Unit Owner's own responsibility. Full development plan has been provided in Article 5. Right of Developer to Expand. of the Declaration.

ARTICLE X

COMPLIANCE - SEVERABILITY

These By-Laws are set forth to comply with the requirements of the Condominium Act of the State of Maryland. In case any of the By-Laws conflict with the provisions of said statute the provisions of the statute shall apply. If any provisions of these By-Laws or any Section, sentence, clause, phrase, or word or the application thereof in any circumstance is held invalid, the validity of the remainder of these By-Laws shall not be affected thereby and to this end, the provisions hereof are declared to be severable.

ARTICLE XI

RESIDENT AGENT

The Resident Agent for Tanglewood Condominium and the person authorized to accept service of process as provided by law is _____, whose post office address is _____. The Board of Directors may from time to time designate a successor Resident Agent and same shall be evidenced by an instrument duly executed and filed with the Maryland State Department of Assessments and Taxation.

ARTICLE XII

NO SEVERANCE OF OWNERSHIP

No Unit Owner shall execute any deed, mortgagee or other instrument conveying or mortgaging title to his Unit without including therein the appurtenant interests, it being the intention hereof to prevent any severance of such combined ownership. Any such deed, mortgage or other instrument purporting to affect one or more such interests without including all such interests, shall be deemed and taken to include the interest or described therein. No part of the appurtenant interests of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the appurtenant interest of all Units, except insofar as the laws of the State of Maryland specifically allow the separate sale, conveying and/or mortgaging of such interest or interests.

ARTICLE XIII

MISCELLANEOUS

Section 1. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these By-laws, or the intent of any provision thereof.

Section 2. Gender. The use of the masculine gender in these By-Laws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 3. Non-Waiver. No restriction, condition, obligation, or provision contained in these By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 4. Notices. All notices hereunder shall be sent by registered or certified mail to the Board of Directors c/o the Managing Agent or if there be no

Managing Agent to the office of the Board of Directors or to such other address as the Board of Directors may hereafter designate from time to time by notice in writing to all Unit Owners and to all mortgagees of Units. All notices of any Unit Owner shall be sent by regular mail to Unit addresses or such other address as may have been designated by them in writing to the Board of Directors. All notices to mortgagees of Units shall be sent by regular mail to their respective addresses, as designated by them, from time to time, in writing, to the Board of Directors. All notices shall be deemed to have been given when mailed.

Section 5. Legal Proceedings. Failure to comply with any of the terms of the Declaration, these By-Laws, and the Rules and Regulations shall be ground for relief which may include, without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, and other relief provided for in these By-Laws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Council, the Board of Directors, the Managing Agent, or if appropriate, by an aggrieved Owner.

ARTICLE XIV

AMENDMENTS TO BY-LAWS

Section 1. Amendments. Except as otherwise provided in this Article, including Section 4 hereof, these By-Laws may be modified or amended either (i) by vote of Unit Owners having seventy-five (75%) percent or more of the total vote, at any regular or special meeting, provided that notice of the proposed amendment shall have been given to each Unit Owner at least ten (10) days in advance of such meeting or (ii) pursuant to a written instrument duly executed by Unit Owners having at least seventy-five (75%) percent of the vote.

Section 2. Recording. A modification or amendment of these By-Laws shall become effective only if such modification or amendment is recorded in the Land Records where this instrument is recorded.

Section 3. Conflicts. No modification or amendment of these By-Laws may be adopted which shall be inconsistent with the provisions of the Condominium Act of the State of Maryland. A modification or amendment once adopted and recorded as provided for herein shall then constitute part of the official By-Laws of the Condominium, and all Owners shall be bound to abide by such modification or amendment.

SCHEDULE A

STROCKBRIDGE AT TANGLEWOOD, A CONDOMINIUM

RULES AND REGULATIONS

1. No part of the property shall be used for any purpose other than the purposes for which the property was designed. Each Unit shall be used as a residence for a single family.

2. There shall be no obstruction of the Common Areas nor shall anything be stored or placed in the Common Areas without the prior consent of the Board of Directors except as hereinafter expressly provided.

