

**SOUTH MARKET CENTER
CONDOMINIUM DECLARATION
(AN EXPANDING NON-RESIDENTIAL CONDOMINIUM)**

THIS CONDOMINIUM DECLARATION (the "Declaration") made and entered into this 10th day of November 2005, by **CARROLL CREEK SITE B, LLC**, a Maryland limited liability company (hereinafter and in the exhibits attached hereto called the "**Declarant**").

WHEREAS, the Declarant is the owner in fee simple of certain land and premises and the buildings and improvements constructed or to be constructed thereon and all appurtenances thereto located in the City of Frederick, Frederick County, State of Maryland, and more particularly described on **EXHIBIT "A"** attached hereto and made a part hereof including but not limited to any leasehold estate granted to or area within Carroll Creek Promenade Area licensed for, the use or benefit of the Declarant or the Association, in connection with such land, buildings or improvements (hereinafter called the "**Property**"); and

THE FIDELITY & SURETY	20.00
RECORDING FEE	75.00
TOTAL	95.00
REC'D # 4367	
SKD KLH	BLK # 3276
Nov 17, 2005	09:45 am

WHEREAS, the Property is subject to certain covenants, conditions and restrictions contained in a deed from the City of Frederick to Declarant dated February 26, 2004, and recorded among the Land Records of Frederick County, Maryland in Liber 4442, folio 349; and

WHEREAS, the Declarant has obtained approval from the City of Frederick and intends to develop the Real Property and to construct thereon a four (4) story building ("**Building**") as a commercial condominium project to be known as "the South Market Center Building Condominium", intended for development of twenty-five parking spaces on the lower or garage level of the Building and for general commercial, retail and/or offices uses on the first, second and third floors of the Building and containing approximately 15,000 square feet of general commercial/retail space on the first floor of the Building and approximately 15,000 square feet of office/professional space on the second floor of the Building and approximately 15,000 square feet of office/professional space on the third floor of the Building and totaling on said floors, approximately **45,000** square feet of commercial and office space (hereinafter sometimes referred to as the "**Project**" and/or the "**Condominium**"); and

WHEREAS, the Declarant desires to establish a Condominium regime pursuant to the Maryland Condominium Act, Real Property Article, Title 11, Section 11-101, et seq., of the Annotated Code of Maryland (2003 Replacement Volume) as supplemented from time to time (hereinafter called the "Act"), and it is the desire and intention of the Declarant to divide the Property into condominium units and to sell and convey the same subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens hereinafter set forth, each of which is for the benefit of the Property and the owners thereof from time to time; and

WHEREAS, simultaneously with the recordation hereof, the Declarant has filed for record in the Office of the Clerk of the Circuit Court for Frederick County, Maryland, a certain "**Condominium Plat, Creekside-Site B [...] South Market Center Condominium**" (consisting of six (6) sheets) recorded in Plat Book 80 pages 44-49 (hereinafter referred to as the "**Condominium Plat**").

NOW, THEREFORE, the Declarant hereby submits the Property to the provisions of the Act and this Declaration.

ARTICLE I DEFINITIONS

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

Section 1. "**Common Elements**" means all of the Property other than "Units" (as defined in **Section 10** of this Article I), and includes the "General Common Elements", the "Commercial Unit Common Elements", the "Commercial Unit Limited Common Elements" and the "Parking Space Common Elements" (all as defined in **Article III** hereof). The Common Elements include, without limitation, land; garage, parking and driveway areas (except where designated as Parking Space Units); trash enclosures; stairs which are exterior of Units; elevators and elevator shafts; bearing walls, columns, girders, ceiling joists, subfloors, unfinished floors, roofs, and foundations; reservoirs, smoke, heat detectors and fire extinguishers (outside of the Units), fire sprinklers, sprinkler pipes (including those within the Units and sprinkler heads which protrude into the airspace of a Unit) and other built-in fire protection devices and equipment; tanks, pumps, motors, ducts, flues and chutes; conduits, ducts, pipes, plumbing, wires and other utility installations (except the outlets thereof when located within the Unit, and excepting conduits, ducts, pipes, plumbing, wires and other utility installations located within a Unit which serve only the Unit), required to provide power, light, telephone, gas, water, sewerage, drainage, heat, and elevator service; fiberoptics, internet, centralized television antenna, satellite dishes or cable television installation.

Section 2. "**Common Expenses**" means and includes the actual and estimated expenses of operating the Common Elements and any reasonable reserve for such purposes as found and determined by the Board of Directors and all sums designated Common Expenses by or pursuant to the Condominium Documents.

Section 3. "**Community Standard**" shall mean the standard of maintenance, condition, repair, appearance, cleanliness or other activity prevailing on or within the Common Elements, such standard to be established by the Board of Directors of the South Market Center Condominium, Inc. (hereinafter referred to as the "Board of Directors").

Section 4. "**Condominium**" means the Property having the status of a "Condominium" pursuant to and as defined in the Act.

Section 5. "**Council of Unit Owners**" means the entity comprised of all Unit Owners, sometimes hereinafter referred to as the "**Association**".

Section 6. "**Declarant**" shall mean and refer to **Carroll Creek Site B, LLC.**, a Maryland limited liability company, and its successors and assigns to whom the special rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant are specifically assigned or transferred in writing in accordance with **Article XIV, Section 8** of this Declaration.

Section 7. "**Eligible Mortgage Holder**" means a holder, insurer, or guarantor of a first priority lien deed of trust or mortgage ("First Mortgage") on a Unit who has requested, in writing, notice from the Council of Unit Owners of amendments to the Condominium documents or other significant matters which would affect the interests of said holder, insurer or guarantor.

Section 8. "**Future Expansion Area-Parking Space Units**" shall mean those portions of the Property identified as a "Future Expansion Area-Parking Space Units" on the Condominium Plat, as further defined and described in Article V below.

Section 9. "**Occupant**" means, for a Unit, an Owner, Tenant, or other Person who occupies it.

Section 10. "**Percentage Interest**" means the undivided interest of each Unit Owner, as set forth on **EXHIBIT "D"**, with respect to Common Elements of the Condominium and the Common Profits and Common Expenses of the Council of Unit Owners.

Section 11. "**Permittee(s)**" means, for a Unit, its Owner, Tenants and Occupants and their officers, directors, employees, agents, contractors, subcontractors, customers, vendors, suppliers, visitors, invitees, licensees, subtenants and concessionaires, insofar as their activities relate to the Unit's intended development, use and occupancy. Persons engaged in civic, public or political activities within a Unit (including any of the following activities), but who are not otherwise Permittees, shall not be deemed Permittees by virtue of such activity; (a) Exhibiting any placard, sign, or notice; (b) distributing any circular, handbill, placard, or booklet; (c) soliciting memberships or contributions for private, civic, public or charitable purposes; (d) parading, picketing or demonstrating; or (e) failing to follow rules to use the Unit and established by its Owner.

Section 12. "**Tenant**" means a tenant or subtenant under a lease or sublease of all or part of a Unit.

Section 13. **"Unit(s)"** means a Commercial Unit or Parking Space Unit, as the context requires and includes the following:

(a) **"Commercial Unit(s)"** means a Unit(s) to be used for general commercial, retail or office space, containing a three-dimensional area as described below and as shown on the Condominium Plat, and includes all improvements contained within the area except such as are expressly excluded in this Declaration or on the Condominium Plat. The lower boundary of any Commercial Unit situate upon a concrete slab or slabs is a horizontal plane (or planes), the elevation of which coincides with the elevation of the upper surface of such concrete slab or slabs extended to intersect the lateral or parametrical boundaries thereof. The lower boundary of any Commercial Unit not situate upon a concrete slab is a horizontal plane (or planes), the elevation of which coincides with the upper (exposed) surface of the plywood floor (or other sub floor), plus any coating(s) applied to the upper surface of the plywood floor (or other sub floor) for the purpose, among others, of noise attenuation, extended to intersect the lateral or parametrical boundaries thereof. Floor coverings including, but not limited to, carpet, tile, linoleum and wood flooring shall be considered part of a Commercial Unit. The upper boundary of each Commercial Unit is a horizontal plane (or planes), the elevation of which coincides with the bottom (exposed) surface of the metal decking below the concrete slab constituting the floor of the Commercial Unit or the Roof of the Building, above each Commercial Unit, extended to intersect the lateral or parametrical boundaries thereof. The lateral or parametrical boundaries of any such Unit is a vertical plane (or planes) which coincides with the outermost (unexposed) surfaces of the unfinished perimeter wallboard (or gypsum board) walls thereof, including windows and doors thereof, extended to intersect the upper and lower horizontal boundaries thereof and to intersect the other lateral or parametrical boundaries of the Commercial Unit. Bearing walls located within the interior of a Commercial Unit are Common Elements, not part of the Commercial Unit, except for the finished surfaces thereof. Unless otherwise designated herein and/or on the Condominium Plat as a Common Element, mechanical equipment and appurtenances located within or without any Commercial Unit and designated to serve only that Unit, such as pipes, wires, cables, conduits, electrical receptacles and outlets, ducts, flues, chutes, appliances, range hoods, fixtures, hot water heaters, furnaces, space heaters, lighting fixtures, cabinetry and any air conditioning units and the like, shall be considered a part of the Unit. A Commercial Unit does not include those areas and those things which are defined as "Common Elements" in **Section 1**. The Unit does not include those ducts, flues and chutes; conduits, ducts, pipes, plumbing, wires and other utility installations which serve Units other than solely the Unit in which they are located; even if not covered or if exposed.

(b) **"Parking Space Unit(s)"** means a Unit(s) to be used for parking of passenger motor vehicles, sport utility vehicles and light trucks (not to exceed three quarters ton) containing a three-dimensional area as described below and as shown on the Condominium Plat, and includes all improvements contained within the area except such as are expressly excluded in this Declaration or on the Condominium Plat. The lower boundary of each Parking Space Unit is a horizontal plane (or planes), the elevation of which coincides with the elevation of the upper surface of the concrete slab

(or paved surface) located on the lower level or garage of the Building extended to intersect the lateral or parametrical boundaries thereof. The upper boundary of each Parking Space Unit is a horizontal plane (or planes), the elevation of which coincides with the metal decking below the concrete slab separating the lower level or garage of the Building from the first floor of the Building, extended to intersect the lateral or parametrical boundaries thereof. The lateral or parametrical boundaries of any Parking Space Unit, not partially located adjacent to a structural wall of the Condominium, is a vertical plane (or planes) which coincides with the centerpoint of surveying **PINS** set and located in the upper surface of the concrete slab (or paved surface) located on the lower level or garage of the Building extended to intersect the upper and lower horizontal boundaries thereof and to intersect the other lateral or parametrical boundaries of the Parking Space Unit. The lateral or parametrical boundaries of a Parking Space Unit partially located adjacent to a structural wall within the Condominium shall be the vertical plane (or planes) which coincides with the innermost (exposed) surfaces of the interior walls of the structural wall and with respect to remaining lateral or parametrical boundaries of such Parking Space Unit, a vertical plane (or planes) which coincides with the centerpoint of surveying **PINS** set and located in the upper surface of the concrete slab (or paved surface) located on the lower level or garage of the Building, extended to intersect the upper and lower horizontal boundaries thereof and to intersect the other lateral or parametrical boundaries of the Parking Space Unit.

Section 14. "**Unit Owner**" means any person, group of persons, corporation, trust or other legal entity, or any combination thereof, (including the Declarant) which owns a Unit; provided, however, that any person, group of persons, corporation, trust or other legal entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation shall not be a Unit Owner solely by reason of such interest.

ARTICLE II

CREATION OF CONDOMINIUM REGIME

Section 1. Submission of Property to Act and this Declaration. The Declarant hereby submits the Property and all appurtenances thereto and declares that it shall be held, conveyed, divided or subdivided, leased, rented and occupied, improved, hypothecated and/or encumbered subject to the Act and the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens (hereinafter sometimes referred to as "**Covenants and Restrictions**") herein set forth, including the provisions of the Bylaws of the Council of Unit Owners of South Market Center Condominium, Inc. (the "**Bylaws**") (a copy of which is attached hereto and made a part hereof as **EXHIBIT "B"**, all of which are declared and agreed to be in aid of a plan for the division of the Property into a Condominium pursuant to the Act, and all of which shall be deemed to run with and bind the Property, and shall inure to the benefit of and be enforceable by the Declarant and by any person acquiring or owning an interest in the Property, including, without limitation, any person, group of persons, corporation, trust or other entity, or any combination thereof, which holds such interest solely as security for

the performance of an obligation, but excluding contract purchasers; provided, however, that the special rights, restrictions, easements, interests, exemptions, privileges, and powers of the Declarant shall inure to the benefit of and be enforceable by only those successors and assigns of the Declarant to whom any of the same have been specifically assigned or transferred in writing.

As of the date of this Declaration, the Units of the Condominium created hereby shall include only those Units shown on the Condominium Plat(s) recorded simultaneously herewith, but will in the future include Units to be located in the "Future Expansion Area-Parking Space Units", as shown in part on the Condominium Plat(s). As the Parking Space Units are created by Declarant, the Condominium Plat will be amended to reflect the Parking Space Units added to the Condominium Units, and any changes to the Percentage Interests as a result thereof.

By the recordation of this Declaration, the Council of Unit Owners hereby assumes all liability, responsibility and duty for the care, operation and maintenance of the Common Elements, and each Unit Owner hereby assumes or agrees to assume all liability and duty for the care, operation and maintenance of the respective Units, subject, however, to any rights and/or obligations the Council of Unit Owners or each Unit Owner may have pursuant to this Declaration and the Bylaws. Further, the Council of Unit Owners and each Unit Owner, on their own behalf, and on behalf of their successors and assigns, hereby agree to indemnify and hold Declarant, its successors and assigns, harmless from any loss, liability or damage (including attorneys' fees and court costs) arising out of or resulting from the failure of the Council of Unit Owners or each Unit Owner to care for, maintain or properly operate the Common Elements or Units, as applicable.

Section 2. Description of the Units and Creation of Additional Units. The description and number of each Unit, including its area, location and such other data as may be necessary or appropriate for its identification, is set forth on the Condominium Plat, a reference to which plat is incorporated herein as **EXHIBIT "C"** (and by this reference is made a part hereof). The Declarant reserves the right to subdivide the first floor into as many as twenty-five (25) separate Commercial Units and the second and third floors of the Condominium into as many as twenty-five (25) separate Commercial Units on each floor. The Declarant may create as many as twenty-five separate Parking Space Units within the "Future Expansion Area-Parking Spaces" area located in the garage on the lower level of the Building. The Unit Owners acknowledge that by virtue of purchasing Units, they agree that Declarant shall retain these rights; and that if the Condominium Plat, Declaration, or Bylaws must be amended to change the boundaries of the Units, and thus the appurtenant voting rights and Percentage Interest of those Units, then Declarant may use the Power of Attorney granted under **Article V, Section 1 (e)** to execute such amending documents.

Until such time as Parking Space Units are added to the area designated as "Future Expansion Area-Parking Space Units" in the Building, the Declarant shall have all of the rights and obligations of a Parking Space Unit Owner with respect to the use and enjoyment of the "Future Expansion Area-Parking Space Units", including the right to

lease said area in accordance with **Article XI-Section 3** of this Declaration as if said area constituted one or more Parking Space Units; and the obligation to pay all costs associated with amenities serving the area designated as "Future Expansion Area-Parking Spaces" as if such amenities were Parking Space Common Elements; and the Unit Owners shall have such easement rights with respect to the area designated as "Future Expansion Area- Parking Space Units" as are set forth in Article VII, Section 2. (c) of this Declaration.

The existing physical boundaries of any Unit or Common Element constructed or reconstructed in substantial conformity to the Condominium Plats shall be conclusively presumed to be its boundaries, regardless of the shifting, settlement or lateral movement of the Building and regardless of minor variations between the physical boundaries, as described herein or shown on the Condominium Plat, and the existing physical boundaries of any such Unit or Common Elements. In interpreting deeds, declarations and plans, the existing physical boundaries of a Unit constructed or reconstructed in substantial accordance with the original plans and specifications thereof shall be conclusively presumed to be the boundaries rather than the metes and bounds (or other description) expressed in a deed, plat or this Declaration, regardless of settling or lateral movement of the Building and regardless of minor variances between boundaries shown on the plat or in the deed and those of the Building.

Section 3. Name of Condominium. The name by which the Condominium shall be known is "**South Market Center Condominium.**"

ARTICLE III COMMON ELEMENTS

Section 1. General Common Elements. The General Common Elements means all of the Common Elements except the Commercial Unit Common Elements, the Commercial Unit Limited Common Elements and the Parking Space Common Elements, and shall (unless otherwise specifically designated herein or on the Condominium Plat), include the following:

(a) The Property (other than Units, the Commercial Unit Common Elements, the Commercial Unit Limited Common Elements and the Parking Space Units); and

(b) The foundation(s), concrete slabs underlying a Unit, bearing walls, perimeter walls, main walls, floor structures and sub-flooring materials lying between the defined boundaries of a Unit, roofs, landscaping, columns, girders, beams, supports, telephone and electric meter room(s), stairs and/or hallways or corridors (not located within any Unit), and communication ways; and

(c) The components or installations of central services such as power, light, gas, water, sewer, telephone, master antennae, including tanks, pumps, motors, fans, compressors, pipes, valves, controls or other similar equipment to be used in common (unless designated to serve only one Unit); and

(d) All Units which may hereafter be acquired and held by the Council of Unit owners on behalf of all Unit Owners; and

(e) All other elements of common use or necessary to the existence, upkeep and/or safety of the Units.

Section 2. Commercial Unit Common Elements. The "Commercial Unit Common Elements" are Common Elements appurtenant to the Commercial Units only, and include those designated as such in this Declaration or on the Condominium Plat. All areas designated as Commercial Unit Common Elements are appurtenant to all of the Commercial Units and are reserved for the exclusive use of the Unit Owners of the Commercial Units (as a group). The Commercial Unit Common Elements shall be subject to such reasonable rules and regulations as the Board of Directors may from time to time enact, and are further subject to each Commercial Unit Owner's responsibility to pay any charges imposed by the Board of Directors for the use and maintenance of such Commercial Unit Common Elements. Pursuant to the Act, the Council of Unit Owners by and through the Board of Directors may assess the costs incurred in maintaining, repairing or replacing any Commercial Unit Common Element against the Unit Owners of Commercial Units relative to their respective percentage interests (s) as set forth in **Article V, Section 2** of the Bylaws.

The Commercial Unit Common Elements include:

- (a) Service Equipment (all improvements constituting Electrical, Elevator, Fire Suppression, Gas, HVAC, Water, Sewer and Drainage, and telecommunications equipment, and other similar fixtures or related equipment within the Condominium, serving only Commercial Units of Condominium).
- (b) Electrical Equipment (all wires, conduits, cables, lines, circuit breaker panels, outlets, switches, connections, lamp holders, service terminals, and other installations, fixtures and equipment used to provide electricity) serving only Commercial Units of the Condominium.
- (c) Elevator Equipment (all elevators in the Common Elements, and all wires, conduits, cables, lines, circuit breaker panels, outlets, switches, connections, lamp holders, service terminals, and other installations, fixtures and equipment devoted exclusively to the use and operations of such elevators).
- (d) Fire Suppression Equipment (all parts of the Building's fire suppression system, including all sprinklers, hose pipe connections, piping, valves, and other fire detection or fire suppression equipment (other than any fire detection equipment installed by an Owner or tenant exclusively within a Unit and not connected to the Building's fire suppression system).
- (e) Gas Equipment (all pipes, conduits, lines, connections, valves, switches, storage tanks, and other installations, fixtures and equipment used to provide gas or propane service).
- (f) HVAC Equipment (all ducts, furnaces, air conditioners, vents, fans, chutes, flues, ducts, pipes, wires, humidifiers, dehumidifiers, thermostats, radiators,

heaters, air filters, steam pipes, or other heating, ventilating or air-conditioning installations or fixtures).

- (g) Water, Sewer and Drainage Equipment (all water pipes, conduits, lines or connections; sanitary sewer drains, pipes, lines or connections; storm water drains, pipes, lines or connections; water heaters; valves; faucets; water coolers; commodes; sinks, bathtubs; shower stalls; utility tubs; and other plumbing installations and fixtures; but does not include Fire Suppression Equipment).
- (h) Roof of the Building
- (i) Balconies and Terraces
- (j) Easement Areas appurtenant the Condominium
- (k) Air Rights above the Building

Section 2. Commercial Unit Limited Common Elements. The "Commercial Unit Limited Common Elements" include those designated as such in this Declaration or on the Condominium Plat. All areas designated as Commercial Unit Limited Common Elements are reserved for the exclusive use of the Unit Owner(s) of the Commercial Unit(s) to which they are declared to be appurtenant by appropriate designation on the Condominium Plat or as designated by deed, and are appurtenant to that Unit. If no such designation is made on the Condominium Plat or no such designation in a deed for any Unit at the time of conveyance of the last of the Units by the Declarant to a third party purchaser, then the Commercial Unit Limited Common Elements shall be deemed to be appurtenant to Unit(s) to which they are adjacent or which they are rationally intended to serve and benefit. The right of the Unit owner(s) to whose Unit(s) the Commercial Unit Limited Common Elements are appurtenant to use and enjoy the same shall be subject to such reasonable rules and regulations as the Board of Directors may from time to time enact, and are further subject to each Unit Owner's responsibility to pay any charges imposed by the Board of Directors for the use and maintenance of such Commercial Unit Limited Common Elements. Pursuant to the Act, the Council of Unit Owners may assess the costs incurred in maintaining, repairing or replacing any Commercial Unit Limited Common Elements against the Unit(s) to which such Commercial Unit Limited Common Elements are appurtenant.