3. Nothing shall be done or kept in any Unit or in the Common Areas which will increase the rate of insurance for the building, or contents thereof, applicable for residential use, without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done, or kept in his Unit, or in the Common Areas which will result in the cancellation of insurance on the building, or contents thereof, or which would be in violation of any law. No waste shall be committed in the Common Areas.

4. Unit Owners shall not cause or permit anything to be hung or displayed on the outside of windows or placed on the outside walls or doors of any Unit and no sign, awning, canopy, shutter or radio or television antenna shall be affixed to or placed upon the exterior walls or doors, roof or any part thereof or exposed on or at any window, without the prior consent of the Board of Directors.

5. No animals or reptiles of any kind shall be raised, bred or kept in any Unit or in the Common Areas, except that a dog, cat or other household pet may be kept in a Unit, provided that they are not kept, bred or maintained for any commercial purposes; and provided further that any such pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the property subject to these restrictions upon written notice from the Board of Directors. In no event shall any dog be permitted in any portion of the Common Areas unless carried or on a leash, or be curbed in any Common Area.

6. No noxious or offensive activity shall be carried on in any Unit, or in the Common Areas; nor shall anything be done therein either willfully or negligently, which may be or become an annoyance or nuisance to the other Unit Owners or occupants. No Unit Owner shall make or permit any disturbing noises in the building by himself, his family, servants, employees, agents, visitors or licensees, nor do or permit anything to be done by such persons that will interfere with the rights, comforts or convenience of other Unit Owners. No Unit Owner shall play upon, or suffer to be played upon, any musical instrument or operate or suffer to be operated a phonograph, television set or radio neither in the premises at such high volume nor in such other manner that it shall cause unreasonable disturbances to other Unit Owners.

7. All baby carriages, playpens, bicycles, wagons, toys, vehicles, benches or chairs or similar items shall be kept in covered storage when not in use. No such items shall be placed in the Common Areas, and any such articles placed or found in the Common Areas may be removed by the Management Agent at any time from such Common Areas and a service charge of Two Dollars (\$2.00), payable to the Council of Unit Owners will be charged for the release of any such property, and, if not claimed within two (2) weeks all such property will be disposed of.

8. No industry, business, trade, occupation or profession of any kind commercial religious, educational or otherwise, designed for profit, altruism, or otherwise, shall be conducted, maintained or permitted on any part of the property, nor shall any signs or other window displays or advertising be maintained or permitted on any part of the property or in any Unit therein nor shall any Unit be used or rented for transient, hotel or motel purposes; except that this provision shall not prohibit the Declarant from maintaining such signs in connection with the original sale of Units, **nor shall it prohibit Unit Owners from displaying "For Sale" or "For Rent" signs, provided that use of such signs is first approved in writing by the Board of Directors or Management Agent, if such an agent is employed by the Board of Directors.**

9. Any consent or approval given under these Rules and Regulations may be added to, amended or repealed at any time by resolution of the Board of Directors.

10. All trash, refuse and garbage shall be deposited in suitable containers and such containers shall be placed in the areas as Management may direct.

11. All vehicles belonging to an Owner or to a member of an Owner's family or guest, tenants, or employees of an Owner shall be parked in the spaces provided, and no such vehicle shall be parked in such a manner as to impede or prevent ready access to any other parking space. The parking of trucks, commercial vehicles, boats and trailers, and campers is prohibited without the written permission of the Council of Unit Owners what s over for the loss or damage to any automobile or vehicles of whatever nature shall be strictly prohibited, and automobiles without current license tags shall be considered junk storage. Any such vehicle stored or placed on the premises for period exceeding forty-eight (48) hours shall be towed away at Owner's expense without prior notice to the Owner and with no liability on the part of the Council or its Management Agent.

12. Unit Owners shall not decorate or redecorate any exterior portion of a Unit so as to change the exterior color or design of a Unit without first obtaining the written approval of the Board of Directors or Management Agent.

13. Each Unit Owner shall keep his Condominium Unit and any Limited Common Element which is reserved for his exclusive use in good state of preservation and cleanliness.

14. No Owner shall engage or utilize any employee of the Condominium for his private use or business during such employee's hours of employment.

15. Soliciting of any type is forbidden.

16. All references in these Regulations to "Common Areas" shall be deemed to mean General Common Areas unless the context clearly indicates otherwise.

17. Right is specifically reserved to the Board of Directors of Stockbridge at Tanglewood, a Condominium to rescind, change, or amend the foregoing Rules and Regulations and to adopt such other rules and regulations as from time to time the Board of Directors may deem necessary.

DECLARATION OF
PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
TANGLEWOOD RECREATIONAL AREA

THIS DECLARATION made this 28th day of October, 1982 by COSTAIN MARYLAND INC., a Maryland corporation ("Costain"), DAVID B. ADLER, J. MICHAEL COBURN, JOSEPH E. LINK and ROBERT F. FARGHER, Trustee under a certain Trust Agreement dated March 16, 1982 (the "Trustee"), and THE ARTERY ORGANIZATION, INC., a Maryland corporation ("Artery"); said Costain, Trustees and Artery being hereinafter collectively referred to as the "Declarant".

W I T N E S S E T H :

WHEREAS, the Declarant is the Owner of the real property described in Exhibit "A" attached hereto and desires to create thereon a residential community with permanent recreational area for the benefit of said community; and

WHEREAS, the Declarant desires to provide for the preservation of the property values and amenities in said community and the maintenance of said recreational area and any improvements thereon; and to this end desires to subject the real property described in Exhibit "A", together with such additions as may hereafter be made thereto (as provided in Article II), to the covenants, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, the Declarant has deemed it desirable, for the efficient preservation of the values and amenities in said community, to create an association to which should be delegated and assigned the powers and duties of owning, maintaining and administering the recreational area, administering and enforcing the within covenants and restrictions, collecting and disbursing the assessments and charges hereinafter created, and promoting the recreation, health, safety and welfare of the residents of said community; and

WHEREAS, the Declarant has formed the TANGLEWOOD HOMEOWNERS RECREATIONAL ASSOCIATION, INC. as a nonprofit corporation without capital stock under and by virtue of Subtitle 2 of Title 5 of the Corporations and Associations Article of The Annotated Code of Maryland, as amended, for the purpose of carrying out the duties and powers aforesaid.

NOW, THEREFORE, the Declarant hereby declares that the real property described in Exhibit "A" attached hereto is and shall be held, conveyed, transferred, hypothecated or encumbered, sold, leased, rented, used, occupied, and improved subject to the covenants, restrictions, easements, charges and liens (hereinafter sometimes referred to as the "covenants and restrictions") hereinafter set forth.

ARTICLE I

Defined Terms

Section 1. "Association" shall mean and refer to TANGLEWOOD HOMEOWNERS RECREATIONAL ASSOCIATION, INC., a Maryland nonprofit corporation, its successors and assigns.

Section 2. "Declarant" shall mean and refer to COSTAIN MARYLAND INC., a Maryland corporation, DAVID B. ADLER, J. MICHAEL COBURN, JOSEPH E. LINK and ROBERT F. FARGHER, Trustees under a certain Trust Agreement, dated March 16, 1982, and THE ARTERY ORGANIZATION, INC., a Maryland corporation, their respective successors and assigns, who may be designated as such by separate written instrument.

Section 3. "Declaration" shall mean and refer to the covenants, conditions and restrictions and all other provisions contained herein, as the same may from time to time be amended.

Section 4. "Dwelling Unit" shall mean and refer to any building or portion of a building situated upon the property designed and intended for use and occupancy as a residence by a single family.

Section 5. "Lot" shall mean and refer to any parcel of land shown upon any recorded plat of subdivision of the Property, with the exception of the Recreational Area, as herein below defined; provided, however, that in the event any such parcel shown upon a recorded plat of subdivision is developed with condominium units and is made subject to a condominium regime, then and in such event, the term "Lot" shall mean and be deemed to refer to each individual condominium unit developed thereon. By way of illustration, in the event that any parcel shown on the recorded plat of subdivision for the Property contains fifty (50) individual condominium units (whether same be townhouses, single family detached residences, multiplex units, or otherwise) then said parcel shall be deemed to be fifty (50) separate Lots for the purposes of this Declaration, including, but not limited to, payment of assessments pursuant to Article V hereof.

Section 6. "Member" shall mean and refer to every person, group of persons or entity who holds membership in the Association.