The Commercial Unit Limited Common Elements include the following areas or items are "Commercial Unit Limited Common Elements" appurtenant to the Units in which they are located or attached:

(a) Entries designated "E", followed by the number of the Commercial Unit to which the Entry is appurtenant as shown on the Condominium Plat;

(b) that portion of any Commercial Unit Common Element floor or ceiling that is pierced by interior stairs, or that portion of any Commercial Unit Common Element walls that is pierced by a doorway or other openings or penetrations into bearing, shear or structural walls by original construction or alteration in the combining of Units, after approval of the **Architectural Review Committee** as defined in **Article XII** of this Declaration;

(c) the space between the exterior boundary of any Commercial Unit and the interior surface of any bay window or greenhouse window installed within a Commercial Unit;

Except as described herein, no other portion of the Commercial Unit Common Elements shall be Commercial Unit Limited Common Elements.

Section 3. Parking Space Common Elements. The "Parking Space Common Elements" are Common Elements appurtenant to the Parking Space Units only, and include those designated as such in this Declaration or on the Condominium Plat. All areas designated as Parking Space Common Elements shall be appurtenant to all of the Parking Space Units and are reserved for the exclusive use of the Unit Owners of the Parking Space Units (as a group). The Parking Space Common Elements shall be so designated on the Condominium Plat. The Parking Space Common Elements shall be subject to such reasonable rules and regulations as the Parking Space Committee of the Board of Directors may from time to time enact, and are further subject to each Parking Space Unit Owner's responsibility to pay any charges imposed by the Parking Space Committee of the Board of Directors for the use and maintenance of such Parking Space Common Elements. Pursuant to the Act, the Council of Unit Owners by and through the Parking Space Committee of the Board of Directors may assess the costs incurred in maintaining, repairing or replacing any Parking Space Common Elements against the Parking Space Unit relative to their respective percentage interests (s) as set forth in **Article V, Section 2** of the Bylaws.

The Parking Space Common Elements shall include:

- (a) Signs, if any, approved by the Board of Directors designating a parking space(s) as reserved for the benefit of the Parking Space Unit Owner;
- (b) Any entry system (such as a key card or electronic entry system) operated in conjunction with entries and exits to the garage area on the lower level of the Building;
- (c) paint or other sealant covering concrete slabs underlying a Parking Space Unit;
- (d) parking aisles and parking islands located within the garage area on the lower level of the Building;
- (e) striping, lettering, and wheel stops; and
- (f) lighting and electrical fixtures and equipment serving the garage area of the lower level of the Building; and
- (g) exterior finished surfaces of perimeter walls and ceilings located in the garage area of the lower level of the Building

Except as described herein, no other portion of the Common Elements shall be Parking Space Common Elements.

ARTICLE IV
PERCENTAGE INTEREST AND VOTING RIGHTS

Section 1. Unit(s). Each Unit shall have the same incidents as real property, and the Unit Owner shall hold the same in fee simple and shall have a common right to share with the other Unit Owners an undivided fee simple interest in the Common Elements, which shall be known as the "Percentage Interest in the Common Elements". This percentage is also the Percentage Interest of each Unit Owner in the Common Profits and Common Expenses of the Council of Unit Owners.

(a) Percentage Interests. The Percentage Interests in the Condominium shall be allocated to the Members in accordance with the provisions and as set forth in **"EXHIBIT D"**.

(b) Voting Rights.

Except as set forth above, on each question at any meeting of the Council of Unit Owners, each Unit shall be entitled to a number of votes set forth on **"EXHIBIT D"** ("Voting Rights").

At any meeting of the Association, each Unit Owner shall be entitled to cast, on each question, the number of votes appurtenant to his Unit, as set forth on **EXHIBIT D** attached hereto and by this and other reference made a part hereof. The Voting Rights shall have a permanent character and, except as specifically provided in the Condominium Act and elsewhere in this Declaration, may not be changed without the written consent of all the Unit Owners and holders of all mortgages on the Units. The Voting Rights set forth on **EXHIBIT D** may not be separated from the Units to which they appertain unless specifically provided for herein.

All references herein to the vote of the Unit Owners or to a specified percentage of the Unit Owners shall be deemed to refer to or be based upon the number of votes appurtenant to the Units and not the number of Unit Owners. Except as otherwise specifically provided in this Declaration, the Percentage Interests heretofore described and votes herein established shall not be changed without the unanimous consent of all of the Unit Owners and the mortgagees (as defined in the Act) evidenced by an appropriate amendment to this Declaration recorded among the Land Records of Frederick County, Maryland; shall not be separated from the Unit to which they appertain; and shall be deemed, conveyed or encumbered with the Unit even though such Percentage Interests and/or votes are not expressly mentioned or described in the conveying deed or other instrument.

Section 2. Declarant's Voting Rights. Notwithstanding the foregoing, solely with respect to the Voting Rights set forth herein, the area designated "Future Expansion Area-Parking Space Units", as it from time to time exists, shall be deemed a Parking Space

Unit of which the Declarant is the sole Owner and the Declarant shall have all votes attributable to the Future Expansion Area in accordance with **Section 1.**, above.

ARTICLE V **EXPANSION**

Section 1. Expansion.

(a) Pursuant to the provisions of Section 11-120 of the Condominium Act, and subject to the limitations and requirements herein and therein set forth, the Declarant shall have the absolute right, but not the obligation, to be exercised prior to the tenth (10th) anniversary of the recordation of this Declaration: (i) to submit to each and every provision of this Declaration and the Condominium Act additional portions of the land, buildings and/or the improvements to be constructed and/or erected by the Declarant thereon within the area designated as a "Future Expansion Area-Parking Space Units" on the Condominium Plat. It is the intention of the Declarant that the "Future Expansion Area-Parking Space Units" may be used for the purpose of creating as many as twenty-five Parking Space Units hereunder and subjecting such "Future Expansion Area-Parking Space Units" to this Condominium regime. The Declarant hereby reserves such additional licenses and/or easements as the Declarant may deem necessary and appropriate for the planning, construction, maintenance and/or use of such proposed Parking Space Units. By the acceptance of a deed or other instrument of transfer for any condominium unit described in this Declaration, the transferee does hereby consent, without any further action, to the reservations contained herein and the expansion rights described in this **Article V**. Any such expansion of the units thereby created shall be accomplished by the recordation among the Land Records of Frederick County, Maryland, of an amendment to this Declaration and the Condominium Plat as required by the provisions of Section 11-120 of the Condominium Act. It is understood that, with respect to the "Future Expansion Area-Parking Space Units", Declarant may fully assign its right to expand as further set forth in **Article XIV, Section 8** hereof.

(b) Upon the recordation of an amendment to this Declaration and to the Condominium Plat for the purpose of expansion of the hereafter constructed or created Commercial Units within the area designated as "Future Expansion Area-Parking Space Units" on the Condominium Plat as previously described, each Unit Owner of a Parking Space Unit, by operation of law, shall then have (i) an undivided percentage interest in the common elements, common expenses, and common profits, based upon the formula set forth in **EXHIBIT D**, and (ii) the voting rights appurtenant to its unit as provided in this Declaration and based upon the formula set forth in **EXHIBIT D**. Upon the recordation of such amendment, the Percentage Interests and Voting Rights herein elsewhere provided for shall be reallocated in accordance with the formula set forth above and the amendment shall contain the new allocation of the Percentage Interest and Voting Rights in an Amended **EXHIBIT D**. Any deed or other document of transfer for any condominium unit shall be delivered subject to a conditional limitation that the percentage interests appurtenant to such condominium unit shall be automatically reallocated pro tanto upon the recordation of each such amendment.

(c) Whenever in this Declaration, or in any of the Exhibits hereto, reference is made to the Condominium Property, **EXHIBIT A**, **EXHIBIT B**, **EXHIBIT C**, and/or **EXHIBIT D**, thence such reference shall also mean and refer to any **Amended EXHIBIT A**, **EXHIBIT B**, **EXHIBIT C**, and/or **EXHIBIT D** as the same may have been amended in accordance with and pursuant to the operation of this Article and to the exercise of the rights hereby reserved to the Declarant.

(d) In connection with the rights of expansion as described herein, the Declarant may, in its sole discretion, change, modify, alter, amend and/or relocate the size, shape and configuration of the Common Elements (and designating the same as Parking Space Common Elements) to include changes, modifications and/or relocations to the shape, size and configuration of any and all improvements thereon; provided that in doing so, such changes, modifications and/or relocations have been or will be reflected on the Condominium Plat and that all of the appropriate governmental approvals for such changes, modifications and/or relocations have been obtained. The rights reserved by the Declarant in this **Article V** are unilateral in nature and do not require any approvals of the Unit Owners.

(e) There is hereby reserved unto the Declarant, with regard to the additional Parking Space Units which may be built within the "Future Expansion Area-Parking Space Units", an irrevocable power-of-attorney coupled with an interest for the purpose of reallocating the Percentage Interests and Voting Rights appurtenant to each Parking Space Unit in the Condominium in accordance with the provisions of this Declaration and the formula hereinabove set forth, and to execute, acknowledge and deliver such further instruments as may from time to time be required in order to accomplish the purposes of this **Article V**. Each owner and each mortgagee of a Commercial Unit in the Condominium shall be deemed to have granted unto the Declarant, and its aforesaid assigns, an irrevocable power-of-attorney coupled with an interest to effectuate, execute, acknowledge and deliver any such amendments, and each such unit owner and mortgagee shall be deemed to have agreed and covenanted to execute such further assurances and instruments, if any, as may be required by the Declarant, its successors and assigns, to properly accomplish such amendments.

(f) Pursuant to the requirements of Section 11-120(b)(2)(i) of the Condominium Act, a maximum total number of seventy-five (75) Commercial Units and Twenty five Parking Space Units shall be contained in the Condominium.

ARTICLE VI

COVENANT AGAINST PARTITION

Section 1. Covenant Against Partition. The Common Elements shall remain undivided and, except as otherwise provided herein and in the Act, the Commercial Unit Limited Common Elements shall remain appurtenant to the designated Unit. No Unit Owner or

any other person shall bring any action for partition or division thereof except as may be provided for herein and in the Act.

ARTICLE VII

ENCROACHMENTS and EASEMENTS

Section 1. Encroachments. If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, as a result of the construction, reconstruction, repair, shifting, settlement or movement of the Units and/or Common Elements, or if any such encroachment shall occur hereafter as a result of construction, reconstruction, repair, shifting, movement or settlement, or otherwise, a valid easement for the encroachment and for the maintenance of the same exists so long as the encroaching Unit and/or Common Elements shall stand. In the event any Unit, any adjoining Unit, or any adjoining Common Elements shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then constructed, reconstructed or repaired, encroachment of parts of the Common Elements resulting from such reconstruction, construction or repair shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the encroaching improvements shall stand.

Section 2. Easements.

(a) Each Commercial Unit shall have appurtenant to it nonexclusive rights for ingress, egress and support through the Common Elements (including the Parking Space Common Elements) subject to the rights of each Commercial Unit Owner in the Commercial Unit Limited Common Elements appurtenant to that Unit Owner's Commercial Unit.

(b) Each Parking Space Unit Owner shall have appurtenant to it nonexclusive rights for ingress, egress and support through the Parking Space Common Elements.

(c) The Council of Unit Owners (through its Board of Directors, if applicable), its agents and employees, shall have an irrevocable right and an easement to enter Units or Future Expansion Area-Parking Space Units to make repairs to Units, the Future Expansion Area-Parking Space Units, or Common Elements when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the Condominium. Except in cases involving manifest danger to public safety or property, the Council of Unit Owners (or the Board of Directors, if applicable) shall make a reasonable effort to give notice to the owner of any Unit or Future Expansion Area-Parking Space Units to be entered for the purpose of such maintenance and repair. If damage is inflicted on the Common Elements, any Unit or Future Expansion Area-Parking Space Units through which access is taken, the Council of Unit Owners, if it is responsible for such damage, is liable for the prompt repair of such damage. An entry by the Council of Unit Owners through its Board of Directors, agents and employees for the purposes specified in this section shall not be considered a trespass.

(d) Each Unit or Future Expansion Area-Parking Space Units shall be subject to an easement for the benefit of the Unit Owners of Commercial Units and to the Council of Unit Owners to and for support and for reasonable access to and for the unobstructed and uninterrupted use of any and all pipes, ducts, flues, chutes, conduits, cables, wires, utility lines and the like and any other Common Elements located within or accessible only from any particular Unit or Future Expansion Area-Parking Space Units, including without limitation, all balconies and porches.

(e) Each of the sidewalks, lanes, driveways, paved areas, roadways, and other Common Elements shall be subject to an easement in favor all of the Unit Owners for reasonable and necessary pedestrian and vehicular ingress and egress to and from the improvements and to and from public and private roadways and streets. Each Unit Owner shall have a right of ingress and egress to such Unit Owner's Unit. Such right shall include, without limitation, a pedestrian right of ingress and egress to such Unit over, through and across any Parking Space Unit at any time that such Parking Space Unit remains unoccupied.

(f) There is hereby reserved unto the Declarant and its agents a nonexclusive easement over, across and through all of the Property for the purpose of access, the storage of building supplies and materials and equipment in the Common Elements, and, without any limitation, for any and all purposes reasonably related to the completion of the re-construction (if any) and repair of the Property and the marketing, sales and leasing of Units.

(g) Each Commercial Unit shall have and enjoy, appurtenant to it, an easement from the division line between that Commercial Unit and any adjoining Commercial Unit or interior Commercial Unit Common Element for a distance of 2.5 inches, in, on, over and across the adjoining Commercial Unit, or interior Commercial Unit Common Element, for the entire length of the division line, as shown on the Condominium Plat. The easement is for the sole purpose of erecting, maintaining, repairing, restoring, supporting and servicing, as reasonably necessary, a dividing wall, which may be a joint or party dividing wall between the adjoining Commercial Units or a Commercial Unit and the adjoining Commercial Unit Common Element. The easement is irrevocable, and gives the owner of the dominant Commercial Unit, or the Council of Unit Owners, their respective agents, servants, employees and contractors, the right to enter the easement area and attach studding and otherwise use the easement area in such manner as is reasonably necessary to erect, maintain, repair, restore, support and service the dividing wall and the improvements to be attached to it or to which it is to be attached. No window or opening shall be permitted in the wall in the easement area to look directly into an adjoining Commercial Unit or provide access to the adjoining Commercial Unit unless the adjoining Unit Owners of the Commercial Unit shall otherwise agree, nor shall any window or opening be permitted in the wall in the easement area to look directly into a Commercial Unit or the adjoining Commercial Unit Common Element unless the Commercial Unit Owner and the Council of Unit Owners agree otherwise.

(h) There is hereby reserved unto the Declarant (and its successors and assigns to whom such easement has been specifically assigned in writing) a "blanket" easement upon, across, and under all of the Common Elements for ingress, egress, installation, replacement, repair, maintenance and use of all utilities, including, but not limited to, water, sewer, drainage, gas, cable television, telephones and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Property from time to time. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the necessary poles and other equipment on the Property, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above or below any portion of the Property, including any improvements constructed thereon and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress over the Property. There is further reserved unto the Declarant (and its successors and assigns to whom such right has been specifically assigned in writing), the right to grant specific easements, both temporary and permanent, to any person or entity, *including* all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this **paragraph (h)**.

(i) The Declarant and/or its agents (so long as the Declarant owns any of the Units and/or Units yet to complete, including any Future Expansion Area-Parking Space Units), the Association, the officers and agents of the Association, including a managing agent, if any, shall at all times have a perpetual, non-exclusive easement and rights of ingress and egress over, upon and across all portions of the Condominium Property, other than the Units, in furtherance of their respective rights, duties and obligations hereunder or under any agreements, and to commence, implement, and/or completed any construction or development of the Condominium Property (including any Future Expansion Area-Parking Space Units).

Section 3 Utilities. The rights and duties of the Unit Owners with respect to sanitary sewer, water, drainage, electric, gas, television receiving, telephone and telecommunications equipment, cables and lines, elevators, elevator shafts, exhaust flues, and HVAC Equipment hereinafter referred to, collectively, as "**utility facilities**") shall be as follows:

(a) Whenever utility facilities are installed within the Condominium, which utility facilities or any portion thereof lie in or upon Units owned by other than the Unit Owner served by said utility facilities, the Unit Owners of any Unit served by said utility facilities shall have the right of reasonable access for themselves or for utility companies to repair, replace and generally maintain said utility facilities as and when necessary, due to failure or inability of the Board of Directors to take timely action to make such repairs or perform such maintenance.

(b) Whenever utility facilities are installed within the Condominium which utility facilities serve more than one (1) Unit, the Unit Owner of each Unit served by said utility facilities shall be entitled to the full use and enjoyment of such portions of said utility facilities as service its Unit.

(c) In the event of a dispute between Unit Owners with respect to the repair or rebuilding of said utility facilities, or with respect to the sharing of the cost thereof, then, upon written request of one (1) Unit Owner addressed to the other Unit Owner(s), the matter shall be submitted first to the Board of Directors of the Association for mediation, and thereafter, if the dispute remains unresolved, to binding arbitration within sixty (60) days pursuant to the rules of the American Arbitration Association, or any successor thereto, or to any other generally recognized system of alternative dispute resolution, and the decision of the arbitrator(s) shall be final and conclusive on the parties, and judgment may be entered thereon in any court having jurisdiction.

Easements over, under and through the Condominium, including soffits and utility chases within Units, if any, for the installation, repair, and maintenance of electric, telephone, telecommunications, water, gas, and sanitary sewer lines and facilities, heating and air conditioning facilities, cable or master television antenna lines, drainage facilities, walkways, and landscaping as shown on the Condominium Plat, and as maybe hereafter required or needed to service the Condominium, are hereby reserved by Declarant and its successors and assigns, until sale of the last Unit by the Declarant to a third party purchaser and recordation of the deed of conveyance therefore (but not to exceed ten (10) years from the date of the completion of construction of the Condominium), and thereafter are reserved by and for the benefit of the Association and its Members, together with the right to grant and transfer the same. The easements shall be in favor of Declarant, and its successors and assigns, and in favor of the Association. Unit Owners of Commercial Units may install, at the Unit Owners' cost and expense, lines or cables for electronic media or telecommunications systems or television equipment servicing their Commercial Unit through the utility chases of the Condominium provided that such installation is approved in advance by the Board of Directors, not to be unreasonably withheld, and does not interfere with any utility lines or systems being used by other Commercial Unit Owners or occupants of the Condominium.

The Association shall maintain all utility facilities located in the Common Elements, except for those facilities maintained by utility companies, public, private, or municipal and those maintained by the Unit Owners as described in **Section 13** of the Bylaws. The Association shall pay all charges for utilities supplied to the Condominium except those metered or charged separately to the Units.

Section 4. Rules and Regulations regarding Common Utilities: The Board of Directors may establish reasonable rules and regulations and restrictions regarding the individual use of utilities furnished to the Units which are not separately metered, or on a common meter, to assure that no Unit Owner uses substantially more than its proportionate share of such utility, and may impose reasonable charges for the individual use thereof. Unit Owners of Parking Space Units shall not be entitled to use water supplied to the Building without the consent of the Board of Directors. If permitted by the public utility servicing the Building, water and sewer service to Units A, B and C shall be separately metered and billed from that of the remainder of the Building.

ARTICLE VIII

COVENANTS AND USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Condominium and each Unit therein is subject to the following:

Section 1. Use of Units The Condominium is designed developed and established for a combination of concurrent retail and professional office and business-commercial uses and for parking. No Unit may be used for residential purposes or residential combined with commercial purposes and use. Any retail or commercial use shall be in compliance with the provisions of this Declaration and the ordinances and codes of the City of Frederick, Maryland ("the City") and in accordance with the Covenants.

Section 2. Commercial Uses Allowed Units A, B and C. Units A, B and C may be used for commercial restaurant, including a bar, cocktail lounge, supper club, public entertainment establishment, in conjunction with a restaurant provided that no amplified or non-amplified music or other noise shall unreasonably disturb the other Unit Owners, their tenants, guests or other permitted occupants, commercial, retail or office use, or such other commercial/business uses consistent with this Declaration and allowed by the ordinances and regulations of the City. Other uses for Units A, B and C shall include all of the following: office, retail, art galleries, art workshops and studios, photographic studios, and conduct of any other trade or business generally compatible with the occupancy of the Condominium and the Units therein which is permitted by the laws and ordinances of the City and this Declaration.

Section 3. Commercial Uses Allowed-Second and Third Floor Units. Commercial uses permitted within the Units located on the Second and Third Floors of the Condominium, shall include all of the following: professional offices and other trades or businesses generally compatible therewith which are permitted by the laws and ordinances of the City and this Declaration.

Section 4. Commercial Uses Prohibited-Generally. The following commercial uses and activities shall be prohibited in any of the Units, whether allowed by ordinances, regulations, or standards of the City, except as expressly provided otherwise herein:

(a) Except for Unit 1-A, 1-B and 1-C, restaurants, food service or preparation, cocktail lounges, bars, supper clubs, public entertainment establishments with live or amplified music or other amplified noise;

(b) Except for Units 1-A, 1-B and 1-C, retail businesses, art galleries, art workshops and studios, photographic studios,

(c) veterinary offices;

(d) junk or salvage operations;

(e) auto, truck or vehicle repairs or painting;

(f) manufacturing or assembly uses which use significant amounts of machinery or mechanical equipment

(g) manufacturing refining and or storage of chemicals, petro-chemicals or any radioactive materials;

(h) heavy industrial manufacturing, paper manufacturing, metal machine shops; slaughterhouses, tanneries, rendering operations;

(i) laundries or commercial cleaning establishments;

(j) any commercial or business use which employs more persons within the Unit, or otherwise involves the use and occupancy of more than the number of persons permitted in the size of the space of the Unit as is permitted by applicable laws and regulations; and

(k) any uses prohibited by the Covenants.

Section 5. Parking Space Units: Parking Space Units shall be used exclusively for parking of passenger motor vehicles, sport utility vehicles and light trucks (not to exceed three quarter ton) by the Declarant, the Parking Space Unit Owners or their respective business invitees, guests, lessees or licensees. The Parking Committee of the Board of Directors may establish reasonable rules and regulations from time to time for the parking of vehicles in the Parking Space Units.

Section 6. Sales Office; Model. Declarant, its successors or assigns, may use any Unit or Units in the Condominium owned by Declarant for a model units and display and sales/construction office during construction and until the last Unit is sold by Declarant to a third party purchaser.

Section 7. Compliance with Laws. Unit Owners shall each comply with all laws, codes, rules, orders ordinances, regulations and requirements now or hereafter enacted or promulgated by the United States of America, State of Maryland, the City or any other governmental or quasi-governmental authority or agency now or hereafter having jurisdiction over the Condominium, or the Units, or any portions thereof, if noncompliance would subject the other Unit Owners, or holders of mortgages on the Condominium, or any portion thereof, to civil or criminal liability, jeopardize any certificate of occupancy of any Unit, or the Condominium, or any other Unit Owner's rights to occupy or utilize beneficially their respective portions of the Condominium or part thereof, or would result in the imposition of any lien against any portion of the Condominium.

Section 8. Activities Affecting Insurance. Except for the use of Units A and/or B and/or C as a restaurant or similar facility as permitted in **Article VIII** of this

Declaration, nothing shall be done or kept in any Unit or in any improvements constructed thereon, or in the Common Elements, which will increase any applicable rate of insurance or which will result in the cancellation of insurance on any Unit or any part of the Common Elements, or which would be in violation of any law. Unit Owners shall comply with all rules, regulations, and requirements of any insurance rating bureaus having jurisdiction over the Condominium or any portion thereof and the requirements of any insurance policy affecting the insurance coverage on any of the other Owner's portion of the Condominium if noncompliance by it would increase the premiums of any policy of insurance maintained by the Association or any of the other Unit Owners on their render any portion of the Condominium uninsurable or create any valid defense to the Association or any of other Unit Owners' right to collect insurance proceeds. If Unit 1-A and/or 1-B and/or 1-C shall be used as a restaurant or similar facility as permitted in **Article VIII** of this Declaration, the Owner(s) of Unit A and/or B, as the case shall reimburse the Association and the other Unit Owners for any increase in premiums of any policy of insurance maintained by the Association or such other Unit Owners as a result of such use, said reimbursement to be made ratably by the Owners of Unit 1-A, 1-B and 1-C based on their relative percentage interests in the Condominium, and the amount of any such reimbursement shall be considered as an assessment against Unit 1-A and/or 1-B and/or 1-C, as the case may be.

Section 8. Emissions. No use shall be permitted on any Unit, or the Common Elements, which:

- (a) emits noticeable dust, sweepings, dirt, cinders, fumes, odors, radiation, gases, or vapors;
- (b) discharges contaminated liquid or solid wastes or other toxic, noxious or harmful matter into Condominium drainage or plumbing systems, or the atmosphere or any creek, canal, flood control channel, ground water, or other body of water, in a manner not allowed by applicable laws or which may adversely affect (i) the health or safety of persons or (ii) the use or enjoyment of the Condominium or any part thereof, or (iii) vegetation within the Condominium;
- (c) discharges waste or any substance or materials of any kind into any public sewer serving the Condominium or any part thereof in violation of any laws or regulations of any public body having jurisdiction;
- (d) produces intense heat, light or glare unless such use is performed only enclosed or screened area and then only in such manner that the heat, light or glare emitted will not be discernible from any public street, the Common Element, or other Units;
- (e) allows the visible emissions of smoke or steam (outside any Unit), other than the emissions from cooling towers and kitchen services, provided that no emissions shall be allowed which are in violation of any applicable laws or regulations; or

(f) creates a vibration that is perceptible, without instruments, at any point outside of any of the boundary lines of said Unit. Equipment creating vibrations shall be so located or mounted within a Unit to eliminate vibration perceptible beyond the boundary lines of the Unit in which the equipment is located.

(g) Odors. No use of a Unit shall emit unreasonable types or amounts odors or fumes which are detectable outside of the Unit.

In order to more effectively promote compliance with the provisions of this Section, the Owner or occupant of Unit 1-A and/or 1-B and/or 1-C shall at all times maintain a separate ventilation system or systems to prevent emissions of the sort outlined herein and which may constitute a nuisance or unreasonable annoyance to the other Unit Owners or their tenants or Permittees.

Section 9. Machinery, etc. No machinery, apparatus, or appliance or equipment shall be located in any Unit that will in any manner structurally overload the Building, or its utility systems, or in any manner damage any portion of the Building.

Section 10. No combustible or highly flammable or explosive or corrosive or toxic material shall be manufactured, or sold at the Condominium. Storage and use of any such highly flammable or explosive or corrosive or toxic material shall be allowed only in small quantities as required for a business operation undertaken in a Unit in full compliance with this Declaration and in full compliance with all applicable laws. The Unit Owner who stores or uses any such material shall at its costs maintain such additional insurance as may be required to adequately protect the Association and all other Unit Owners and shall hold harmless and indemnify the Association, the Property and all other Unit Owners from and against any damages, harm, claims, expenses, causes of action, and liabilities arising from the storage or use of any such combustible or highly flammable or explosive or corrosive or toxic materials.

Section 11. No X-ray equipment shall be brought or installed in the Condominium except in a manner that fully complies with all applicable governmental regulations and does not unreasonably interfere with the use of the Condominium by any other occupant.

Section 12. No Condominium shall be occupied and used for residential purposes.

Section 13. Health Care Facilities. No health care facilities operating as a business or charity and serving the sick, elderly, disabled, handicapped or mentally ill or retarded shall be permitted in the Condominium, with the exception of psychologists and psychiatrists offices and then only to accommodate outpatient office visits.

Section 14. Family Day Care Centers. No family day care center for children shall be permitted within the Condominium

Section 15. Nuisances. No noxious, illegal, or seriously offensive activities shall be carried on in any Unit, or in any part of the Condominium, nor shall anything be done

thereon which may be or may become a serious annoyance or a nuisance to, or which may in any way interfere with, the quiet enjoyment of each of the Units, or which shall in any way increase the rate of insurance for the Condominium except to the extent provided in **Article VIII, Section 8** of this Declaration, or cause any insurance policy to be cancelled or to cause a refusal to renew the same, or which will impair the structural integrity of the Building, or which will endanger lives or health of occupants.

Section 16. Prohibited Structures; Vehicle Restrictions and Towing.

(a) Except by Declarant or its builders, agents and contractors during construction, future maintenance or repair of the Building, the Property, any Unit or the Future Expansion Area-Parking Space Units, no structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any Common Elements at any time.

(b) No automobiles, trucks or vans shall be allowed on any portion of the Parking Space Units or the Parking Space Common Elements unless they display a valid current license or registration. Permitted automobiles, sport utility vehicles and light trucks (not to exceed three quarter tons) shall be allowed to park within the Condominium solely within a Parking Space Unit which has been conveyed or assigned to the Parking Space Unit Owner, or the tenant or other authorized occupant of such Parking Space Unit, to which the truck or other vehicle belongs and in accordance with such reasonable rules and regulations as the Parking Committee of the Board of Directors may from time to time adopt. The occupants of a Unit not owning a Parking Space Unit shall not park in a Parking Space Unit without the express permission of the Owner of the Parking Space Unit. The Parking Committee of the Board of Directors may install a sign, in such form as is required or permitted by law, at each vehicular entrance to the Condominium, containing a statement that public parking is prohibited and that all vehicles not authorized to park on the Condominium will be removed at the owner's expense.

(c) Except as set forth in Section (b) above, no other automobiles, trucks or vans shall be allowed on any portion of the Common Elements unless they display a valid current license or registration. No trucks over two (2) tons, buses, tractors, trailers, recreational vehicles, campers, mobile homes, boats, inoperable automobile or other vehicles or equipment of a similar nature shall be permitted to be parked on any portion of the Common Elements or any public or private streets within the Condominium with or without a current registration or license, except for vehicles that any builder may require to be located during the construction and sales period and temporary delivery vehicles and then only in areas designated by the Board of Directors. No noisy or smoky vehicles shall be operated within the Condominium.

(d) The Association may cause the removal of any vehicle wrongfully parked on the Condominium, including a vehicle owned by an occupant in such manner is permitted under the applicable laws. Notwithstanding the foregoing, the Association may cause the removal, without notice, of any vehicle parked in a marked fire lane, within fifteen (15) feet of a fire hydrant, in a Parking Space Unit or in a parking space designated for

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handicapped parking without proper authority or in a manner which interferes with any entrance to, or exit from, the Condominium or any Unit, Parking Space Unit or garage located on the lower level of the Building. The Association shall not be liable for any damages incurred by the vehicle owner because of the removal in compliance with this section or for any damage to the vehicle caused by the removal, unless such damage resulted from the intentional or negligent act of the Association or any person causing the removal of or removing the vehicle. If requested by the owner of the vehicle, the Association shall state the grounds for the removal of the vehicle. The Association may establish reasonable rules and regulations from time to time for the parking of vehicles in the Common Elements, including the use of the handicapped persons parking space located within the Condominium.

Section 17. Signs: No signs shall be displayed to the public view on any Unit, or any portion of the Condominium, except as follows:

(a) One (1) sign of reasonable dimensions maybe placed on the main interior entry door of a Commercial Unit subject to the sign criteria set forth in **EXHIBIT E attached hereto** and to reasonable rules as are approved by the Board of Directors or committee appointed by the Board of Directors, from time to time;

(b) The Association may maintain and display such signs as the Board of Directors deems appropriate to identify the Condominium or the Units, including, but not limited to one or more central directories.

(c) The Owner or legal occupants of Units A . B and C may install such additional signage on the exterior windows and doors of the Unit, upon the exterior Common Element walls of the Condominium adjacent to Units A, B and C, and/or upon the front or side elevation of the building, conforming to the sign criteria set forth in **EXHIBIT E attached hereto** and to the requirements of the Frederick Historic District Commission (as applicable) and as approved by the Board of Directors as to design, type and location, conforming, and local laws and ordinances, identifying the business operations located within said Unit, and which signage (i) is located no higher than the first level of the Condominium, (ii) is not located upon any brick faced exterior wall of the Condominium and (iii) does not interfere with the quiet enjoyment and use of any other Unit in the Condominium.

(d) The Parking Committee of the Board of Directors may install one or more signs, in such form as is required or permitted by law, at each vehicular entrance to the Condominium, containing a statement that public parking is prohibited and that all vehicles not authorized to park on the Condominium will be removed at the owner's expense, provided however that the Architectural Control Committee shall first review the size color and location of the sign for compatibility with the intent of this Declaration.

The Parking Committee of the Board of Directors may also install one or more signs, upon the Parking Space Common Elements adjacent to any Parking Space Unit indicating the name of the Parking Space Unit Owner, tenant or Permittee having

authority to use such Parking Space Unit, provided however that the Architectural Control Committee shall first review the size color and location of the sign for compatibility with the intent of this Declaration and the cost of installing and maintaining the same shall be borne by the Unit Owner of the Parking Space Unit so designated.

Section 18. Animals: No animals of any kind shall be raised, bred, or kept in any Unit. Nothing herein shall prevent the Owner, tenant or occupants of any Unit from keeping pets normally kept in cages or aquariums, such as small birds and fish in any Unit or from bringing a pet, such as a dog or cat onto the Property, provided they are not kept over night upon the premises, nor bred, or maintained for any commercial purposes, are kept under control at all times and do not cause an annoyance or nuisance to any Unit Owner or occupant, in which case, the Board of Directors may prohibit such Unit Owner or occupant from keeping or bringing pets onto the Property.

Section 19. Garbage and Refuse Disposal: Each Unit Owner, or the tenant or other occupants of a Unit, shall deposit on a regular basis rubbish trash and garbage for removal from the Condominium into the dumpsters of other trash receptacle provided and maintained by the Association.

Section 20. Radio and Television Antennas No Unit Owner, other occupant of a Unit, or any other party may install, erect or otherwise place any external radio, television, satellite dish or receiver or other radiomagnetic reception or transmission devise, except for any central antennae or satellite dish or receiver installed and maintained by the Association, in a manner which is visible from the streets adjoining the Condominium, any other Unit, or the Common Elements of the Condominium, without the prior written consent of the Board of Directors, or the Architectural Review Committee and if applicable the Frederick Historic District Commission. In considering whether to approve applications, or impose conditions to installation, the Board of Directors shall consider and give great weight to considerations of the requirements of applicable Federal, State, and local laws and regulations, aesthetics and uniformity of appearance and potential structural damage and potential for water leaks in the Condominium. All fees and charges for the connection to and use of any common cable or other common television reception system shall be borne by the respective Unit Owners, and not by the Association.

Section 21. Structural Integrity: Nothing shall be done in or on any Unit or in or on the Common Elements which will impair the structural integrity of the Building.

Section 22. Entry Doors and Window Treatments: All entry doors, drapes, curtains, window coverings, shutters, or blinds visible from the street or Common Elements shall be of colors, materials and patterns which are approved by the Board of Directors or its authorized committee.

Section 23. Power Equipment and Motor Vehicle Maintenance: No power equipment, machinery or hobby shops, shall be permitted within the Condominium except as follows: (i) small hand held power tools shall be permitted if their use does not

create any noise, dust or other disturbance to other Unit Owners, or other occupants of the Building; (ii) after prior written notice to the Board of Directors, use by a Unit Owner, its tenants, or other authorized occupants of a Unit of such equipment as a kiln, and similar devices, power tools other than small hand held power tools, light manufacturing equipment or machinery, may be permitted if the Unit Owner has complied with all of the following: all necessary permits and approvals for their use have been obtained from the City or other applicable government entities; their use does not create any noise, dust or other disturbance to other Unit Owners, or other occupants of the Building; adequate insurance protecting the Association and other Unit Owner has been obtained and maintained by the Unit Owner using such equipment; the use of such equipment does not overload the electrical, or other utility systems within the Condominium; and the Board of Directors has given its written approval for use of such equipment. Approval shall not be unreasonably withheld and in deciding whether to grant approval the Board of Directors shall consider the compliance of such use with the provisions of this Declaration and reasonable rules and regulations adopted by the Association, and the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections. All hazardous waste shall be disposed of properly by each Unit Owner. No motor vehicle maintenance (other than emergency work) shall be permitted within the Condominium.

Section 24. **Liability of Owners for Damage to Common Area:** Each Unit Owner shall be liable to the Association for all damage to the Common Elements or improvements to the extent described in **Section 13** of the ByLaws.

Section 25. **Flags, Pennants, Banners, Etc.:** There shall be no exhibiting, flying or hanging of any flags, pennants, banners, kites, or similar such items, from any area of the Condominium that would be visible from the street, Common Elements, or the other Units, except under reasonable rules and regulations adopted by the Board of Directors or the **Architectural Review Committee**, and except as expressly permitted by statute.

Section 26. **Common Element Use.** Nothing shall be stored, placed grown, or displayed in the Commercial Unit Common Elements, that is not approved in advance by the Board of Directors. Nothing shall be stored, placed grown, or displayed in the Parking Space Common Elements, that is not approved in advance by the Parking Committee of the Board of Directors.

Section 27. **Deliveries, Loading and Storage.** Loading and unloading of trucks and trailers shall be done so as to cause as little inconvenience as possible to Unit Owner's or other occupants of the other Units. The Association may establish reasonable rules and regulations for such loading and unloading of vehicles.

Section 28. **Orderly Appearance.** The Commercial Unit Limited Common Elements must be kept in an orderly condition so as not to detract from the neat appearance of the community. In this regard, no bicycles, motorcycles or other motorized vehicles may be parked on the patios or terraces. The Board of Directors, in its sole

discretion, may determine whether or not the Commercial Unit Limited Common Elements are orderly. If an owner shall fail to keep his Commercial Unit Limited Common Elements orderly, the Board of Directors may have any objectionable items removed from the Limited Common Elements so as to restore its orderly appearance, without liability therefore, and charge the Unit Owner of a Commercial Unit for any costs incurred in the process.

ARTICLE IX

DECLARANT'S RIGHT TO RENT OR SELL UNIT

Anything contained in this Declaration or the Bylaws of the Council of Unit Owners to the contrary notwithstanding, the Declarant shall have the right to transact any business on the Property and utilize any portion of the Property (including the Common Elements) necessary or desirable to consummate sales or rentals of Units, including, but not limited to, the right to maintain employees in the sales or rental office, and to show Units for sale or rent. The sales or rental office, the furniture and furnishings in the model Units, signs and all items pertaining to the sale or rental of Units by the Declarant shall not be considered Common Elements but shall remain the property of the Declarant. The right to consummate rentals of units and to maintain and start a rental or management office shall extend to any managing agent or rental agents employed by the nominees or designees of the Declarant. Such sales, rental or management office may also be utilized for the sale, rental or management of other residential units in the area.

In furtherance of the rights granted Declarant in this **Article IX**, no act of omission or commission shall be taken by any Unit Owner, or the Council of Unit Owners, which, in the sole discretion of the Declarant, would infringe upon the Declarant's ability to sell or rent Units, including, without limitation, altering the design, location or appearance of any of the Common Elements, failing to maintain any portion of the Condominium in accordance with Community Standard or otherwise detracting from the aesthetic nature of the Condominium established by the Declarant.

ARTICLE X

RESTRICTION ON TRANSFER OF PARKING SPACE UNITS

From time to time following the recordation of the Condominium Plat, The Declarant may convey, (a) one or more of the Parking Space Units to Unit Owners of Commercial Units, either upon the initial sale of a Commercial Unit to said Unit Owner or to any subsequent Unit Owner of a Commercial Unit; and/or (b) all, but not less than all, of the Parking Space Units owned by the Declarant ("Retained Parking Space Units") to a third party transferee, not a Unit Owner of a Commercial Unit.

A Unit Owner of a Commercial Unit may only convey a Parking Space Unit acquired from the Declarant or its transferee (a) to the Declarant; (b) to a transferee of the Declarant as to the Retained Parking Space Units; or to another Unit Owner of a Commercial Unit.

A transferee of the Retained Parking Space Units (or its transferee) may reconvey, (a) one or more of the Retained Parking Space Units from time to time to Unit Owners of Commercial Units, either upon the initial sale of a Commercial Unit to said Unit Owner or to any subsequent Unit Owner of a Commercial Unit; and/or (b) all, but not less than all, of the Retained Parking Space Units the owned by the transferee (including any Parking Space Units conveyed to such transferee from a Unit Owner of a Commercial Unit) to a subsequent third party transferee, not a Unit Owner of a Commercial Unit.

It is the intention of this Declaration that Parking Space Units be owned (a) by Unit Owners of Commercial Units or (b) by the Declarant or its transferees and their successors as an aggregation; and that Parking Space Units not be conveyed to third parties, not then Unit Owners of Commercial Units or transferees as to all Retained Parking Space Units, on piecemeal basis.

ARTICLE XI

RIGHT TO LEASE UNITS, ETC.