Section 7. "Mortgage" shall mean and refer to any recorded mortgage or deed of trust representing a first lien encumbering one or more Lots.

Section 8. "Mortgagee" shall mean and refer to the holder or the party secured by or the beneficiary of any Mortgage (as hereinabove defined).

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated on The Property, including contract sellers, but excluding contract purchasers and those having such interest solely as security for the performance of an obligation.

Section 10. "Recreational Area" shall mean and refer to the real property described in Exhibit "B" attached hereto

Section 11. "Recreational Facilities" shall mean and refer to, collectively, any community, recreational or other facilities constructed or to be constructed on the Recreational Area.

Section 12. "The Property" shall mean and refer to the real property described in Exhibit "A" attached hereto, together with such additions thereto as may hereafter be made pursuant to the provisions of Article II.

ARTICLE II

Property Subject to Declaration; Annexation

Section 1. Property Subject to Declaration. The real property which is and shall be held, conveyed, transferred, hypothecated or encumbered, sold, leased, rented, used, occupied and improved subject to this Declaration is located in the County

of Montgomery, State of Maryland, and is more particularly described in Exhibit "A" attached hereto and by this reference incorporated herein.

Section 2. Additions. So long as there are "Class B" Members of the Association, additional property may be annexed to The Property with the assent of the Class A Members of the Association, if any; provided, however, that the Veterans Administration determines that such annexation in accord with the general plan previously approved by it, if any. Thereafter, such additional property may be annexed only with the prior written consent of two-thirds (2/3) of each class of the then Members of the Association; provided, however, that any such other property must be adjacent to or in the immediate vicinity of The Property. Notwithstanding anything to the contrary set forth in this Article II, Section 2 and Article VIII, Section 4, the Declarant hereby reserves the right to annex and make a part of the Recreational Area that parcel of land described in Exhibit C (the Annexation Parcel) without the consent of the Members, and, in the event that Costain and Artery mutually agree (in their sole and absolute judgment) to annex the Annexation Parcel as aforesaid, then and in such event the Declarant shall cause the Annexation Parcel to be conveyed to the Association at such date as the Declarant may elect, and upon such conveyance, the Annexation parcel shall be deemed to be a part of the Recreational Area for all purposes hereof.

Section 3. Supplementary Declarations. The scheme of the within covenants and restrictions shall not be extended to include any other property (as provided for in Section 2 of this Article II) unless and until the same is duly annexed as required by this Section 3. Any annexations made pursuant to this Article, or otherwise, shall be made by recording a Supplementary Declaration of Protective Covenants, Conditions and Restrictions among the land records of the County of Montgomery, State of Maryland, which Supplementary Declaration may contain such complementary additions and modifications to the covenants and restrictions set forth in this Declaration as may be necessary to reflect the different character or use, if any, of such annexed property.

ARTICLE III

Membership and Voting Rights

Section 1. Membership. Every person, group of persons or entity who is a record owner of a fee interest in any Lot which is or becomes subject by covenants of recorded to assessments by the Association shall be a Member of the Association, provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member.

Section 2. Voting Rights. The Association shall have two (2) classes of voting membership:

(a). Class A. The Class A Members shall be all Owners with the exception of the Declarant and shall be entitled one vote for each Lot owned. When

more than one person holds an interest in any Lot, all such persons shall be Members; provided, however, that in the event that more than one person, group of persons or entity is the record owner of a free interest in any Lot, then the vote for membership appurtenant to such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b). Class B. The Class B Member shall be Declarant and shall be entitled to three (3) votes for each Lot in which it holds the interest otherwise required for Class B membership; provided, however, that the Class B membership shall lapse and become a nullity on the first to happen of the following events:

(i) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or

(ii) Seven (7) years after the date of recordation of this Declaration.

ARTICLE IV

Recreational Facilities

Section 1. Obligations of the Association. The Association, subject to the rights of the Owners set forth in this Declaration, shall be responsible for the exclusive management and control of the Recreational Area and all improvements thereon, and shall keep and maintain the same in good, clean, attractive and sanitary condition, order and repair.