Section 1. Requirements of Leases-Commercial Units. Any Unit Owner of a Commercial Unit who wishes to lease a Commercial Unit or any part thereof shall meet the following requirements, and each the lease of a Commercial Unit shall be subject to the same requirements whether or not the same are included within the lease:

(a) all leases shall be in writing;

(b) all leases shall be subject to provisions of the Declaration, the Bylaws, and all reasonable rules and regulations adopted by the Board of Directors;

(c) all Unit Owners of Commercial Units who lease Commercial Units shall promptly notify the secretary of the Association in writing of the name, address and phone number of the responsible party for each tenant occupying such Commercial Units and shall provide the secretary of the Association with a complete copy of the lease; all Unit Owners of Commercial Units leasing a Commercial Unit shall promptly notify the Secretary of the Association of the Unit Owner's address and telephone number where such Unit Owner can be reached in the case of emergency.

Section 2. Requirements of Leases-Parking Space Units by Commercial Unit Owners. Any Unit Owner of a Commercial Unit also owning Parking Space Unit who wishes to lease a Parking Space Unit or any part thereof shall meet the following requirements, and each the lease of a Parking Space Unit shall be subject to the same requirements whether or not the same are included within the lease:

(a) all leases shall be in writing;

(b) the lease shall be for the entire Parking Space Unit and not merely parts thereof;

(c) all leases shall be subject to provisions of the Declaration, the Bylaws, and all reasonable rules and regulations adopted by the Parking Committee of the Board of Directors;

(d) all Unit Owners of Commercial Units who lease Parking Space Units shall promptly notify the secretary of the Association in writing of the name, address and phone number of the responsible party for each tenant occupying such Parking Space Units and shall provide the secretary of the Association with a complete copy of the lease; all Unit Owners of Commercial Units leasing a Parking Space Unit shall promptly notify the Secretary of the Association of the Unit Owner's address and telephone number where such Unit Owner can be reached in the case of emergency.

Section 3. Requirements of Leases-Retained Parking Space Units by Declarant and its transferees. The Declarant or its transferees and their successors as to the Retained Parking Space Units may lease Retained Parking Space Units to one or more lessees or licensees on such terms and conditions as it sees fit provided each lease of a Retained Parking Space Unit shall be subject to the same requirements whether or not the same are included within the lease:

(a) all leases in excess of one (1) month shall be in writing; and with respect to each such lease the Declarant or successor shall promptly notify the secretary of the Association in writing of the name, address and phone number of the responsible party for each tenant occupying such Parking Space Units and shall provide the secretary of the Association with a complete copy of the lease; all Unit Owners of Commercial Units leasing a Parking Space Unit shall promptly notify the Secretary of the Association of the Unit Owner's address and telephone number where such Unit Owner can be reached in the case of emergency.

(b) the lease shall be for one or more entire Parking Space Units and not merely parts thereof;

(c) all leases shall be subject to provisions of the Declaration, the Bylaws, and all reasonable rules and regulations adopted by the Parking Committee of the Board of Directors;

Section 2. Tenant's Default for Failure to Comply. Any failure of a tenant to comply with this Declaration or the reasonable rules and regulations of the Association, shall be a default under the lease, regardless of whether the lease so provides. In the event of any such default, the Unit Owner immediately shall take all actions to cure the default including if necessary eviction of the tenant.

Section 3. Copies of Condominium Documents. Each Unit Owner shall provide a copy of the Declaration, Bylaws and all rules and regulations of the Association to each of its tenants. By becoming a tenant, each tenant agrees to be bound by the Declaration, the Bylaws and the reasonable rules and regulations of the Association, and recognizes and accepts the right and power of the Association to evict a tenant for any violation by

the tenant of the Declaration, the Bylaws, and reasonable rules and regulations of the Association.

ARTICLE XII

ARCHITECTURAL CONTROLS

Section 1. Architectural Control Committee. **The Council of Unit Owners for South Market Center Condominium, Inc.**, acting through its Board of Directors, may delegate the authority and responsibility for architectural control to an Architectural Control Committee. The Architectural Control Committee shall enforce the provisions relating to architectural control contained in the **Bylaws**. The Board of Directors of South Market Center Condominium, Inc. shall have the authority and standing, on behalf of the Council of Unit Owners, to enforce in courts of competent jurisdiction decisions made pursuant to the provisions of this Section.

Section 2. Architectural Control.

(a) No Unit Owner of a Commercial Unit shall commence the initial construction of improvements to any Commercial Unit (i.e. such construction accomplished concurrently with or immediately subsequent to construction of the Condominium by the Declarant) until the complete plans and specifications, showing at a minimum, the mechanical and structural elements affecting the Condominium (including, without limitation the location of interior walls within the Commercial Unit or any other information specified by the Board of Directors or its designated committee), shall have been submitted to and approved in writing by the Declarant, (which approval shall not be unreasonably withheld) as to safety, the effect of any such construction on the costs of construction of the Condominium by the Declarant or of maintaining and insuring the Condominium and harmony of design, color and location in relation to surrounding Commercial Units and structures and topography and with respect to the interior walls of a Commercial Unit, the visual impact upon the appearance of the Building due to the location of such walls in relation to the windows of the Building.

(b) Except for purposes of construction of the Condominium by the Declarant or its agents, and any improvements to any Commercial Unit or to the Common Elements accomplished concurrently with said construction in accordance with **Section 1**, above, and approval by the Declarant, and except for the purposes of proper maintenance and repair or as otherwise permitted or required by law or these Bylaws and subject to the exemption set forth in **Section 7** of this Article, it shall be prohibited for any Unit Owner to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, window treatments, screens, awnings, patio covers, decorations, fences, walls, aerials, antennae (including, without limitation, satellite dishes), radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any Unit or upon any of the Common Elements within the Condominium or to remove or alter any window or exterior door of any Commercial Unit or to vary the type of floor covering of any

Commercial Unit, to remove or alter any entry doors of any Commercial Unit, or to make any change or alteration within any Unit which will alter the structural integrity of any building or otherwise affect the property, interest or welfare of any other Unit Owner, materially increase the cost of operating or insuring the Condominium or impair any easement, until the complete plans and specifications, showing at a minimum the location, nature, shape, and change (including, without limitation, any other information specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing, (which approval may be denied or withheld for any or no reason) as to safety, the effect of any such alterations on the costs of maintaining and insuring the Condominium and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Association or by the Architectural Control Committee designated by said Board of Directors.

(c) Except for purposes of construction of the Condominium by the Declarant or its agents and any improvements to any Unit or to the Common Elements accomplished concurrently with said construction, and approval by the Declarant, and except for the purposes of proper maintenance and repair or as otherwise permitted or required by law or these Bylaws and subject to the exemption set forth in **Section 7** of this Article, it shall be prohibited for any Unit Owner to combine or otherwise join two (2) or more Units, until the complete plans and specifications, showing the location, nature, shape, and change (including, without limitation, any other information specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing, (which approval shall not be unreasonably withheld) as to safety, the effect of any such alterations on the costs of maintaining and insuring the Condominium and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Association or by the Architectural Control Committee designated by said Board of Directors.

(d) No Unit Owner of a Parking Space Unit may make any improvements to any Parking Space Unit or to any of the Common Elements, nor shall such Unit Owner install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, awnings, vehicle covers, decorations, fences, walls, curbs or gutters, or make any change or otherwise alter in any manner whatsoever any Parking Space Unit or any of the Common Elements within the Condominium or materially increase the cost of operating or insuring the Condominium or store any hazardous materials thereupon, or impair any easement, except as approved in writing by the Board of Directors (which approval may be denied or withheld for any or no reason) or by the Architectural Control Committee designated by said Board of Directors.

(e) Design approval by the Declarant, the Architectural Control Committee or by the Board of Directors shall in no way be construed as to pass judgment on the correctness of the location, structural, utility, or other qualities of the item being reviewed, nor will it eliminate the need for the Unit Owner to obtain all necessary permits and licenses to perform such construction or alteration. The Unit Owner is still required to obtain all permits, including but not limited to, building permits and licenses from the appropriate governmental agencies.

Section 3. Architectural Control Committee -Approvals.

(a) With respect to plans submitted in accordance with **Section 2 (b) or (c)** above, the Architectural Control Committee shall approve or disapprove any proposed plans required to be approved in accordance with **Section 2**, above, within sixty (60) days from the receipt thereof. The aforesaid sixty (60)-day period for the Architectural Control Committee's review of the proposed plans shall not commence to run until two (2) complete sets of the final drawings, plans and specifications have been received by the Architectural Control Committee in complete and final form. If the Architectural Control Committee fails either to approve or disapprove said plans and specifications within the period provided above (provided the Unit Owner submitting such plans and specifications has complied with all of the requirements set forth herein), it shall be presumed that the Architectural Control Committee has approved said plans and specifications. The Architectural Control Committee shall have the right, but not the obligation, to conditionally approve the proposed plans by specifying the changes to the plans that would make the plans acceptable.

(b) The Architectural Control Committee or the Board of Directors shall have the right to charge a reasonable fee for reviewing each application which shall be payable upon the submission of such application.

(c) Any such exterior addition to or change or alteration made without application having first been made and approval obtained as provided above, shall be deemed to be in violation of this covenant and may be required to be restored to the original condition at the Unit Owner's cost and expense. In any event, no such exterior addition to or change or alteration shall be made without approvals and permits therefore having first been obtained by the Unit owner from applicable public authorities or agencies.

Section 4. Architectural Control Committee - Operation. The mailing address of the Architectural Control Committee shall be **Mr. Brad Tavel, Managing Member, Carroll Creek Site B, LLC, 6132 Lux Lane, Rockville Maryland 20852** or such other address as shall from time to time is designated by the Association. The Architectural Control Committee shall be composed of an uneven number of three (3) or more natural persons designated from time to time by the Board of Directors of the Association and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural Control Committee, then the Board of Directors shall constitute such Committee. A majority of the Architectural Control Committee may designate a chairman to act for it. Neither of the members of the Architectural Control Committee nor its designated representatives shall be entitled to any compensation for services, other than expenses, performed pursuant to these covenants. The Architectural Control Committee's approval or disapproval as required shall be in writing. A majority of the membership of the Architectural Control Committee shall constitute a quorum, and all actions shall require only a majority vote.

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Section 5. Architectural Control Committee - Completion of Work. Construction or alterations in accordance with plans and specifications approved by the Architectural Control Committee pursuant to the provisions of this Article shall be completed within one (1) year following the date upon which the same are approved by the Architectural Control Committee (whether by affirmative action or by forbearance from action as in **subsection (a)** of this Section) provided, once work has commenced, it shall be diligently pursued. In the event construction is not completed within the period aforesaid, then approval of the plans and specifications by the Architectural Control Committee shall conclusively be deemed to have lapsed and compliance with the provisions of this Article shall again be required. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural Control Committee to disapprove such plans and specifications or any elements thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 6. Architectural Control Committee - Rules and Regulations. The Architectural Control Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards and guidelines and/or establish such criteria relative to architectural styles or details, or other matters, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria, or the like shall be construed as a waiver of the provisions of this Article or the Bylaws. The decisions of the Architectural Control Committee shall be final except that any member who is aggrieved by any action or forbearance from action by the Architectural Control Committee may appeal the decision of the Architectural Control Committee to the Board of Directors for the Association. Such appeal must be submitted in writing within fifteen (15) days of the action of the Committee, and if not filed within that period, shall be forfeited. Two-thirds (2/3) of the Board of Directors shall be required to reverse the decision of the Architectural Control Committee.

Section 7. Declarant's Exemption. Notwithstanding any provision of **Sections 1 through 6** of this Article to the contrary, the provisions of said **Sections 1 through 5** shall not apply to a Unit owned by the Declarant or its designee which is used as a model or is being or will be offered for sale by the Declarant until a deed to such unit has been delivered by the Declarant to a purchaser thereof. Further, the aforesaid provisions shall not apply to the Declarant's actions with respect to the Common Elements of the Condominium until the completion of the Declarant's construction thereof.

Section 8. Floor Coverings. No change in the floor covering materials originally installed in the Units shall be permitted except with the consent of the Architectural Review Committee. To reduce sound transmission, all Units which are above other Units shall have all floor areas covered with carpet or other material which provides adequate insulation against sound transmission to the Unit below.

ARTICLE XIII
COMBINATION/ SUBDIVISION/RESUBDIVISION OF UNITS

Section 1. Combining of Units/Subdivision Subject to all applicable building and fire codes of the **City of Frederick, Maryland**, and only after obtaining the prior written approval of the Architectural Review Committee,

(a) a Unit Owner of two (2) or more Commercial Units which are horizontally or vertically adjacent may physically combine those Commercial Units into a single Commercial Unit, for purposes of use, if those portions of the Common Element affected by the proposed combination are not required for structural support, serve as seismic support structures, bearing walls or shear walls, and the Unit Owner of such Units pays for any structural, construction, decorative, mechanical or utility charges or costs incurred or necessitated by such combination and

(b) Unit Owners of Commercial Units which are horizontally or vertically adjacent may subdivide their respective Unit, to create separate Commercial Unit(s) and/or physically combine the subdivided portion of such Commercial Units with a horizontally or vertically adjacent Unit, if those portions of the Common Elements affected by the proposed subdivision or combination are not required for structural support, serve as seismic support structures, bearing walls or shear walls, and the Unit Owners of such Units pays for any structural, construction, decorative, mechanical or utility charges or costs incurred or necessitated by such combination; and

Those walls between Commercial Units which are non-bearing or shear walls and do not otherwise provide structural support for the Building may be removed by a Unit Owner subdividing or combining Commercial Units. Those walls between Commercial Units which are bearing walls, shear walls or otherwise provide structural support for the Building shall not be removed; however, a Unit Owner of a Commercial Unit who is subdividing or combining Commercial Units may insert or cut doorways or other openings or penetrations into such bearing, shear or structural walls after approval of the Architectural Review Committee based upon written analysis of a qualified structural engineer, architect or other qualified professional that such doorways or other penetrations will not materially adversely affect the structural and seismic capabilities of the Building. No conduits, ducts, pipes, plumbing, wires and other utility installations which serve Commercial Units other than the Commercial Units being combined maybe removed, modified or altered without prior written approval of the Architectural Review Committee. The Unit Owner of Commercial Units being combined shall indemnify and hold harmless the Association from any claims arising from any physical construction or modifications to the Building based upon the Unit Owner's combining of Commercial Units.

Notwithstanding anything in this Declaration to the contrary, the combination, subdivision or resubdivision of any Commercial Unit shall not result in the creation of any Commercial Unit containing less than 1,200 square feet of space as measured in accordance with this Declaration.

Section 2. Resubdivision. A Commercial Unit or Units which have been combined may be separated into separate Commercial Units provided that prior written notice is given to the Board of Directors, and that they are separated along the same boundaries as were originally established on the Condominium Plat, and that the utility connections and facilities, walls, ceilings and/or floors which were removed, altered or modified are returned to the conditions as they were in prior to the combination of such Commercial Units, or replaced by structural components which have been approved by the Architectural Review Committee.

Section 3. Recalculation of Percentage Interests. Upon recordation of the Amended Condominium Plat, the votes attributable to each combined, subdivided or resubdivided Commercial Unit and percentage interests each combined, subdivided or resubdivided Commercial Unit shall be reallocated in accordance with the formula set forth in Exhibit D. Except as expressly approved by the Board of Directors, no combined Commercial Unit may be sold unless the entire Unit(s) so combined is sold to the same person or entity, or unless prior to such sale, the combined Units is again resubdivided into separate and independent Commercial Units as shown on the Plan, at the sole cost and expense of the Unit Owner(s) thereof.

Section 4. Amendment to Declaration and Condominium Plat. Upon completion of any such combination, subdivision or resubdivision, the Association shall arrange for the preparation of an Amended Declaration and Amended Condominium Plat detailing the new legal description of such combined Commercial Units and amending the provisions of this Declaration to take into account such combination, subdivision or resubdivision. The cost of preparing and recording such plat and amendment shall be assessed to the Unit Owner of the combined, subdivided or resubdivided Commercial Units.

ARTICLE XIV **MISCELLANEOUS**

Section 1. Construction and Enforcement.

(a) The provisions hereof shall be liberally construed to achieve the purpose of creating a uniform plan for the operation of the Property as a Condominium. Enforcement of this Declaration, the Bylaws attached hereto and the reasonable rules and regulations shall be by any Unit owner and/or the Council of Unit Owners or its Board of Directors by any proceeding at law or in equity against any person or persons violating any of the same, either to restrain or enjoin violation or to recover damages, or both, and against any Unit to enforce any lien created hereby; and the failure or forbearance by the Council of Unit Owners or the Unit Owner of any Unit to enforce any of the covenants or restrictions herein or in the Bylaws or reasonable rules and regulations of the Association shall in no event be deemed a waiver of the right to do so thereafter. The Unit Owners shall have the same rights of enforcement against the Council of Unit Owners as the Council of Unit owners have against the Unit Owners.

(b) There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the provisions of this Declaration, the Bylaws attached hereto or the reasonable rules and regulation of the Association, as amended from time to time, cannot be adequately remedied by action at law or exclusively by recovery of damages.

Section 2. Severability. Invalidation of any part of the Declaration by judgment, decree or order shall in no way affect any other provisions hereof, each of which shall remain in full force and effect.

Section 3. Captions. The captions contained in this Declaration are for convenience only, 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 4. Amendments. This Declaration may be amended only in accordance with the Act. Any amendment to this Declaration shall not become effective until such time as it has been recorded in the same manner as this Declaration among the Land Records of Frederick County, Maryland.

Section 5. Consents. Notwithstanding any provision of this Declaration, unless otherwise provided by statute (or in case of condemnation or insurable loss to the Units and/or Common Elements of the Condominium), neither the Declarant, the Council of Unit Owners, nor the Board of Directors shall take any of the following actions unless the approvals indicated have been obtained:

(a) By act or omission, seek to abandon or terminate the Condominium unless Unit Owners of Commercial Units holding at least eighty percent (**80%**) of the votes in the Condominium (except in the case of a taking of all the Units by eminent domain under **Section 11-112 of the Act**) and at least sixty-seven percent (**67%**) of the Eligible Mortgage Holders (or at least fifty-one percent (**51 %**) of such Eligible Mortgage Holders in the case of the substantial condemnation or substantial destruction of the Property) have given their prior written approval:

(b) Subject to the exception stated in **Article II, Section 2, Article V and Article XIII, Section 3** supra, change the pro-rata interest or obligations of any Unit unless all of the Eligible Mortgage Holders and all Unit Owners of the Units have given their prior written approval;

(c) provided that any Unit is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration or guaranteed by the Veterans Administration, (i) amend or merge the Condominium with a successor condominium regime, or (ii) construct units within the future phases (if any) of the Condominium which are substantially inconsistent, in terms of quality of construction, with Units presently within the Condominium, without prior written approval of the Federal Housing Administration and the Administrator of the Veterans Administration, as the case may be;

(d) except as provided pursuant to the Act or other applicable law, or in case of condemnation or substantial loss to the Units and/or Common Elements, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements by act or omission without the prior consent of Unit Owners of Commercial Units having sixty seven percent (67%) 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, and notwithstanding the forgoing, the Board of Directors may, by majority vote, grant easements, rights-of-way, licenses, leases in excess of one year, or similar interests for the provision of utility services or communication systems for the exclusive benefit of Units within the Condominium as provided for in **Section 11-125 of the Act**;

(e) except as provided pursuant to the Act or other applicable law, use hazard insurance proceeds for losses to any of the Property (whether Units or Common Elements) for other than the repair, replacement or reconstruction of the Property and the improvements situated thereon without the prior written consent of Unit Owners of Commercial Units having sixty seven percent (67%) or more of the votes and with the express written consent of the Eligible Mortgage Holders holding an interest in those Units to which Unit Owners vote affirmatively;

(f) restore or repair the Condominium after a partial condemnation other than substantially in accordance with this Declaration and the original plans and specifications, unless at least fifty-one percent (**51 %**) of the Eligible Mortgage Holders (based on one vote for each First Mortgage owned) have given their prior written approval;

(g) reallocate interests in the Common Elements after the partial destruction of the Condominium unless at least fifty-one percent (**51 %**) of the Eligible Mortgage Holders have given their prior written approval; or

(h) unless the consent of the Unit Owners of Commercial Units to which at least sixty-seven percent (**67 %**) of the votes in the Council of Unit Owners are allocated (or such higher percentage as may otherwise be required by this Declaration or the Act) and the approval of Eligible Mortgage Holders holding mortgages on Units which have at least fifty-one percent (**51 %**) of the votes of Commercial Units subject to mortgages or deeds of trust held by Eligible Mortgage Holders is obtained, materially amend any provision of this Declaration, the Bylaws or plats which establishes, provides for, governs or regulates any of the following:

- (i) Voting Rights;
- (ii) Assessments, assessment liens or the priority of such liens;
- (iii) Provisions for creation of reserves for maintenance, repair and replacement of the Common Elements;
- (iv) Responsibility for maintenance and repairs;
- (v) Reallocation of interests in the Common Elements or rights to their

use;

- (vi) Definition of Unit boundaries or the exclusive easement rights appertaining to Units;

- (vii) Convertibility of Units into Common Elements or of Common Elements into Units;
- (viii) Expansion or contraction of the Property or addition, annexation or withdrawal of property to or from the Condominium, except as provided for herein;
- (ix) Insurance or fidelity bond requirements;
- (x) Provisions for the leasing of Units;
- (xi) Imposition of any restriction on the right of a Unit owner to sell or transfer his or her Unit;
- (xii) the establishment of self-management when professional management has been required previously by this Declaration, the Bylaws or an Eligible Mortgage Holder;
- (xiii) Restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in this Declaration, the Bylaws of the Act;
- (xiv) Any action to terminate the Condominium after substantial destruction or condemnation occurs; or
- (xv) Any provisions that expressly benefit Eligible Mortgage Holders.