Section 2. Owner s Right of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Recreational Area, which shall be appurtenant to and shall pass with the title to every Lot, subject the following:

(a) The right of the Association to establish reasonable rules and regulations with respect to the sue of the Recreational Area by Members of the Association and their guests;

(b) The right of the Association to levy reasonable admission and other fees for the use of the Recreational Facilities situated upon the Recreational Area by the Members of the Association and their guests;

(c) The right of the Association to limit the number of guests of Members;

(d) The right of the Association, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the

Recreational Area and in aid thereof to mortgagee said property. The Association shall not mortgage the Recreational Area without the written consent of two-thirds (2/3) of each class of the then Members of the Association. In the event of a default and foreclosure upon any such mortgage, the lender shall have the right, after taking possession of such property, to charge admission and other fees as a condition to continued enjoyment by the Members and their guests;

(e) The right of the Association to take such steps as are reasonably necessary to protect the Recreational Area against mortgage default and/or foreclosures;

(f) The right of the Association to dedicate, sell or transfer all or any part of the Recreational Area to any public or municipal agency, authority or utility for purposes consistent with the purposes of this Declaration and subject to such conditions as may be agreed to by the Members; provided, however, that no such dedication, sale or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of the then Members of the Association has been recorded, agreeing to such dedication, sale, transfer, purpose or conditions, and unless written notice of the proposed agreement and action there under is sent to each Member at least sixty (60) days prior to the taking of any action;

(g) The right of the Association to suspend the voting rights and the rights of use of the Recreational Area and Recreational facilities for any period during which any assessment remains unpaid and for a period not to exceed sixty (60) days for any infraction of this Declaration, the By-Laws or its published rules and regulations;

Section 3. Delegation of Use. Any Member may delegate his right of enjoyment to the Recreational Area to the members of his family and to his guests subject to such general regulations and to the payment of such fees and charges as may be established from time to time by the Association, in its published rules and regulations.

Section 4. Damage or Destruction of Recreational Area by Owner. In the event all or any portion of the Recreational Area is damaged or destroyed by an Owner or any of his guests, tenants, licensees, agents or member of his family, such Owner does hereby authorize the Association to repair said damaged area; the Association shall repair said damaged area in a good workmanlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Association in the discretion of the Association. The amount necessary for such repairs shall become a Special Assessment upon the Lot of said Owner.

Section 5. Title to Recreational Area. Title to the Recreational Area will be conveyed by the Declarant to the Association at such time as the Recreational Facilities are fully constructed thereon. Title will be conveyed free and clear of all mortgages thereon. Title will be conveyed free and clear of all mortgages and deeds of trust, but subject to all other easements and encumbrances of record at the times of such

conveyance. The Association shall bear all costs of such conveyance, including, but not limited to, any transfer taxes and recording charges. In addition, all real estate taxes and other expenses customarily adjusted shall be adjusted between the Declarant and the Association to the date of such conveyance and, thereafter, assumed by the Association. Declarant shall be entitled to a credit against any assessments due hereunder for any such costs or pro rated expenses advanced by Declarant on behalf of the Association in connection with the conveyance of the Recreational Area.

Section 6. Alienation Subject to Approval by Mortgagees. The Association may not alienate in any way or form any of the Recreational Area without the prior written approval of all Mortgagees of any and all Lots that are governed by this Declaration or any amendments thereto; provided, however, this provision shall not be applicable to easements for utilities, storm and sanitary sewers, road right-of-way deeds and other conveyances for dedication to the public.

ARTICLE V

Covenants For Maintenance Assessments

Section 1. Creation of the Lien of and Personal Obligation for Assessments.

(a) The Declarant for each Lot owned by it within The Property hereby covenants and each Owner of each Lot by acceptance of a deed therefore, whether or not it shall be so expressed in any such deed or other conveyance, is and shall be deemed to covenant and agree to pay to the Association:

(i) Annual assessments or charges; and

(ii) special assessments for capital improvements, which such assessments shall be fixed, established and collected, as hereinafter provided.

(b) The annual and special assessments, together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property and Lot against which such assessment is made.

(c) Each such assessment, together with interest there on, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such property and Lot at the time when the assessment became due and payable. The personal obligation for delinquent assessments shall not pass to an Owner's successor in title unless expressly assumed by them, but no such assumption shall relieve any Owner personally obligated hereby for delinquent assessments from such Owner's personal liability therefor.