Section 6. Declarant's Power of Attorney. The Declarant hereby reserves for itself, its successors, transferees and assigns, for a period of ten (10) years from the date the first Unit is conveyed to an individual purchaser, or until it conveys title to the last Unit, whichever occurs first, the right to execute on behalf of all contract purchasers, Unit Owners, Eligible Mortgage Holders, mortgagees, and other lienholders or parties claiming a legal or equitable interest in the Condominium, any such agreements, documents, amendments or supplements to this Declaration, the Condominium Plat, or the Bylaws which may be so required by FNMA, FHA, VA, FHLMC or by an governmental or quasi-governmental agency having regulatory jurisdiction over the Condominium, or by an institutional lender or title insurance company designated by the Declarant.

(a) By acceptance of a deed to any Unit or by the acceptance of any legal or equitable interest in the Condominium, each and every such contract purchaser, Unit Owner, Eligible Mortgage Holder, mortgagee or other lienholder or party having a legal or equitable interest in the Condominium does automatically and irrevocably name, constitute, appoint and confirm the Declarant, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

(b) No such agreement, document, amendment, supplement or other instrument which adversely affects the value or substantially alters the floor plan of a Unit, or changes the Percentage Interest appurtenant to such Unit, or substantially increases the financial obligations of the Unit Owner, or reserves any additional or special privileges for the Declarant not previously reserved, shall be made without the prior written

consent of the affected Unit Owner(s) and all owners of any mortgage(s) encumbering the Unit(s) owned by the affected Unit Owner(s). Any such agreement, document, amendment, supplement or instrument which adversely affects the priority or validity of liens encumbering the Units shall be made with the prior written consent of the affected Unit Owner(s) encumbering the Unit(s) and all owners of any mortgage(s) owned by the affected Unit Owner(s).

(c) The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matters hereof and the same shall run with the title to any and all Units and be binding upon the heirs, personal representatives, successors, transferees and assigns of any of the foregoing parties. Further, said power of attorney shall not be affected by the death or disability of any principal and is intended to deliver all right, title and interest of the principal in and to said power of attorney. Said power of attorney shall be vested in the Declarant, its successors, transferees and assigns until the initial conveyance of all Units planned to be within the Condominium or the expiration of same. Thereafter, said power of attorney shall automatically vest in the Association to be exercised by its Board of Directors.

Section 7. Disclaimer.

(a) The Declarant does not make, and specifically disclaims any intent to have made, any warranty or representation in connection with the Condominium documents except as specifically set forth therein, and no person shall rely upon any warranty or representation not so specifically made therein. The expression of an intention or reference to any plan or development shall not be construed as a commitment on the part of the Declarant. Any estimates of Common Expenses furnished prospective Unit Owners are believed reasonably accurate, but no warranty or guarantee is made nor intended thereby, nor may one be relied upon by any prospective Unit Owners.

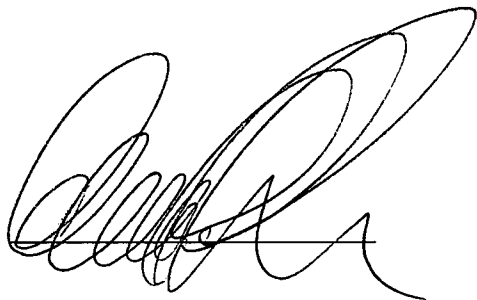
(b) No change, modification or amendment which affects the rights, privileges or obligations of the Declarant or its successors shall be effective without the prior written consent of the Declarant and the successors thereto, if less than all Units are sold.

Section 8. Assignment by Declarant. Any or all of the easements, rights-of-way, reservations, powers, rights and the like reserved or granted in this Declaration to the Declarant may be assigned or transferred by the Declarant, either exclusively or non-exclusively, by an instrument or instruments in writing, executed and acknowledged by the Declarant, and recorded among the Land Records for Frederick County, Maryland. For all purposes of this Declaration, the party or parties named in any such instrument or instruments shall have and enjoy all of the easements, rights-of-way, reservations, powers and rights of the Declarant therein described.

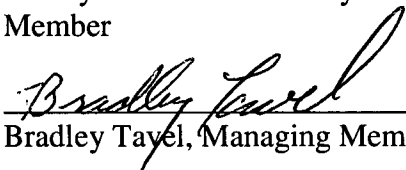
IN WITNESS WHEREOF, the Declarant has caused this writing to be executed and delivered in its name and on its behalf on the day and year first above written.

WITNESS:

CARROLL CREEK SITE B, LLC, a
Maryland limited liability company




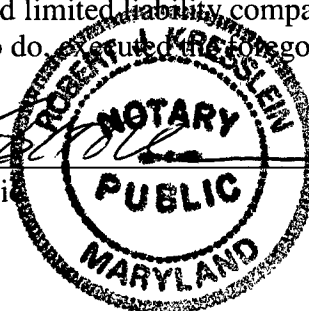
By:
MAIN STREET DEVELOPMENT, LLC
a Maryland limited liability company
Member

 (SEAL)
Bradley Tavel, Managing Member

STATE OF MARYLAND, COUNTY OF

I HEREBY CERTIFY that on this ____ day of November 2005, before me, the undersigned officer, personally appeared Bradley Tavel who has been satisfactorily proven to be the person whose name is subscribed to this written instrument, who acknowledged himself to be the Managing Member of Main Street Development, LLC, Member of Carroll Creek Site B, LLC, a Maryland limited liability company, and that he, as such Managing Member being authorized so to do, executed the foregoing instrument for the purposes therein.


Notary Public




My commission expires: 8-1-09

CONSENT OF LIENHOLDER

Craig P. Russell, Trustee, acting on behalf of Frederick County Bank, a Maryland banking corporation, who are respectively the trustees and the beneficiary under an Indemnity Deed of Trust and Security Agreement ("Deed of Trust") dated February 8, 2005 and recorded among the Land Records of Frederick County, Maryland in Liber 5128 at folio 0154 et seq., (a) joins in this Declaration to subject to the condominium regime created thereby, and the legal effect hereof, all of their right, tide and interest under the Deed of Trust in the real property described in **EXHIBIT A** to this Declaration; and (b) agree that, by this Declaration, their interest in such real property under the Deed of Trust shall be converted from an interest in such real property as a whole parcel to an identical interest in each Unit and its appurtenant undivided percentage interest in the Common Elements, all as set forth in this Declaration. Nothing in this Consent of Lienholder shall create between Declarant and any such Person any relationship of partnership or association, or impose any personal liability on Lender or Trustees for performance of any obligation under the Declaration, Bylaws or any related document.

In witness whereof, the Trustee has signed this Consent of Lienholder on November 16th, 2005.

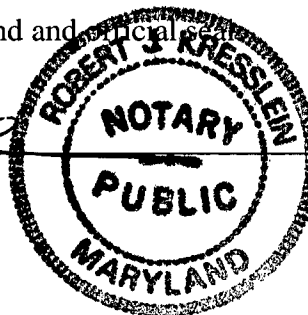

Craig P. Russell, Trustee

STATE OF MARYLAND, COUNTY OF FREDERICK

I HEREBY CERTIFY that on this 16th day of November 2005, before me, a Notary Public in and for the State and County aforesaid, personally appeared Craig P. Russell known to me (or satisfactorily proven) to be the person whose name is subscribed to this Declaration and acknowledged that he executed the same for the purposes therein contained.

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

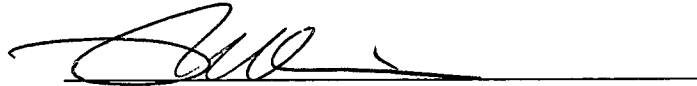

Notary Public



My Commission Expires: 8-09

ATTORNEY'S CERTIFICATE

I HEREBY CERTIFY that I am an attorney duly admitted to practice before the Court of Appeals of Maryland and that the within instrument was prepared under my supervision.



Robert J. Kresslein

EXHIBIT A
PROPERTY DESCRIPTION

All that parcel of land, situate lying and being in the City of Frederick, Frederick County Maryland and more particularly described as follows:

Being known and designated as Lot 1 on a plat entitled "Final Plat-Plat 2, Creekside at Carroll Creek, Site B, Lots 1-4 and Outlot A, recorded among the Plat Records of Frederick County, Maryland in Plat Book 74, page 191.

BEING all and the same real estate conveyed unto Carroll Creek Site B, LLC, a Maryland limited liability company, from the City of Frederick, Maryland by deed dated February 26, 2004, and recorded among the Land Records of Frederick County, Maryland in Liber 4442, folio 349

**EXHIBIT B
BYLAWS OF
COUNCIL OF UNIT OWNERS OF
SOUTH MARKET CENTER CONDOMINIUM, INC.**

**ARTICLE I
PLAN OF CONDOMINIUM OWNERSHIP**

Section 1. The Condominium. The property described on **EXHIBIT A** to the Declaration has been established as a Condominium pursuant to the Act. These Bylaws are attached to and made part of the Declaration as **EXHIBIT B** and are intended by the Declarant to set forth, among other things, a plan by which the affairs of the Condominium shall be administered and governed by the Association and the Board of Directors pursuant to the Act.

Section 2. Definitions. In these Bylaws, all words shall have the same meanings as designated in the Declaration unless otherwise apparent from the context.

Section 3. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Association and to the Condominium. All present and future Unit owners, lessees and occupants of Units, and any other persons who may use the Condominium or the facilities of the Condominium in any manner, are subject to these Bylaws, the Declaration and the reasonable rules and regulations (hereinafter and in the Declaration called the "**Rules**") from time to time promulgated by the Board of Directors (hereinafter called the "**Board of Directors**" or "**Board**" and each member thereof a "**member**" or a "**Director**") of the Association. The acceptance of a deed of conveyance to a Unit shall constitute an agreement that these Bylaws, the Rules and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with by the Unit Owner.

**ARTICLE II
COUNCIL OF UNIT OWNERS**

Section 1. Purpose and Status of Association. The purpose of the Association shall be to operate and maintain the Condominium for the benefit of the Unit Owners and to exercise the powers conferred upon it by the Act and these Bylaws. The Association shall be an incorporated entity.

Section 2. Name and Mailing Address. The Association hereby organized and formed for the purposes set forth above shall be known as "Council of Unit Owners of South Market Center Condominium, Inc." Unless changed from time to time by the Board of Directors, the office and mailing address of the Association and the Board of Directors shall be **6132 Lux Lane, Rockville Maryland 20852**.

Section 3. Powers of the Association. The Association shall have all of those powers enumerated in Section 11-109(d) of the Act, as the same may be amended from

time to time. All powers residing in the Association, except for such as in the Act are expressly reserved to the Association, shall be delegated to and exercised by the Board of Directors of the Association and/or the managing agent employed by the Board of Directors on behalf of the Association.

Section 4. Members. The Association shall have as its members every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who or which is a Unit Owner; provided, however, that any person, group of persons, corporation, trust or other legal entity, or any combination thereof, who or which holds such interest solely as security for the performance of an obligation shall not be a member solely on account of such interest, and a contract purchaser shall not be a member.

Section 5. Annual Meetings. Within sixty (60) days from the date that deeds to Commercial Units representing **seventy five percent (75%)** of the votes of Class A Members in the Association (as defined in **Exhibit D** to the Declaration) have been delivered by the Declarant and title closed thereon, the Declarant shall notify the Unit Owners and a meeting of the Association shall be held for the purpose of electing members to the Board of Directors. Notice of such meeting shall be given in accordance with the provisions of **Section 8** of this **Article II**. Subsequent annual meetings of the Association should be held within the same month each year as the first annual meeting.

Section 6. Special Meeting. It shall be the duty of the President of the Association to call a special meeting (a) if so directed by resolution of the Board of Directors, or (b) upon a petition signed and presented to the Secretary of the Association by Unit Owners having not less than twenty-five percent (25%) of the Percentage Interests; provided, however, that except on resolution of the Board of Directors, no special meetings shall be called prior to the first annual meeting of the Association as provided hereinabove. No business shall be transacted at a special meeting except such as shall have been stated in the notice thereof.

Section 7. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Unit Owners as may be designated in the notice of meeting by the Secretary.

Section 8. Notice of Meetings. It shall be the duty of the Secretary to provide notice of each annual or special meeting of the Association at least ten (10) days, but not more than ninety (90) days, prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at its address shown on the roster (hereinafter called the "Roster") required to be kept pursuant to Section 11-109(c) of the Act. If the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these Bylaws, the notice of meeting shall be mailed at least thirty (30) days prior to such meeting. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice as of the date of such mailing. In addition to the mailing of notice of each annual and special meeting, notice may be personally delivered to each Unit Owner at his address as shown on the

Roster. Service of notice shall be proven by affidavit of the person serving such notice. Attendance by a Unit Owner at a meeting in person or by proxy shall constitute waiver of notice of the time, place and purposes of such meeting. All meetings of the Association, Board of Directors or any committee created by the Board of Directors shall be held at places and times convenient to the Unit Owners.

Section 9. Adjournment of Meeting. If any meeting of the Association cannot be held because a quorum of members has not attended, a Majority of the Unit Owners who are present at such meeting, either in person or by proxy, may adjourn the meeting and call for an additional meeting provided at least fifteen (15) days' notice of the time, place and purpose of the additional meeting is given to all Unit Owners. If an additional meeting is held because a quorum was not present at the preceding meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting,

Section 10. Voting. Each Unit Owner, or, subject to the proxy limitations set forth below, some person designated by such Unit Owner to act as proxy on his behalf (and who need not be a Unit Owner), shall be entitled to cast the vote appurtenant to his Unit at all meetings of the Association. The designation of any such proxy shall be made in writing and filed with the Secretary in a form approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Each proxy shall be revocable at any time by written notice to the Secretary by the Unit Owner who so designated the proxy, and shall automatically expire one hundred eighty (180) days following its issuance unless granted to a mortgagee or lessee. Proxies may be utilized to establish a quorum pursuant to **Section 14** of this **Article II** and may be utilized to vote on any other matter at the meeting of the Association, provided, however, that an undesignated proxy may not be utilized to vote for nominees to the Board of Directors of the Association. In the case of a Unit which is owned by more than one person or entity, any or all of such owners may be present at any meeting of the Association and (those constituting the group acting unanimously) may vote or take any other action as a Unit Owner, either in person or by proxy. A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity. Where title to a Unit is in more than one person or entity, such multiple owners shall be entitled to cast, in the aggregate and as a solid block, the vote allocated to the Unit. If such multiple owners shall be unable to agree upon their vote upon any subject at any meeting, they shall either designate a third party to cast their vote or shall lose their right to vote on such subject, but if all of them shall not be present at a meeting, either in person or by proxy, the collective vote of the one or more present shall be the vote of all of the owners of the Unit. Whenever the vote of the Unit Owners at a meeting is required or permitted to be taken by any provisions of the Act, the Declaration or these Bylaws, the meeting and vote of Unit Owners may be dispensed with if all of the Unit Owners who would have been entitled to vote thereat upon the action, if such meeting were held, consent in writing to such action being taken.

No Unit owner shall be entitled to vote at a meeting of the Association unless and until it (i) shall have furnished the Association with his name and current mailing address

and the name and current mailing address of his mortgagee(s), if any, for listing on the **Roster** in accordance with Section 11-109(c) of the Act, (2) has provided a copy of any lease agreement entered into with respect to his Unit in accordance with **Article V, Section 14(f)** of these Bylaws, and (3) is current in the payment of installment of his assessments in accordance with **Article V, Section 6** of these Bylaws.

Section 11. Absentee Ballots. Absentee ballots may be utilized for purposes of (1) establishing a quorum pursuant to **Section 14** of this **Article II**, (2) voting for Board of Director nominees listed on the absentee ballot or written in by the absentee Unit Owner, or (3) voting for any other matter as set forth on the absentee ballot. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the Unit and proportional voting percent, if any, on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present:

Section 12. Open Meetings. All meetings of the Association shall be open to all Unit Owners or occupants of Units (and other interested parties in the discretion of the Board of Directors or as required by law) of Units in the Association. Meetings of the Board of Directors shall be held in accordance with **Article III** of these **Bylaws**.

Section 13. Majority of Unit Owners. As used in these Bylaws, the term "**Majority of Unit Owners**" shall mean those Unit Owners having more than fifty percent (**50%**) of the total authorized votes of all Unit Owners present, in person or by proxy, and voting at any meeting of the Association; the term "**Majority of Unit Owners of Commercial Units**" shall mean those Unit Owners of Commercial Units having more than fifty percent (**50%**) of the total authorized votes of all Commercial Unit Owners present, in person or by proxy, and voting at any meeting of the Association; and the term "**Majority of Unit Owners of Parking Space Units**," shall mean those Unit Owners of Parking Space Units having more than fifty percent (**50%**) of the total authorized votes of all Parking Space Unit Owners present, in person or by proxy, and voting at any meeting of the Association.

Section 14. Quorum. Except as otherwise provided in these Bylaws or in the Act, the presence in person or by proxy of Unit Owners of Commercial Units having more than twenty percent (**20%**) of the total authorized votes of all Unit Owners constitutes a quorum at all meetings of the Association.

Section 15. Majority Vote. Except for matters to be determined solely by the Majority of Unit Owners of Commercial Units or the Majority of Unit Owners of Parking Space Units in accordance with the terms of these ByLaws, the vote of a Majority of the Unit Owners present, in person or by proxy, at a meeting which has been duly called shall be binding upon all Unit Owners for all purposes except where in the Declaration, under the Act or pursuant to these Bylaws a higher percentage vote is required. With respect to matters to be determined solely by the Unit Owners of the Commercial Units or by the Unit Owners of the Parking Space Units in accordance with the terms of these ByLaws, the vote of a Majority of the Unit Owners of the Commercial Units or a Majority of Unit

Owners of the Parking Space Units, as the case may be present, in person or by proxy, at a meeting which has been duly called shall be binding upon all such Unit Owners for all purposes except wherein the Declaration, under the Act or pursuant to these Bylaws a higher percentage vote is required.

Section 16. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each Unit Owner shall be entitled to receive out of the assets of the Association available for distribution to the members thereof an amount equal to his Percentage Interest in the Common Profits and Common Expenses of the Association.

ARTICLE III

BOARD OF DIRECTORS/PARKING COMMITTEE

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors acting on behalf of the Association. Until the first annual meeting of the Association as provided for in **Article II, Section 5**, of these Bylaws, and thereafter until their successors shall have been elected by the Unit Owners, the Board of Directors shall consist of three (3) members to be designated by the Declarant. Thereafter, the Board of Directors shall be composed of an uneven number of not less than three (3) nor more than five (5) members, all of whom shall be elected by the Unit Owners. The Declarant must transfer control no later than one hundred twenty (120) days from the date the deeds to Units representing **seventy-five percent (75%)** of the Percentage Interest in the Condominium have been delivered by the Declarant and title closed thereon, or ten (10) years from the date of recordation of the Declaration, whichever occurs earlier.

Section 2. Powers and Duties. The Board of Directors shall have and shall exercise the powers and duties of the Association as set forth in **Article II, Section 3** hereof, and may do all such acts and things except as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Unit Owners. Without limiting the generality of the foregoing, the Board of Directors' powers shall include the following:

- (a) Operation, care, upkeep and maintenance of the Common Elements.
- (b) Determination of the Common Expenses required for the affairs of the Association.
- (c) Collection of the Common Expenses from the Unit Owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.
- (e) Opening of bank accounts on behalf of the Association and designating the signatories required therefore.

(f) Purchasing of Units at foreclosure or other judicial sale in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of the Association.

(g) Obtaining of insurance for the Condominium.

(h) Making of repairs, additions, replacements and improvements to or alterations of the Common Elements in accordance with the other provisions of these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(i) Enacting reasonably uniform Rules from time to time which govern the use and operation of the Condominium, as well as the conduct and enjoyment of the Unit Owners; provided, however, that such Rules are adopted in accordance with the Act and **Article V, Section 14**, of these Bylaws or the Declaration; and provided further that no such Rules shall be so construed so as to impair in any manner the lien of any mortgage or deed of trust with respect to any Unit and/or the Common Elements if such Rules are promulgated after the recordation of said mortgage or deed of trust.

(j) Enforcing obligations of Unit Owners, allocating Common Profits and Common Expenses, if any, and doing anything and everything else necessary and proper for the sound management of the Condominium. In this connection, the Board of Directors shall have the power to enforce the provisions of the Act, the Declaration, Bylaws and Rules and, if permitted by law, to levy reasonable fines against Unit Owners for violations of the same after notice and an opportunity to be heard is given pursuant to the Act. Collection of fines may be enforced against the Unit Owner or Unit Owners involved as if the fines are a common charge owed by the particular Unit Owner or Unit Owners. Where a Unit Owner persists in violating the Rules, the Board of Directors may require him to post a bond, satisfactory to it, to secure future compliance with the Rules.