(d) No annual or special assessments shall be made, due or levied until the Recreational Area has been conveyed to the Association.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purposes of improving, maintaining and operating the Recreational Area and the Recreational Facilities.

Section 3. Annual Assessments. The maximum annual assessment for each Lot shall not exceed TWO HUNDRED SIXTEEN AND NO/100THS DOLLARS (\$216.00) per annum, and may be levied and collected on a monthly, quarterly, semi-annual or annual basis. The Board of Directors of the Association may fix the annual assessment at any amount not in excess of the maximum hereinabove provided for.

Section 4. Increase In Maximum Annual Assessment.

(a) From and after January 1 of the year immediately following the conveyance of the Recreational Area to the Association, the maximum annual assessment for all memberships may be increased by the Board of Directors of the Association, without a vote of the membership, not more than fifteen percent (15%) above the maximum annual assessment for the preceding year.

(b) From and after January 1 of the year immediately following the conveyance of the Recreational Area to the Association, the maximum annual assessment for all memberships may be increased above that established by the preceding paragraph by a vote of the Members, as hereinafter provided, for the next succeeding year and at the end of such year for each succeeding year. Any change made pursuant to this paragraph shall have the assent of two-thirds (2/3) of each class of the then Members of the Association at a meeting duly called for this purpose.

Section 5. Special Assessments. In addition to the annual assessments authorized by this Article, the Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the costs of any construction (other than the original Recreational Facilities), reconstruction, repair or replacement of a capital improvement upon the Recreational Area, including fixtures and personal property related thereto; provided, that any such assessment shall have the assent of the two-thirds (2/3) of each class of the then Members of the Association at a meeting duly called for this purpose. Any special assessment levied by the Association pursuant to the provisions of this section shall be fixed at a uniform rate for each Lot.

Section 6. Commencement of Annual Assessments. The annual assessment for each membership shall commence on the first day of the month following the conveyance of the Recreational Area to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year and shall become due and payable on the date aforesaid. Except as hereinafter provided, the assessment for any Lot for any year shall become due and payable and a lien on the first day of said year.

Section 7. Notice and Quorum For Any Action Authorized Under Section 4(b) and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 4(b) and Section 5 of this Article V shall be sent to all Members not less than thirty (30) days or more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than (60) days following the preceding meeting.

Section 8. Computation of Annual Assessments. It shall be the duty of the Association, acting through the Board of Directors, to fix periodically the amount of the annual assessment against each Lot for each assessment period. The Board of Directors shall make reasonable efforts to fix the amount of the assessment against each Lot 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 Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be to inspection by any Owner upon reasonable notice to the Board. Written notice of the assessment shall thereupon be sent to the Owner of any Lot subject thereto at least thirty (30) days in advance of each assessment period.

Notwithstanding the foregoing, however, in the event the Board of Directors fails for any reason to fix the assessment as thereinabove provided, then and until such time as such assessment has been fixed the assessment in effect for the preceding year shall continue in effect.

Section 9. Uniform Rate. Except as specifically provided in Section 10 of this Declaration, both annual and special assessments shall be fixed at a uniform rate for all Lots.

Section 10. Assessment of Declarant. Any provision of this Declaration or of the Articles of Incorporation or By-Laws of the Association to the contrary notwithstanding, the Declarant shall be required to pay an annual assessment for any Lot in which it has the interest otherwise required for Class A membership only in an amount equal to twenty-five percent (25%) of the annual assessment which the Association levies for each Class A membership. The foregoing shall not apply to any Lot on which is situate a completed Dwelling Unit held by the Declarant.

Section 11. Nonpayment of Assessment. Any assessment levied pursuant to this Declaration which is not paid on the date when due shall be delinquent and shall, together with such interest thereon and costs of collection thereof as hereinafter provided, thereupon become a continuing lien upon the property which shall be binding upon such Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such assessment, however, shall also remain his personal obligation.

If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest at the rate of ten percentum (10%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against The property (to the same extent, including a foreclosure sale and deficiency decree, and subject to the same procedures as may then be applicable to mortgages under the law of the State of Maryland), in either of which events such interest, costs and reasonable attorneys fees shall be added to the amount of each assessment.