(k) Controlling the use of all Common Elements, including, but not limited to establishing rules and regulations regarding the use of any parking spaces thereon (not otherwise constituting a Parking Space Unit).

(l) Establishing reasonable reserve funds for emergencies and unforeseen contingencies and for the repair and replacement of Common Elements.

(m) Establishing a Community Standard for the maintenance, condition, repair, appearance, cleanliness or other activity prevailing on or within the Common Elements.

(n) Granting such licenses, leases and/or rights-of-way for sewer lines, water lines, fiberoptics, internet, electrical cables, cable television, telephone cables, gas lines, storm drains, underground conduits, and/or such other purposes related to the provisions of public utilities to the Condominium as may be considered necessary or appropriate by the Board of Directors for the orderly maintenance, preservation, and enjoyment of the

Common Elements or for the preservation of the health, safety, convenience, and/or welfare of the the Units/Owners or the Declarant, subject to Section 11-125 of the Act.

(o) Granting such licenses, easements, leases and rights-of-way as set forth in Section 11-125 of the Act.

(p) Terminating any lease or contract to which the Council of Unit owners is a party accordance with the provisions of Section 11-133 of the Act.

(q) Generally, exercising the powers of the Association set forth in the Act, the Declaration and Bylaws and to do every other act not inconsistent with the law which may be appropriate to promote and attain the purposes set forth in the Act, Declaration and Bylaws.

Section 3. Managing Agent. The Board of Directors may employ for the Association a professional managing agent at a compensation established by the Board of Directors. All management agreements entered into on behalf of the Association shall (a) be for a term not in excess of one (1) year, (b) provide that either party may terminate the agreement, without cause, upon ninety (90) days' written notice, without a termination fee (except that management agreements entered into while the Declarant is in control of the Association shall be terminable by the Association without cause on thirty (30) days' written notice), (c) provide that the Board of Directors may, for cause, terminate such agreement upon thirty (30) days' written notice (without a termination fee) and (d) provide for renewal upon agreement by the parties for successive one (1) year periods.

Section 4. Election and Term of Office. The Directors of the Association who shall be designated by the Declarant in accordance with **Article III, Section 1**, above shall hold office at the pleasure of the Declarant until the first annual meeting of the Association as provided for in **Article II, Section 5**, of these Bylaws. Each Director shall hold office until the next meeting of the Board of Directors following the election of his successor. However, a member of the Board of Directors shall be deemed to have resigned whenever such member, his spouse, or firm, corporation or other entity he is associated with, sells the Unit which qualified such individual to become a member of the Board of Directors. All election materials prepared with Association funds shall list candidates in alphabetical order and shall not suggest a preference among candidates. Members of the Board of Directors shall be elected by secret ballot.

Section 5. Nominations. A call for nominations for candidates for the Board of Directors shall be sent to all Unit Owners not less than forty-five (45) days before notice of an election is sent. Only nominations made at least fifteen (15) days before notice of an election shall be listed on the election ballot. Nominations may also be made from the floor at the meeting at which the election of the members of the Board of Directors is held.

Section 6. Removal of Members of the Board of Directors. At any regular or special meeting of the Association after the first annual meeting of the Association, any

one or more of the members of the Board of Directors elected by the Unit Owners may be removed, with or without cause, by a Majority of the Unit Owners. Any member of the Board of Directors whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting. The term of office of any Director who becomes more than forty-five (45) days delinquent in the payment of common charges or assessments (as hereinafter defined) against the Unit of which he is the owner shall automatically terminate on the forty-sixth (46th) day, and his successor shall thereupon be appointed by the Board of Directors from among the Unit Owners to fill out the unexpired portion of his term. The Declarant may remove a Board member of the Board of Directors designated by him, at any time, with or without cause, by written notification to the Board of Directors, specifying the date of such removal and the name of the individual designated to succeed the member so removed.

Section 7. Vacancies. Vacancies on the Board of Directors shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the predecessor member and until a successor shall be elected at the next annual meeting of the Association.

Section 8. Organizational Meeting. The first regular meeting of the Board of Directors following an annual meeting of the Unit Owners shall be held within ten (10) days thereafter, at such time and place as shall be fixed by a majority of the members of the Board of Directors, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, provided that a majority in the whole Board of Directors shall be present thereat.

Section 9. Regular and Special Meetings.

(a) All regular meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods at such time and place as shall have been made known to all members in accordance with the procedures set forth below. All regular or special meetings shall be open to all owners or occupants of units in the Condominium, as well as their mortgagees, except that such meetings may be held in closed session for the following purposes:

- (i) Discussion of matters pertaining to employees and personnel;
- (ii) Protection of the privacy or reputation of individuals in matters not related to Association business;
- (iii) Consultation with legal counsel;
- (iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;
- (v) Investigative proceedings concerning possible or actual criminal misconduct;

- (vi) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure;
- (vii) On an individually recorded affirmative vote of two-thirds (2/3) of the members present, for some other exceptional reason so compelling as to override the general public policy in favor of open meetings;

(b) If a meeting is held in closed session pursuant to the procedures established above,

- (i) No action may be taken and no matter may be discussed other than those permitted above; and
- (ii) A statement of the time, place and purpose of any closed meeting, the record of the vote of each member by which any meeting was closed, and the authority under this Section for closing any meeting shall be included in the minutes of the next meeting of the Board of Directors.

(c) The Secretary shall maintain a current **Roster** of names and addresses of each Unit Owner to which notices of regular meetings of the Board of Directors shall be sent at least annually. Notice of special meetings of the Board of Directors shall be given to each Unit Owner, by posting or otherwise, except upon the declaration of an emergency by the person calling the meeting, in which event such notice may be waived. It shall be the responsibility of the Unit Owner to furnish the Association with his name and current mailing address and the name and current mailing of his mortgagee(s), if any, for listing on the Roster.

Section 10. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time, place and purpose thereof.

Section 11. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such meeting at which a quorum is present, any business which might have been transacted at the meeting originally called and adjourned may be transacted without further notice.

Section 12. Fidelity Bonds. Where the Board of Directors has delegated some or all of the responsibility for the handling of funds to a managing agent, such managing agent shall be covered by its own fidelity bond which must provide the same coverage as fidelity bonds maintained by the Board of Directors. Except for fidelity bonds that a managing agent obtains for its personnel, all other bonds shall name the Association as an

obligee and should have their premiums paid as a Common Expense by the Association. Fidelity bonds obtained by a managing agent shall name the Association as an additional obligee. The total amount of fidelity coverage required shall be sufficient to cover the maximum funds (including reserve funds) that will be in the custody of the Association or managing agent at any time while the fidelity bond is in force, but must at least equal the sum of three (3) months' aggregate assessments on all Units within the Condominium plus any reserves. Fidelity bonds shall contain waivers by the insurers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The bonds shall provide that they cannot be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days' prior written notice to the Association, any Insurance Trustee (as defined herein), all Eligible Mortgage Holders and each servicer servicing a mortgage in the Condominium owned or securitized by the Federal National Mortgage Association ("FNMA").

Section 13. Compensation. No member of the Board of Directors shall receive any compensation for acting as such, but a Director may be reimbursed for actual out-of-pocket expenses incurred by him in the proper performance of his duties.

Section 14. Liability of the Board of Directors; Indemnification.

(a) The 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 wilful misconduct or bad faith.

(b) The Association shall indemnify every Director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been a Director of the Association, whether or not such person is a Director at the time such expenses are incurred. The Board of Directors shall obtain adequate directors and officers insurance. The Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except in their capacity as Unit Owners) and the Association shall indemnify and forever hold each such Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Director of the Association or former Director of the Association may be entitled.

(c) The provisions of "(a)" and "(b)" above shall also apply to each and every officer and committee member of the Association.

Section 15. Executive Committee. The Board of Directors may, by resolution duly adopted, appoint an Executive Committee to consist of three (3) members of the Board of Directors. The Executive Committee shall have and may exercise all of the powers of the

board of Directors in the management of the business and affairs of the Association during the intervals between the meetings of the Board of Directors insofar as may be permitted by law, except that the Executive Committee shall not have power (a) to determine the common charges and Common Expenses required for the affairs of the Association, or (b) to adopt or amend the Rules covering the details of the operation and use of the Condominium.

Section 16. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and consistent with the purposes set forth in the Declaration. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm, entity or association in which one or more of the Directors are directors or officers or are pecuniarily or otherwise interested, shall be either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purposes, if such action complies with the provisions of Section 2-419 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended, or its successor statute.

Section 17. Board as Attorney-in-Fact. The Board of Directors is hereby irrevocably appointed as attorney-in-fact for the Owners of all of the Units, and for each of them, to manage, control and deal with the interests of such Owners in the Common Elements of the Condominium so as to permit the Board of Directors to fulfill all of its powers, functions and duties under the provisions of the Act, the Declaration and these Bylaws, and to exercise all of its rights thereunder and to deal with the Condominium upon its destruction and/or the proceeds of any insurance indemnity as hereinafter provided and to grant easements in accordance with **Article XI** hereof. The foregoing shall be deemed to be a power of attorney coupled with an interest, and the acceptance by any person or entity of any interest in any Unit shall constitute an appointment of the Board of Directors as attorney-in-fact as aforesaid.

Section 18. Parking Committee. The Unit Owners of Parking Space Units shall comprise the Parking Committee of the Board of Directors. The President of the Association shall be an ex officio member of the Parking Committee. The Parking Committee shall exercise the powers of the Association set forth in the the Declaration and Bylaws with respect to matters affecting only the Parking Space Units. Each year at least sixty (60) days before the adoption of a budget for the Condominium, the Parking Space Committee, by a Majority of the Parking Space Unit Owners, shall cause to be prepared and submitted to the Board of Directors a proposed annual budget regarding matters affecting only the Parking Space Units for the next fiscal year of the Association. The proposed annual budget for matters affecting only the Parking Space Units shall contain, at a minimum, an estimate of the total amount of income the Association expects to receive from the Unit Owners of Parking Space Units for matters affecting only the Parking Space Units, as well as an estimate of expenses for administration, maintenance, utilities, general expenses, reserves and capital items that are expected regarding matters affecting only the Parking Space Units for the next fiscal year. The budget for matters

affecting only the Parking Space Units shall be adopted as part of the Budget for the Condominium at an open meeting of the Board of Directors. The Board of Directors shall not amend the budget for matters affecting only the Parking Space Units without consent of a Majority of the Units Owners of Parking Space Units. In addition to the budget approved by the Board of Directors, the Board of Directors shall send to each Unit Owner of a Parking Space Unit a copy of the approved budget which sets forth in detail the annual budget prepared and submitted by the Parking Space Committee. The failure or delay of the Parking Space Committee to prepare or submit the annual budget for matters affecting only the Parking Space Units for any fiscal year shall not constitute a waiver or release in any manner of a Parking Space Unit Owner's obligation to pay his allocable share of the Parking Space Common Expenses, as herein provided, whenever the same shall be determined, and in the absence of any annual budget, each Unit Owner of a Parking Space Unit shall continue to pay his allocable share of the Parking Space Common Expenses at the then existing rate established for the previous fiscal period until the new payment is established.

Section 19. Other Committees. The Board of Directors may appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE IV **OFFICERS**

Section 1. Designation. The principal officers of the Association shall be the President (who shall also act as Chairman of the Board of Directors of the Association), the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary or desirable. The President and Vice President, but no other officers, must be members of the Board of Directors.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board of Directors.

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

Section 4. President. The President shall be the chief executive and operating officer of the Association. He shall preside at all meetings of the Association. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized and existing under the laws of the State of Maryland.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither

the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors or by the President.

Section 6. Secretary. The Secretary shall (i) keep the minutes of all meetings of the Association (including copies of all resolutions adopted thereat), and of the Board of Directors; (ii) count the votes at meetings of the Council of Unit Owners (except that in the event the secretary is a nominee for office, this function shall be fulfilled by another officer of the Association); (iii) have charge of such books and papers as the Board of Directors may direct; (iv) maintain the **Roster** of the Unit Owners; and (v), in general, perform all the duties incident to the office of secretary of a stock corporation organized and existing under the laws of the State of Maryland.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all monies and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized and existing under the laws of the State of Maryland. The Treasurer shall give a bond, the premium therefore to be considered a Common Expense, in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control.

Section 8. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such; provided, however, that an officer is entitled to reimbursement from the Association for any bona fide expenses incurred by such officer in the performance of his duties pursuant to the Declaration or these Bylaws. The determination of the bona fide expense shall be at the sole discretion of the Board of Directors.

ARTICLE V

OPERATION OF THE CONDOMINIUM

Section 1. Determination of Common Expenses. Unless otherwise expressly provided herein, Common Expenses of the Association, in general, shall include maintenance, operation, repair, or replacement of the Common Elements.

They include, but are not limited to:

(a) Management fees;

- (b) Insurance premiums;
- (c) Charges for landscaping, snow removal and maintenance of the walks, driveways, parking areas and retaining walls (if any);
- (d) Attorneys' fees, and like administrative costs;
- (e) Reserves for replacements or other expenses of a non-recurring nature;
- (f) Service contracts and employees' salaries;
- (g) Payment of utility bills and like expenses (except to the extent that such bills or expenses are individually metered for any Unit, in which event such bills or expenses shall be the responsibility of the Unit Owner receiving the benefit of such individually metered service; commonly metered utilities may be assessed against the Units based upon usage rather than Percentage Interest, as determined by the Board of Directors in its sole discretion);
- (h) Such other expenses as shall be necessary or desirable in the judgment of the Board of Directors for the administration and operation of the Condominium, or which may be declared to be Common Expenses by the Act, the Declaration, these Bylaws or by resolution of the Council of Unit Owners.

Section 2. Preparation and Approval of Budget. Each year at least thirty (30) days before the adoption of a budget for the Condominium, the Board of Directors shall cause to be prepared and submitted to the Unit Owners a proposed annual budget for the next fiscal year of the Association. The proposed annual budget shall contain at a minimum an estimate of the total amount and sources of income the Association expects to receive, as well as an estimate of expenses for administration, maintenance, utilities, general expenses, reserves and capital items that are expected for the next fiscal year, differentiating expenses with respect to matters affecting the to the Condominium as a whole, the expenses with respect to matters only affecting the Commercial Unit Common Elements and the expenses with respect to matters only affecting the Parking Space Common Elements. The budget shall be adopted at an open meeting of the Board of Directors.

The Board of Directors shall thereafter send to each Unit Owner a copy of the approved budget which sets forth the amount of the Common Expenses payable by each Unit owner, on or before thirty (30) days preceding the beginning of the fiscal year to which the budget applies or as soon thereafter as is possible. 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 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 Expenses, as herein provided, whenever the same shall be determined, and in the absence of any annual budget, each Unit Owner shall continue to pay his allocable share of the

Common Expenses at the then existing rate established for the previous fiscal period until the new payment is established.

Each Unit Owner shall be responsible for his allocable share of the Common Expenses for administration, maintenance, utilities, general expenses, reserves and capital items with respect to matters affecting the Condominium as a whole.

In addition thereto, (a) each Unit Owner of a Commercial Unit shall be responsible for his proportionate share, relative to the remaining Unit Owners of the Commercial Units, of the Common Expenses for administration, maintenance, utilities, general expenses, reserves and capital items with respect to matters affecting only the Commercial Unit Common Elements, but not for any share of the Common Expenses for administration, maintenance, utilities, general expenses, reserves and capital items with respect to matters affecting only the Parking Space Common Elements and (b) each Unit Owner of a Parking Space Unit shall be responsible for his proportionate share, relative to the remaining Unit Owners of the Parking Space Units, of the Common Expenses for administration, maintenance, utilities, general expenses, reserves and capital items with respect to matters affecting only the Parking Space Common Elements, but not for any share of the Common Expenses for administration, maintenance, utilities, general expenses, reserves and capital items with respect to matters affecting only the Commercial Unit Common Elements.

Section 3. Reserves. As part of the annual budget, the Board of Directors shall build up and maintain an adequate reserve for working capital and contingencies, and an adequate reserve for substantial periodic repair and replacement of the Common Elements, the Limited Common Elements, the Commercial Unit Common Elements and the Parking Space Common Elements required to be repaired and/or replaced by the Association and shall differentiate where appropriate, the reserves with respect to matters affecting only the Commercial Unit Common Elements or the Parking Space Common Elements, as the case may be. To the extent such reserves Insurance deductibles associated with insurance policies of the Association should also be funded through the reserves maintained by the Association. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and 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. To the extent the reserves are differentiated with respect to matters affecting only the Commercial Unit Common Elements or the Parking Space Common Elements, such funds shall be deposited into separate accounts for such purpose.

Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Funds segregated for matters affecting only the Commercial Unit Common Elements may be not expended for any other purpose unless approved by the Board of Directors and funds segregated for matters affecting only the Parking Space Common Elements may be not expended for any other purpose unless approved by the Parking Committee of the Board of Directors. Except where an emergency requires an expenditure to prevent or minimize

loss from further damage to, or deterioration of, the Common Elements or Limited Common Elements, other reserves accumulated for a particular purpose may be not expended for any other purpose unless approved by the Board of Directors. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may, subject to the limitations of **Section 4** below, levy a further assessment, which shall be assessed against the respective Unit Owners according to their proportionate share (or their proportionate share relative to the remaining Unit owners of Commercial Units or Parking Space Units, as the case may be, with respect to matters affecting only the Commercial Unit Common Elements or the Parking Space Common Elements, as the case may be), and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all such Unit Owners by a statement in writing given the amount and reasons therefore, and such further assessment shall, unless otherwise specified in the notice, become effective with the next regular payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment.

With respect to reserves for HVAC Equipment, the Association shall establish separate reserve accounts for the the remaining Commercial Units (as a group) other than Units A, B and C (each of which units are separately served by Heating Ventilation and Air Conditioning Equipment. The remaining Commercial Units (as a group) are intended to be served by HVAC Equipment located on the east and west ends of the roof of the Building. The Board of Directors shall thus establish a separate reserve account for the repair and replacement of the HVAC Equipment serving the remaining Commercial Units (as a group) the amounts of such reserves shall be paid solely by the remaining Commercial Units and to the extent that reserves set aside for repair and replacement of HVAC Equipment serving such Units are inadequate to effect the same for any reason, the Association shall effect such repair or replacement, and the amount of any such assessment levied by the Board of Directors shall be assessed only against the Unit Owners of such remaining Commercial Units units according to their relative proportionate shares.). The proportionate interest of any Unit Owner in any reserve fund shall be considered an appurtenance to his Unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Unit to which it is appurtenant, and shall be deemed to be transferred with such Unit.

Units A, B and C shall each be responsible all repairs, maintenance and replacment of HVAC Equipment serving the individual Units and thus no reserves shall be charged to the Unit Owners of such Units.

Section 4, Amendment to Budget. Any expenditure which is deemed necessary by the Board of Directors (other than those required because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the Unit Owners or a significant risk of damage to the Condominium) that, if made, would result in an increase in the amount of assessments for the current fiscal year of the Condominium in

excess of fifteen percent (15%) of the budgeted amount previously adopted shall be approved as follows:

(a) with respect to the Common Expenses for administration, maintenance, utilities, general expenses, reserves and capital items with respect to matters affecting the Condominium as a whole, by an amendment to the Budget approved by the vote of a Majority of the Unit Owners present, in person or by proxy, at a special meeting of the Unit Owners duly called, upon not less than ten (10) days' written notice to the Unit Owners;

(b) with respect to the Common Expenses for administration, maintenance, utilities, general expenses, reserves and capital items with respect to matters affecting only the Commercial Unit Common Elements, by an amendment to the Budget approved by the vote of a Majority of the Unit Owners of Commercial Units present, in person or by proxy, at a special meeting of such Unit Owners duly called, upon not less than ten (10) days' written notice to such Unit Owners; and

(c) with respect to the Common Expenses for administration, maintenance, utilities, general expenses, reserves and capital items with respect to matters affecting the Parking Space Common Elements, by an amendment to the Budget approved by the vote of a Majority of the Unit Owners of Parking Space Units, present, in person or by proxy, at a special meeting of such Unit Owners duly called, upon not less than ten (10) days' written notice to such Unit Owners.

Any other special assessment to meet the Common Expenses of the Association may be levied by the Board of Directors upon resolution thereof.

Section 5. Initial Reserve Fund Assessment. When the first Board of Directors takes office, it shall determine the budget for the period commencing upon the conveyance of legal title to the first Unit by the Declarant and ending on the last day of the fiscal year established by the Board of Directors in which such conveyance occurs. The Board of Directors shall establish an initial reserve fund contribution equal to five twelfths (5/12) of the estimated annual assessment for each Commercial Unit and for each Parking Space Unit through a special assessment (the "**Initial Reserve Fund Assessment**") which shall be levied against each Unit Owner upon purchase of a Unit from the Declarant. The Initial Reserve Fund Assessment shall not be deemed to constitute advance payment of regular assessments. The Declarant will deliver the funds so collected to the Board of Directors, who shall maintain the funds in a segregated account for the use and benefit of the Association to provide the necessary working capital for the Council of Unit Owners. Such fund may include certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, or for such other purposes related to the operation of the Association as the Board of Directors may determine.

Section 6. Covenant for Payment of Common Charges; Lien. Each Unit Owner shall be obligated and by acceptance of a deed for a Condominium Unit does covenant

and agree to pay, in advance, the Common Charges assessed by the Board of Directors against his Unit, based upon the definition of Common Expenses as set forth in the budget or as determined from time to time by the Board of Directors.

The amount levied and assessed against each Unit for common charges shall constitute a lien against said Unit from the date of assessment until the date of full payment, provided that the requirements of the Maryland Contract Lien Act, Section 14-201 of the Real Property Article of the Annotated Code of Maryland (hereinafter the "**Maryland Contract Lien Act**") have been fulfilled. All assessments and charges levied against a Unit by the Board of Directors of the Council of Unit Owners shall also be the personal obligation of the Unit Owner of such Unit. At the option of the Board of Directors, the common charges may be payable in annual, quarterly, monthly or other convenient installments to the Board of Directors, or to such person or entity who or which the Board of Directors shall designate.

No Unit Owner may be exempted from liability for the assessment of Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to the date of recordation of a conveyance by him in fee of such Unit. Prior to or at the time of such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the selling Unit Owner for the selling Unit Owner's proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefore; provided, however, that no purchaser from a selling Unit Owner other than the Declarant shall be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments greater than the amount set forth in any resale certificate provided by the Association or its managing agent. The conveyance of a Unit shall not affect any lien established by the Association against such Unit. Notwithstanding anything contained herein to the contrary, any mortgagee who comes into possession of a Unit by virtue of foreclosure of a deed of trust or mortgage or a deed or other conveyance in lieu of foreclosure shall take the Unit free of any liens or claims for unpaid assessments or charges against such Unit which accrue prior to the time such mortgagee comes into possession thereof. The sale or transfer of unit by virtue of foreclosure of a deed of trust or mortgage or a deed or other conveyance in lieu of foreclosure shall not relieve such mortgagee, the purchaser at such sale or transfer, or any subsequent Unit Owner from liability for any assessments thereafter coming due, nor from the lien of such subsequent assessments, which lien, if any, shall have the same effect and may be enforced in the same manner as provided herein. Notwithstanding anything herein to the contrary, the lien of the Association against any Unit shall be subordinate to the First Mortgage (as defined in **Article VI, Section 5** hereof) against such Unit, unless otherwise provided by law. Any assessment of the Association shall also be subordinate to any mortgage against a Unit held, guaranteed or insured by FHLMC, FNMA, FHA, or VA.

All taxes, assessments, and charges attributable to an individual Unit which may become liens prior to any mortgage in favor of an Eligible Mortgage Holder shall relate only to the individual Unit and not to the Condominium as a whole.

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

Section 7. Collection of Assessments. The Board of Directors shall take prompt action to collect any common charges due from any Unit Owner which remains unpaid far more than thirty (30) days from the due date for payment thereof. The Board of Directors shall notify any Eligible Mortgage Holder who holds a mortgage upon a Unit to which there exists a delinquency in the payment of common charges, which delinquency has existed for sixty (60) days or more. Upon default in the payment of any one or more installments of any assessment levied pursuant to the Declaration and/or these Bylaws, the entire balance of said assessments may be accelerated at the option of the Board of Directors and be declared due and payable, in full, together with interest thereon at a rate equal to eighteen percent (18%) per annum but not in excess of the maximum rate permitted by law at the time the assessment became due.

Section 8. Default in Payment of Common Charges. The lien for unpaid assessments for common charges may be enforced and foreclosed in such manner as may from time to time be provided in the Act and the Maryland Contract Lien Act. Any assessment, until paid, may, at the election of the Board of Directors bear interest at a rate equal to eighteen percent (**18%**) per annum, but not in excess of the maximum rate permitted by law at the time the assessment became due. In addition, the Board of Directors may impose late charges and/or the costs of collection (including reasonable attorneys' fees), if any, with respect to any assessment which has not been fully paid when due. Such late charges and other costs shall not exceed the permissible amounts provided for in the Act, and shall otherwise comply therewith. All such interest, late charges and other costs shall constitute a lien upon the Unit until fully paid as provided in **Article V, Section 6**, above.

In any action brought by the Association to foreclose a lien against a Unit because of unpaid common charges, the Unit Owner shall be required to pay a reasonable rental for the use of his Unit, and the plaintiff in such foreclosure action shall be entitled to the appointment of a receiver to collect the same, such rent to accrue from the date that the foreclosure decree becomes final until the plaintiff in such foreclosure action regains possession from the Unit Owner.

No suit or other proceeding may be brought by the Association to foreclose the lien for any assessments levied pursuant to the Declaration or these Bylaws except after ten (**10**) days' written notice to the holder of the First Mortgage which is a lien on the Unit that is the subject matter of the proceeding. In the event FNMA, FHLMC, FHA or VA holds, insures or guarantees any mortgage against a Unit, the Association shall notify

the FNMA, FHLMC, FHA or VA in writing prior to instituting any action or proceeding to foreclose the lien for any assessments or charges levied by the Association against such unit.

Section 9. Statement of Common Charges; Resale Certificate. Any Owner, Eligible Mortgagee or any purchaser in connection with any sale or conveyance of a Unit, shall be entitled to a statement furnished by the Board of Directors setting forth in detail the amount of any unpaid assessments owed by the Unit Owner ("Resale Certificate"), and such party shall be entitled to rely on such Resale Certificate and shall have no liability for, nor shall the Unit be encumbered with, an amount of unpaid assessments accruing prior to the date of such statement in excess of the amount in the Resale Certificate. The Board may impose a reasonable fee to furnish this information.

Upon written request by a Unit Owner and receipt of a reasonable fee therefore, the Board of Directors shall furnish a certificate containing the information required by Section 11-135(a) of the Act.

Section 10. Insurance. The Board of Directors shall be required to comply with the insurance requirements of the Act and, to the extent not in violation of the Act, shall also comply with the provisions of this **Article V, Section 10.**

The Board of Directors shall be required to use generally acceptable insurance carriers. Any policy must be consistent with state and local insurance laws and at least equal to such coverage as is commonly required by prudent institutional mortgage investors in the area in which the Condominium is located.

The Board of Directors shall be required to obtain and maintain a master or blanket type of hazard insurance policy covering the Units and all of the Common Elements that are normally included in a policy of this type, including but not limited to, fixtures, Service Equipment and common personal property and supplies belonging to the Association. The policy must also cover fixtures, equipment and other personal property inside individual Units if such items belong to the Association and typically conveyed as part of the Unit.

The hazardous insurance policy shall afford, as a minimum, protection against loss or damage by fire and all other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available. The insurance shall cover one hundred percent (**100%**) of the current replacement cost (less a reasonable deductible) of the insured property. Coverage need not include land, foundations, excavations or other items that are usually excluded from insurance coverage. Unless a higher maximum amount is required pursuant to the law of the State of Maryland, the maximum deductible amount for coverage of the Common Elements is the lesser of Ten Thousand Dollars (**\$10,000.00**) or one percent (**1%**) of the policy face amount. The maximum deductible related to coverage on individual Units is the lesser of

One Thousand Dollars (\$1, 000.00), or one percent of the Unit's replacement cost, and then only if the Unit Owner is at fault for any damages to the Unit.

Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by the Best's Key Rating Guide of **B1III** or better (or its equivalent). Each insurer must be specifically licensed or authorized by law to transact business within the State of Maryland. The policy contract shall provide that no assessment may be made against the mortgage, and that any assessment made against others may not become a lien on the mortgaged unit superior to the First Mortgage.

The hazard insurance policy must provide that the insurance carrier shall notify the Association and each mortgagee named in the Mortgagee clause in writing at least ten (10) days before it cancels or substantially changes the Condominium's coverage. In addition, each Eligible Mortgage Holder shall receive timely written notice of any lapse, material modification or cancellation of any insurance policy covering the Condominium.

All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly accepted by private institutions as mortgage investors in the area in which the mortgaged premises are located and must name as mortgagee either the FHLMC or FNMA if such corporations are holders of first mortgages on units within the Condominium. The following endorsements are also required: (i) an Inflation Guard Endorsement (if reasonably available); (ii) an Agreed Amount Endorsement; (iii) a Construction Code Endorsement if the Condominium is subject to construction code provisions which would become operative and require changes to undamaged portions of any buildings, even when only part of a building is destroyed by an insured hazard or peril; (iv) a Steam Boiler and Machinery Coverage Endorsement if the Condominium has central heating or cooling, which should provide for the insurer's minimum liability per accident per location to be at least equal to the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the structure(s) housing the boiler or machinery; and (v) a Special Condominium Endorsement which provides that any Insurance Trust Agreement will be recognized, the right of subrogation against Unit Owners will be waived, the insurance will not be prejudiced by any acts or omissions of individual Unit Owners that are not under the control of the Association, and that the policy will be primary, even if a Unit Owner has other insurance that covers the same loss.

The Association shall obtain and maintain a comprehensive general liability policy of insurance covering all of the Common Elements, public ways and any other areas that are under the Association's supervision. The policy shall also cover any commercial space owned by the Association, even if such space is leased to others. The policy should provide coverage for bodily injury (including death) and property damage that results from the operation, maintenance or use of the Common Elements and any legal liability that results from lawsuits related to employment contracts in which the Association is a party. Supplemental coverage to protect against additional risks should also be obtained, if required by a Mortgagee. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association or other Unit Owners.

Liability coverage shall be at least One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury and property damage, unless higher amounts of coverage are required by a Mortgagee. The liability policy must provide that the insurance carrier shall notify the Association and the holder of a First Mortgage on any Unit in writing at least ten (10) days before it cancels or substantially modifies the Condominium's coverage.

The named insured under all insurance policies shall be the Council of Unit Owners of South Market Center Condominium, Inc. for the use and benefit of each Unit Owner. The "loss payable" clause should show the Council of Unit Owners of South Market Center Condominium, Inc. or the insurance Trustee (as hereinafter defined, if applicable) as a trustee for each Unit Owner and the holder of each Unit's mortgage. The Council of Unit Owners shall hold any proceeds of insurance in trust for the Unit Owner and their First Mortgage holders, as their interests may appear. Each Unit Owner and each Unit Owner's Mortgagee, if any, shall be beneficiaries of the policies to the extent of the Unit Owner's Percentage Interest in the Common Profits and Common Expenses of the Council of Unit Owners. Certificates of insurance shall be issued to each Unit Owner and Mortgagee upon request. The policies must also contain the standard mortgage clause and must name as mortgagee the FNMA or the servicers for the mortgages held by FNMA or Units within the Condominium, the FHLMC and/or such other mortgagees which hold mortgages on Units, as well as their successors and assigns.

Notwithstanding any provision of the Declaration or these Bylaws relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "**Insurance Trustee**"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose. The insurance policy(ies) covering the Condominium obtained by the Association shall provide that any Insurance Trust Agreement will be recognized.

Except to the extent inconsistent with applicable law, each Unit Owner is deemed to appoint the Association, or any Insurance Trustee or substitute Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: (I) the collection and appropriate disposition of the proceeds thereof; (2) the negotiation of losses and execution of releases of liability; (3) the execution of all documents and the performance of all other acts necessary to accomplish such purpose.

The insurance policy(ies) covering the Condominium obtained by the Association shall provide (i) the right of subrogation against Unit Owners will be waived, (ii) the insurance will not be prejudiced by any acts or omissions of individual Unit Owners that are not under the control of the Association, and (iii) the policy(ies) will be primary, even if a Unit Owner has other insurance covering the same loss.

Policies shall be unacceptable where: (i) under the terms of the insurance carrier's charter, bylaws, or policy, contributions or assessments may be made against borrowers, FNMA, FHLMC, or the designee of FNMA or FHLMC; or (ii) by the terms of the carrier's charter, bylaws, or policy, loss payments are contingent upon action by the carrier's Board of Directors, policyholders, or members, or (iii) the policy includes any Limiting Clauses (other than insurance conditions) which could prevent FNMA, FHLMC, or the borrowers from collecting insurance proceeds.

Notwithstanding any other provisions of these Bylaws, the Articles of Incorporation or the Declaration, the Board of Directors may vary the assessments imposed upon the Owners of Units dedicated for retail commercial purposes as opposed to the assessments imposed upon professional office condominium Unit Owners in recognition of the different insurance costs incurred by commercial units vis-à-vis units used for professional offices or similar uses. Furthermore, as provided in **Section 3.**, above, to the extent that reserves set aside for repair and replacement of HVAC Equipment serving a Unit or group of Units are inadequate to effect the same for any reason, the Board of Directors may levy an assessment only against the Unit Owners of such units according to their relative proportionate shares.

Section 11. Repair or Reconstruction After Fire or Other Casualty. Except as hereinafter provided, and as provided in the Act (and inconsistent herewith), 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 thereof (including any damaged Units, and any fixtures, equipment or other property covered by the Association's insurance installed therein on the date of recordation of the Declaration, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures, personal property or equipment installed by Unit Owners in the Units), and the Board of Directors or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration, as provided below.

The Insurance Trustee may rely upon a certificate of the Board of Directors which certifies whether or not the damaged Condominium is to be reconstructed or repaired. The Board of Directors, upon request of the Insurance Trustee, shall deliver such certificate as soon as practicable.

If the damage is only to those parts of a Unit for which the responsibility of maintenance and repair is borne by the Unit Owner, then the Unit Owner shall be responsible for the reconstruction and repair after a casualty and shall be entitled to apply the applicable insurance proceeds thereto. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

Immediately after a casualty causing damage to the Condominium for which the Association has the responsibility of maintenance, repair, and/or replacement, the Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged

portions of the Condominium in substantially similar condition as prior to the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desire.

In the event of reconstruction or repair (as estimated by the Board of Directors) which shall exceed Twenty-Five Thousand Dollars (**\$25,000.00**), all proceeds of insurance shall be paid over to a trust company or bank having trust powers and authorized to engage in the trust business in the State of Maryland (the "**Insurance Trustee**"), selected by the Board of Directors and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement and which contains, inter alia, the following provisions;

(a) The reconstruction or repair shall be in the charge of an architect, engineer, or qualified builder who may be an employee of the Association, and hereinafter called the "**Architect**";

(b) Any restoration or repair of the Condominium shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless the action is approved by at least fifty-one percent (**51 %**) of the Eligible Mortgage Holders (based upon one vote for each such Mortgage owned), and two-thirds (**2/3**) of the Unit Owners (other than the Declarant) of the Condominium Units.

(c) Each request for an advance of the proceeds of insurance shall be made to the Insurance Trustee and shall be accompanied by a certificate from the Architect and Board of Directors to the effect that (i) all work then completed has been performed in accordance with the plans and specifications; and (ii) the amount requested to be advanced is required to reimburse the Board of Directors for payments previously made by the Board of Directors or is due to the contractor responsible for the restoration or repair, or to subcontractors, material men, laborers, engineers, architects or to other persons responsible for services or materials in connection with such restoration or repair, or for fees or the like necessarily incurred in connection with the same; and (iii) when added to amounts previously advanced by the Insurance Trustee, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials delivered to the date of such request;

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

(e) The fees and expenses of the Insurance Trustee, as agreed upon by the Board of Directors and the Insurance Trustee, shall be paid by the Association as a Common Expense, and such fees and expenses may be deducted from any insurance proceeds in

the hands of the Insurance Trustee, pro rata, as the reconstruction or repair progresses; and

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

Upon completion of the reconstruction or repair and payment in full of all amounts due on account thereof, any proceeds of insurance then in the hands of the Insurance Trustee shall be paid to the Board of Directors, shall be considered as one fund and shall be divided among the Owners of all the Units in the same proportion as that previously established for ownership of appurtenant undivided interests in the Common Elements, after first paying out of the share of the Owner of any Unit (to the extent such payment is required by a lienor and to the extent the same is sufficient for such purpose), all liens upon said Unit.

Section 12. Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the Rules adopted by the Board of Directors, or the breach of these Bylaws or of any provision of the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (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; provided, however, that no structure or improvement may be altered or demolished until proper judicial proceedings have been instituted; or (b) to enjoin, abate or remedy by appropriate legal proceeding, either at law or in equity, the continuance of any such breach.

Section 13. Maintenance and Repair.

(a) By the Association. The Association, subject to the rights and obligations of the Unit Owners, shall be responsible for ensuring that the Common Elements are maintained in good, clean, attractive and sanitary condition, order and repair consistent with the Community Standard. The Association shall be responsible for the maintenance, repair and replacement of the following, the cost of which shall be charged to all Unit Owners as a Common Expense:

(i) Except as otherwise provided in paragraph (b) of this **Section 13**, all of the Common Elements and Limited Common Elements, whether located inside or outside of the Units; and

(ii) All exterior walls and exterior surfaces (including the painting of the exterior surface of all doors of each Unit which are on the boundary of the Units and/or Common Elements) of the buildings constituting the Condominium; the roofs of the buildings constituting the Condominium (**excluding, however, skylights, if any**); Unit party walls and all other portions of the Units which contribute to the support of the buildings constituting the Condominium, such as the outside walls of such buildings, and all fixtures on the exterior thereof; the

boundary walls of Units; floor slabs; load-bearing columns; but excluding, however, the interior walls, interior ceilings and interior floor coverings of the Units, and excluding the surfaces of all walls, floors and ceilings of the Units; and

(iii) The sanitary and storm sewer systems and appurtenances; all water, electric, gas, heating, air conditioning, plumbing and telephone lines, facilities and systems that are deemed Common Elements, including all conduits, ducts, plumbing, wiring and other facilities (including master antennae or satellite systems, if any, whether located inside or outside of any Unit) for the furnishing of all utility services into two (2) or more Units, but excluding therefrom all air-handling units, heating units, air-conditioning units, and all plumbing (including, but not limited to, components of a sprinkler system located within or serving only one (1) Unit) and electrical appliances, fixtures, systems and parts thereof which are enjoyed by only a single Unit and are located solely within the boundary of an individual Unit or in a Limited Common Element designated in the Declaration as being appurtenant to an individual Unit; all catch basins and master antenna or satellite systems, if any, located outside the specific boundaries of any Unit; all roof drainage pipes, gutters and leaders; and any fireplace flue or chimney serving or benefiting any Unit; and

(iv) Except as otherwise provided in paragraph (b)(ii) of this **Section 13**, all patios or terraces designated on the Condominium Plat as Commercial Unit Limited Common Elements (if any); and

(v) All incidental damage caused to any Unit by such work as may be done or caused to be done by the Association in accordance with the provisions of these Bylaws.

(b) By the Unit Owner.

(i) Except for the portions of his Unit required to be maintained, repaired and replaced by the Association, each Unit Owner shall be responsible for the maintenance, repair and replacement, at his own expense, of the following: any entry doors, interior walls, ceilings, doors and floors, kitchen and bathroom fixtures and equipment, air-handling units, heating units, air-conditioning units, lighting fixtures, plumbing and electrical appliances and systems, fixtures and parts thereof which are wholly contained within his Unit and/or in a Commercial Unit Limited Common Element designated in the Declaration as being appurtenant to his Unit and which serve his Unit and no other Unit.

(ii) Each Unit Owner shall be responsible for performing, at his-expense, the normal maintenance for any patio, or terrace which is designated in the Declaration or on the Condominium Plat as being a Commercial Unit Limited Common Element appurtenant to his Unit, including keeping it in a clean and sanitary condition and free and clear of snow, ice and any accumulation of water, and shall also make, at his own expense, all repairs thereto caused or permitted by his negligence, misuse or neglect. In the event any Unit Owner shall fail to maintain any Commercial Unit Limited Common Element appurtenant to his Unit, the Association shall be responsible for such maintenance, the cost of which may be assessed against such Unit and shall be collectible in the same manner as any other assessment levied by the Association. Notwithstanding anything herein

to the contrary, the Association shall be responsible for the maintenance, repair and replacement of all structural components of the Commercial Unit Limited Common Elements and the maintenance and repair of any Parking Space Common Element including, but not limited to, striping, paving, resurfacing and snow removal.

(iii) Each Unit Owner shall, at his expense, perform all maintenance and make all repairs and replacements to the windows, window frames, window screens, the front door, door frame, as well as the hardware and locking devices (but not the painting of the exterior surface of any door on the perimeter of the Unit), any sliding glass door(s), and their frames and screens, and any skylights, and their frames, appurtenant to or part of his Unit or any Commercial Unit Limited Common Elements appurtenant to such Unit.

(iv) Each Unit Owner shall be responsible for, and promptly after demand, shall reimburse the Association for the cost of maintaining, repairing or replacing any damage to the Common Elements or any portion of his Unit required to be maintained, repaired or replaced by the Association which is caused by the negligence, misuse or neglect of such Unit Owner. Such reimbursement shall be collected by the Association from the Unit Owner obligated therefore in the same manner as set forth in **Article V** of the **Bylaws** for the collection of common charges.