Upon default in the payment of any one or more installments, the entire balance of said assessment may be accelerated at the option of the Board of Directors and be declared due and payable in full.

Section 12. Subordination of the Lien to Mortgages. The lien for assessments provided for in this Declaration shall be subordinate to the lien of any first Mortgage made in good faith and for value received whether now or hereafter placed upon any Lot subject to assessment. Any Mortgagee who comes into possession of a Lot pursuant to a foreclosure or any deed, assignment or other proceeding or arrangement in lieu of foreclosure, and any other purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid assessments against the Lot which became due and payable prior to the time of the sale transfer of such Lot pursuant to such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure; provided, however, that such sale or transfer shall not relieve such Lot from liability for any assessments thereafter becoming due, nor form the lien thereof.

Section 13. Assessment Certificates. The Association shall, upon demand of any Owner at any reasonable time, furnish to any Owner liable for assessment a certificate in writing signed by an officer or other authorized agent of the Association, setting forth the status of said assessment (i.e., whether the same is paid or unpaid). Such certificates shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed TEN DOLLARS (\$10.00) may be levied in advance by the Association for each certificate so delivered.

Section 14. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein: (i) all properties to the extent of any easement or other interest therein dedicated and accepted by the local public authority and devoted to public use; (ii) the Recreational Area; and (iii) all properties exempted from taxation by state or local governments upon the terms and to the extent of such legal exemption. Notwithstanding any provisions herein, no land or improvements devoted to dwelling use shall be exempt from said assessments, charges, or liens.

Section 15. No Waiver of Liability. No Owner may waive or otherwise escape liability for the assessments herein provided for by non-use of the Recreational Area or abandonment of his Lot or Dwelling Unit.

ARTICLE VI

Insurance

Section 1. Authority of Association to Purchase. The Association shall obtain, maintain and pay for such insurance policies or bonds as the Board of Directors shall deem to be appropriate for the benefit of the Association, the members of the Board of Directors, their tenants and guests, covering the Recreational Area, including, but without limitation, fire and extended coverage, liability insurance, workmen s compensation insurance, malicious mischief insurance and performance and fidelity bonds.

Section 2. Separate Insurance By Owners. Any Owner of a Lot shall have the right, at his own expense, to obtain insurance for his own Dwelling Unit; provided, however, that such insurance shall be without contribution as to any insurance maintained by the Association.

ARTICLE VII

Easements

In addition to such other easements as are herienelsewhere provided and otherwise provided by law, the following easements are hereby created and reserved:

Section 1. Easement to Facilities Conversion, Completion and Annexation. There is hereby reserved to the Declarant and its duly authorized agents, representatives and employees, without restriction or limitation, a transferable easement over and on all of the Recreational Area for the purpose of making improvements on the Recreational Area and for the purpose of making improvements on the Recreational Area and for the purpose of doing all things reasonably necessary and proper in connection therewith. The reservation of this easement for conversion, completion and annexation is expressly made applicable to any additional property annexed pursuant to Section 2 of Article II.

Section 2. Reservation of Rights. There is hereby reserved to the Declarant the right to grant easements for ingress, egress, access, support and for the provision for any utility or other services deemed necessary or desirable by the Declarant for the benefit of The Property or the Recreational Area.

ARTICLE VIII

Miscellaneous Provisions

Section 1. 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.

Section 2. Duration and Amendment.

(a) The covenants and restrictions of this Declaration shall run with and bind the land, and shall insure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective heirs, legal representatives, successors and assigns, for a term of twenty (20) year from the date of recordation of this Declaration, after which time the said covenants and restrictions shall be automatically extended for successive periods of ten (10) years each. Subject to the provisions of Section 4 of this Article VIII, this Declaration may be amended (i) during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the then Owners and (ii) thereafter by an instrument signed by not less than seventy-five percent (75%) of the then Owners; provided, however, that no such amendment shall be effective unless and until said instrument is duly recorded among the land records of the County of Montgomery, State of Maryland. No such amendment shall in any event be effective with respect to any permanent easements or other permanent rights relating to the Recreational Area herein created; and

(b) Anything herein to the contrary notwithstanding, the Declarant may, without the consent of the Members, make any amendment to this Declaration which may be reasonably required or necessary (i) to comply with the requirements of any governmental body, the Veterans Administration, the Federal Housing Administration, the Federal National Mortgage Association, or any other comparable governmental agency in order to have such agency or agencies buy and/or insure loans on Lots subject to this Declaration; (ii) for the purpose of curing any ambiguity or normal defect or omission; or (iii) in connection with any other change which, in the judgment of the Declarant, is not to the prejudice of the Members.