(v) Each Unit Owner shall perform his responsibilities under this **Section 13** in such a manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the managing agent any defect or need for repairs for which the Association is responsible. Each Unit Owner shall be responsible for, and promptly after demand, shall reimburse any other Unit Owner for the cost of repairing or replacing any damage to the such other Unit Owner's Unit or any portion thereof which is caused by the negligence, misuse or neglect of such Unit Owner performing such maintenance, repair and/or replacement required of a Unit Owner in accordance with this Section.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality and in keeping with the Community Standard.

Section 14. Rules - Adoption and Enforcement. The Board of Directors may, from time to time, enact uniform Rules which govern the use and operation of the Condominium, as well conduct and the enjoyment of the Unit Owners, provided that such Rules are not in conflict with the Declaration or these Bylaws, and provided further that such Rules are adopted in accordance with the Act and the following procedures:

(a) At least fifteen (15) days prior to the adoption of any proposed new Rule, a notice must be mailed or delivered to each Unit Owner. The notice shall (i) contain a copy of the proposed Rule, (ii) inform the Unit Owner of the right to submit written comments on the proposed Rule to the Board of Directors, (iii) state the effective date of the proposed Rule, and (iv) inform the Unit Owner of the meeting of the Board of Directors which has been scheduled to consider and adopt the proposed Rule.

(b) Provided that the notice set forth in **Section 15(a)** of this **Article V** is mailed or delivered to each Unit Owner, an open meeting of the Board of Directors shall be held at which each Unit Owner or tenant present at such meeting shall be given an opportunity to comment on the proposed Rule.

(c) If a majority of the members of the Board of Directors present at the open meeting at which a quorum is present vote in favor of the proposed Rule, such proposed Rule shall become effective upon its effective date unless (i) within fifteen (**15**) days after the affirmative vote, fifteen percent (**15%**) of the Unit Owners sign and file a petition with the Board of Directors requesting a special meeting, and (ii) a quorum is present at such special meeting, and (iii) fifty percent (**50%**) of the Unit Owners present at such special meeting and voting against the proposed Rule and such Unit Owners represent more than thirty-three percent (**33%**) of the total votes in the Condominium.

(d) The Board of Directors shall delegate responsibility for enactment and enforcement of rules and regulations affecting only the Parking Space Units and Parking Space Common Elements to the Parking Space Committee of the Board of Directors. The Parking Space Committee of the Board of Directors may, from time to time, enact uniform Rules which govern the use and operation of the Parking Space Units and Parking Space Common Elements, as well conduct and the enjoyment of the Parking Space Unit Owners, provided that such Rules are not in conflict with the Declaration or these Bylaws, and provided further that such Rules are adopted in accordance with the Act and the following procedures:

(i) At least thirty (30) days giving the Parking Space Unit Owners notice of this intent to adopt a proposed new Rule, a copy of the proposed Rule shall be submitted to the Board of Directors stating the effective date of the proposed Rule, and the Board of Directors shall determine whether the proposed Rule is in conflict with the Declaration or these Bylaws.

(ii) If the Board of Directors fails to determine that the proposed Rule is not in conflict with the Declaration or these Bylaws, within fifteen after submission by the Parking Committee of the Board of Directors, it shall be presumed that such Rule does not conflict with the Declaration or these Bylaws.

(iii) If the Board of Directors determines that the proposed Rule is not in conflict with the Declaration or these Bylaws, then at least fifteen (**15**) days prior to the adoption of any proposed new Rule, a notice must be mailed or delivered to each Parking Space Unit Owner. The notice shall (a) contain a copy of the proposed Rule, (b) inform the Parking Space Unit Owner of the right to submit written comments on the proposed Rule to the Parking Space Committee of the Board of Directors, (c) state the effective date of the proposed Rule, and (iv) inform the Parking Space Unit Owner of the meeting of the Parking Committee Board of Directors which has been scheduled to consider and adopt the proposed Rule.

(iv) Provided that the notice set forth in **Section 15(d) (i)** of this **Article V** is mailed or delivered to each Parking Space Unit Owner, an open meeting of the Parking Space Committee of the Board of Directors shall be held at which each Parking Space Unit Owner or tenant present at such meeting shall be given an opportunity to comment on the proposed Rule.

(v) If a Majority of the Unit Owners of Parking Space Units, present at the open meeting at which a quorum is present vote in favor of the proposed Rule, such proposed Rule shall become effective upon its effective date.

All Rules shall have the same force and effect as if they were incorporated in these Bylaws by direct reference and may be enforced in the same manner as all other provisions of these Bylaws.

Section 15. Additions, Renovations, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the Common Elements shall require additions, renovations, alterations or improvements costing in excess of **Twenty-Five Thousand Dollars (\$25,000.00)**, and the making of such additions, renovations, alterations or improvements shall have been approved by more than fifty percent (**50%**) in voting interest of the Unit Owners present in person and/or by proxy and voting at a meeting duly held in accordance with these Bylaws, the Board of Directors shall proceed with such additions, renovations, alterations or improvements and may assess all Unit Owners for the cost thereof as a Common Expense.

If such additions, renovations, alterations or improvements, if not made, could reasonably result in a threat to the health or safety of the Unit Owners or a significant risk of damage to the Condominium, then such additions, renovations, alterations or improvements may be made without the prior approval of Unit Owners. Any additions, renovations, alterations or improvements costing Twenty-Five Thousand Dollars (**\$25,000.00**) or less may be made by the Board of Directors without approval of the Unit Owners, provided said Unit owners are provided at least ten (**10**) days' written notice of a special meeting at which such additions, renovations, alterations or improvements are approved by an amendment to the budget by the Board of Directors. The cost of any such additions, renovations, alterations or improvements shall constitute a Common Expense. Notwithstanding anything contained in the Declaration or these Bylaws to the contrary, any expenditure of reserve funds for the replacement of the Common Elements pursuant to the terms of these Bylaws shall not require the consent or approval of the Unit Owners.

Section 16. Right of Access. A Unit Owner hereby grants a right of access to his Unit to the managing agent and/or other person authorized by the Board of Directors or the managing agent for the purpose of making inspections or for the purpose of performing installations, alterations or repairs to the mechanical, plumbing or electrical systems or other Common Elements in his Unit or elsewhere in the Condominium, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

ARTICLE VI **MORTGAGES**

Section 1. Notice to Board of Directors. A Unit Owner who mortgages his Unit shall, in writing, notify the Board of Directors of the name and address of his mortgagee, and shall file a conformed copy of the note and mortgage with the Board of Directors. The Board of Directors shall maintain such information in a book entitled "**Mortgagees of Units**".

Section 2. Examination of Books. Each Unit Owner, contract purchaser of a Unit and each mortgagee of a Unit shall be permitted to examine the books of account of the Association at reasonable times on business days. The Association shall also make available to Unit owners, lenders and the holders and insurers of the first mortgage on any Unit, during reasonable business hours, current copies of the Declaration, Bylaws, Rules and Regulations and other books, records and financial statements of the Association.

Section 3. Notice of Loss to or Taking of Common Elements. The Board of Directors shall give written notice to Eligible Mortgage Holders who have requested such notice of any condemnation or casualty loss which affects a material portion of the Condominium or any Unit on which there is a First Mortgage held, insured or guaranteed by such Eligible Mortgage Holder of any Unit or the Common Elements or related facilities of the Condominium.

Section 4. Financial Statement. The Association shall provide any Eligible Mortgage Holder who submits a written request, a copy of an annual financial statement for the preceding fiscal year of the Association within one hundred eighty (**180**) days following the end of such fiscal year. Any Eligible Mortgage Holder may request an audited statement provided that same is prepared at its own expense.

Section 5. Definition. As used in these Bylaws, the term "**Mortgagee**" shall mean any mortgagee or trustee under a deed of trust which is a lien upon a Unit, or the party secured or beneficiary of any recorded deed of trust, and shall not be limited to institutional mortgagees; and the term "**mortgage**" shall include a deed of trust. As used generally in these Bylaws, the term "**institutional holder**" or "**institutional mortgagee**" shall include banks, trust companies, insurance companies, mutual saving banks, mortgage insurance companies, mortgages companies, credit unions, savings and loan associations, pension funds, FNMA, FHLMC, and any corporation, including a corporation of, or affiliated with, the United States Government, or any agency thereof, "**First Mortgage**" shall mean a mortgage with priority over all other mortgages. As used in these Bylaws, the term "**Eligible Mortgage Holder**" shall mean a holder, insurer or guarantor of a First Mortgage on a unit who has requested notice from the Council of Unit Owners of amendments to the Condominium documents or other significant matters which would affect the interests of the mortgagee.

Section 6. Percentage of Eligible Mortgage Holders. Wherever in the Declaration or these Bylaws the approval or consent of a specified percentage of Eligible Mortgage Holders is required, it shall mean the approval or consent of Eligible Mortgage Holders holding security interests in Units which in the aggregate have allocated to them such specified percentage of votes in the Association as compared to the total allocated to all Units then subject to security interests held by Eligible Mortgage Holders. An Eligible Mortgage Holder who is notified of any proposed amendment(s) to the Condominium documents or other matter for which it is entitled to notice as provided in the Declaration or these Bylaws (such notice to be delivered by certified or registered mail, return receipt requested), and which fails to respond within thirty (30) days of receipt of such notice shall be deemed to have consented to the proposed amendment(s) or other matter of which the Eligible Mortgage Holder was provided notice.

Section 7. Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgage Holder of (and each Unit Owner hereby consents to, and authorizes such notice):

(a) Any condemnation loss or any casualty loss which affects a material portion of the Common Elements or Condominium or any Unit in which there is a first security interest held, insured, or guaranteed by such Eligible Mortgage Holder;

(b) Any delinquency in the payment of Common Expense assessments or charges owed by a Unit Owner whose Unit is subject to a First Mortgage or security interest held, insured, or guaranteed, by such Eligible Mortgage Holder which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Any proposed amendment to the Declaration, these Bylaws or Condominium Plats effecting a change in (i) the boundaries of any Unit or the exclusive easement rights appertaining thereto, (ii) the interests in the General or Limited Common Elements appertaining to any Unit or the liability for Common Expenses appertaining thereto, (iii) the number of votes in the Association appertaining to any Unit, or (iv) the purposes to which any Unit or the Common Elements are restricted;

(e) Any proposed termination of the Condominium; or

(f) Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified in **Article VIII, Section 5** of the Declaration.

To be entitled to receive notice of the foregoing, the Eligible Mortgage Holder must send a written request to the Association, stating both its name and address and the Unit number or address of the Unit on which it has (or insured or guarantees) the mortgage.

Section 8. Enforcement. The provisions of this Article are for the benefit of Eligible Mortgage Holders and their successors; and may be enforced by any of them by any available means, at law, or in equity. No liability shall attach to Association or its members, directors or officers as a result of failure to provide notice.

Section 9. Attendance at Meetings. Any representative of an Eligible Mortgage Holder may attend and address any meeting which a Unit Owner may attend.

ARTICLE VII

SALES AND MORTGAGES OF UNITS

Section 1. Sales. Subject to the restrictions upon the conveyance of Parking Space Units set forth in Article X of the Declaration, a Unit Owner may sell his Unit or any interest therein without the consent of the Association except with respect to Parking Space. The purchaser of a Unit shall furnish the Association with his name, current mailing address, and the name and current mailing address of his mortgagee(s), if any.

Section 2. No Severance of Ownership. Except as may be provided in the Act, no Unit Owner shall execute any lease, mortgage or other instrument conveying or mortgaging title to his Unit without including therein the appurtenant Common Elements, it being the intention hereof to prevent any severance of such combined ownership. Any such lease, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant Common Elements 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 Common Elements of all Units.

ARTICLE VIII

CONDEMNATION

In the event of a taking in condemnation (or by purchase in lieu thereof) of a Unit or any part thereof or of part or all of the Common Elements, the Association is hereby appointed by each Unit Owner as its attorney-in-fact in any proceedings, negotiations, settlement or agreements related to such condemnation (or purchase in lieu thereof). Any proceeds from the settlement of such condemnation (or purchase in lieu thereof) should be payable to the Association, or an Insurance Trustee (if an Insurance Trustee is appointed by the Association) for the benefit of the Unit Owners and their mortgage holders. Any distribution of funds in connection with the termination of the Condominium shall be made on a reasonable and equitable basis.

ARTICLE IX

RECORDS AND AUDITS

The Board of Directors or the managing agent shall keep books and records in accordance with generally accepted accounting practices on a consistent basis. In addition to the provisions of **Article VI, Section 4** of these Bylaws, on the request of Unit Owners of at least fifty percent (**50%**) of the Units, an audit by an independent Certified Public Accountant shall be made, provided an audit shall be made not more than once in any consecutive twelve (**12**) month period. The cost of such audit shall be a Common Expense. Every record kept by the Council of Unit Owners and current copies of the Declaration, Bylaws and Rules (if any) of the Association shall be available in accordance with the Act and these Bylaws for examination and copying by a Unit Owner, contract purchaser of a Unit and mortgagee of a Unit (and insurers and guarantors of First Mortgages secured by a Unit or Units), and their respective duly authorized agents or attorneys, during normal business hours and after reasonable notice.

ARTICLE X

OMITTED

ARTICLE XI

EASEMENTS FOR UTILITIES AND RELATED PURPOSES

Subject to the requirements of Section 11-125 of the Act, the Association is authorized and empowered to grant (and shall from time to time grant) such licenses, easements, leases and/or rights-of-way for sewer lines, water lines, electrical cables, cable television, telephone cables, gas lines, storm drains, underground conduits and/or such other purposes related to the provision of public utilities and communications to the Condominium as may be considered necessary or appropriate by the Board of Directors for the orderly maintenance, preservation, and enjoyment of the Common Elements or for the preservation of the health; safety, convenience and/or welfare of the owners of the Units or the Declarant and/or as required by the Declaration. The Association shall have the power to grant such licenses, easements, leases and rights-of-way as set forth in Section 11-125 of the Act.

ARTICLE XII

RESIDENT AGENT AND ANNUAL REGISTRATION

Section 1. Resident Agent. Promptly after the creation of the Condominium regime, a Resident Agent for the Condominium, who shall be a citizen and actual resident of the state or a corporation duly registered or qualified to do business in the state, shall be appointed, and his name and address shall be filed with the Department of Assessments and Taxation. The name or address of the Resident Agent may be changed by the Board of Directors of the Association by filing a notice of such change with the Department of Assessments and Taxation:

Section 2. Registration of the Association. Following the first annual meeting of its members of the association, the Board of Directors shall register with the Department of Assessments and Taxation by providing all of the addresses of its members, including, as required by law, all of the Officers, Directors, and Resident Agent.

ARTICLE XIII MISCELLANEOUS

Section 1. Notices. All notices hereunder to the Board of Directors shall be sent by first-class mail or personally delivered to the managing agent (if any), or to such person as the Board of Directors may hereafter designate from time to time. All notices to any Unit Owner shall be sent by mail or personally delivered to the address as may have been designated by him from time to time, in writing, for inclusion on the Roster. All notices to mortgagees of Units shall be sent by first-class mail or personally delivered to their respective addresses as designated by them from time to time, in writing and shall be deemed to have been given when mailed or personally delivered, except notices of change of address which shall be deemed to have been given when received.

Section 2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 3. 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 Bylaws, or the intent of any provision thereof.

Section 4. Gender. The use of the masculine gender in these Bylaws 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, and vice versa.

Section 5. Waiver. No restriction, condition, obligation or provision contained in these Bylaws 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 6. Amendments to Bylaws. Except as elsewhere herein or in the Declaration provided otherwise, these Bylaws may be modified or amended in accordance with **Section 11-104(e) of the Act**.

Section 7. Conflicts. In case any part of these Bylaws conflict with the Act and/or the Declaration, the provisions of the Act and/or Declaration, as the case may be, shall control. In case any part of these Bylaws conflict with the Articles of Incorporation for South Market Cenmter Condominium, Inc., the provisions of the Articles of Incorporation shall control.

IN WITNESS WHEREOF, we, being all of the Directors of South Market Center Condominium, Inc, have hereunto set our hands this 16th day of November, 2005.

WITNESS:

Bradley Tavel (SEAL)
Bradley Tavel

EXHIBIT C

"Condominium Plat, Creekside-Site B [...] South Market Center
 Condominium" (consisting of six (6) sheets) recorded in Plat Book 80
 pages 44-49

**EXHIBIT D
SOUTH MARKET CENTER
CONDOMINIUM
SCHEDULE OF PERCENTAGE INTERESTS AND VOTES
UNIT NUMBER PERCENTAGE INTEREST AND VOTES**

PERCENTAGE INTERESTS.

The Percentage Interests in the Condominium shall be allocated to the Unit Owners as follows: ninety percent (90%) to be divided among all of the Unit Owners of Commercial Units and ten percent (10%) to be divided among all of the Unit Owners of the Parking Space Units.

If the total floor space of all of the Commercial Units in the Condominium is 34,365 square feet, a Percentage Interest shall be allocated to each Commercial Unit and shall be in the proportion that Unit's square feet of floor space in relation to the total floor space of all of the Commercial Units in the Condominium (i.e. 34,365). For example, a Commercial Unit containing 3,781 square feet shall have a Percentage interest of 9.90% ($3,781/34,365/0.90 = .09902$)

If the total number of Parking Space Units is 25, a Percentage Interest equal to 0.4% shall be allocated to each Parking Space Unit ($1/25 \times 0.10 = 0.004$).

VOTING RIGHTS

Except as otherwise provided in below, the number of votes shall total one hundred (100) at all times. There shall be ninety (90) votes allocated to and among the Unit Owners of the Commercial Units and ten votes allocated to and among the Unit Owners of the Parking Space Units.

If the total floor space of all of the Commercial Units in the Condominium is 34,365 square feet, each Commercial Unit Owner's voting rights shall be allocated to the Commercial Unit and shall be in the proportion that Unit's square feet of floor space in relation to the total floor space of all of the Commercial Units in the Condominium (i.e. 34,365). For example, a Commercial Unit shall have 1 vote for each 381.83 square feet of space with such Commercial Unit ($381.83/34,365/0.90 \times 100 = 1$), and a fractional vote for each additional amount of floor space in excess of the product of 387 times a whole integer, such that a Unit containing 3,781 square feet shall have 9.90 votes ($3,781/34,365/0.90 \times 100 = 9.90$)

If the total number of Parking Space Units is 25, each Parking Space Unit Owner's voting rights shall be allocated to the Parking Space Unit and shall be equal to 0.4 votes per Parking Space Unit ($1/25 \times 0.10$).

Until the lapse of Class B Memberships as set forth in **Section (b)** below, the Association shall have two (2) classes of voting memberships with differing voting rights as follows:

Class A. WITH THE EXCEPTION OF THE DECLARANT, every person, corporation, partnership, trust or other legal entity, or any combination thereof, who is a Unit Owner shall be a Class A member of the Association, with the applicable vote for such unit being set forth in this **EXHIBIT D**; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity who holds such interest solely as security for the performance of an obligation shall not be a Class A Member solely on account of such interest. Any Unit Owner who leases his condominium unit may, in the lease or other written instrument, assign the voting right appurtenant to that Unit to the lessee, provided that a copy of such instrument is furnished to the Association.

Class B. (a) For each planned Commercial Unit within the Condominium (including those units which the Declarant may have subdivided into more than one (1) unit) the Declarant shall have a Class B membership, and for each Class B membership there shall be attached thereto three (3) votes for each vote otherwise attributable to such Unit. However, the number of Class B votes held by the Declarant shall be decreased accordingly for each new Class A membership created as a result of a transfer of a Commercial Unit to a Unit Owner. Thus, by way of example only, if the Class B member would otherwise be entitled to ninety (90) votes, such member shall be entitled to have a total of 270 votes (90 x 3) before the transfer of a Commercial Unit. Upon the transfer of any unit, then the Class A member shall have the number of votes allocated in accordance with this **EXHIBIT D**, and the votes of the Class B member shall be reduced accordingly. All Class B memberships shall be held by the Declarant, and/or its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment from the Declarant.

(b) Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

(i) thirty (30) days following the date on which seventy-five percent (75%) of the *total* percentage interests in the Condominium are held by the Class A members; or

(ii) ten (10) years from the date of recordation of this Declaration; or

(iii) upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of the Class B memberships as provided herein, the Declarant shall thereafter become a Class A Member of the Association as to each and every Condominium Unit in which the Declarant then holds the interest otherwise required for such Class A membership.

"EXHIBIT D"
**UNDIVIDED PERCENTAGE INTEREST IN COMMON ELEMENTS, COMMON
 EXPENSES, COMMON PROFITS AND VOTING RIGHTS OF
SOUTH MARKET CENTER CONDOMINIUM**

Square Percentage Class A Class B
Footage Interest** Vote* Vote***

	Square Footage	Percentage Interest	Class A Votes	Class B Votes
FIRST FLOOR				
Unit 1-A	6,728	17