Section 3. Enforcement. The association or any Owner shall have the right to enforce all of the restrictions, conditions, covenants, provisions, reservations, liens and charges now or hereafter imposed or provided by this Declaration. Enforcement of this Declaration shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any provision of this Declaration, either to restrain or enjoin violation of or to recover damages, and against the land to enforce any lien created by this declaration. The failure or forbearance by the Association or any Owner to enforce any provision of this Declaration shall in no event be deemed a waiver of the right to do so thereafter. In the event enforcement in equity is sought, there shall be, and there is hereby created and declared to be, a conclusive presumption that any violation or breach, of any of the within covenants and restrictions cannot be adequately remedied by action at law or be recovery of damages.

Section 4. FHA/VA Approval. So long as there is any Class B membership of the Association outstanding, and any mortgage or deed of trust secured by

any Lot which is part of The Property, or any loan, bond, note or other obligations writing secured thereby, is then insured by the Federal Housing Administration or guaranteed by the Veterans Administration, the following actions shall require the prior written approval of the Federal Housing Administration and/or the Veterans Administration:

(a) Any annexation or addition made pursuant to Section 2 of Article II of this Declaration;

(b) Any merger or consolidation of the Association with another or any sale, lease, exchange or other transfer of all or substantially all of the assets of the Association to another;

(c) Any sale, transfer, mortgage, assignment or dedication of any of the Recreational Area; and

(d) Any amendment of this Declaration or of the Articles of Incorporation of the Association or the dissolution of the Association.

Section 5. Gender. The use of the masculine gender in this Declaration and the Bylaws shall be deemed to include the feminine and neuter genders, the use of any gender shall include all genders, and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 6. Incorporation By Reference On Resale. In the event any Owner sells or otherwise transfers his Lot, any deed purporting to affect such transfer shall be deemed to contain a provision incorporating, by reference, this Declaration.

Section 7. No Dedication to Public Use. Nothing herein contained shall be construed as a dedication to public use or as an acceptance for maintenance of any of the Recreational Area by any public or municipal agency, authority or utility.

Section 8. Additional Rights of Mortgagees. In addition to such other rights as are hereinelsewhere provided, all Mortgagees (as defined in Article I) may, upon written request to the Association: (a) receive timely written notice of meetings of the Association; (b) inspect the financial records and similar documents of the Association at reasonable times during normal business hours; (c) receive, without charge, Assessment Certificates; (d) receive written notice of any form of condemnation, termination, abandonment, or any material amendment to the Declaration, By-Laws or Articles of Incorporation; (e) receive timely written notice of any substantial damage to or destruction of the Recreational Area; and (f) receive timely written notice of any assessment which becomes delinquent for a period in excess of sixty (60) days, and in any other case where the Owner of such Lot is in default with respect to the performance of any other obligation hereunder for a period in excess of sixty (60) days.

Section 9. Severability. Invalidation of any one of these covenants or restrictions by judgment, decree or order shall in no way affect any other provision hereof, each of which shall remain in full force and effect, and shall only affect the subject provision to the extent of the judgment, decree or order.

IN WITNESS WHEREOF, on this 28 day of October, 1982, the said Declarant has hereunto aused these presents to be executed as of the day and year hereinabove first written.

ATTEST:

COSTAIN MARYLAND INC.

By:

DAVID B. ADLER
Executive Vice President

WITNESS:

DAVID B. ADLER, Trustee

J. MICHAEL COBURN, Trustee

JOSEPH E. LINK, Trustee

ROBERT F. FARGHER, Trustee

ATTEST:
INC.

THE ARTERY ORGANIZATION,

By:
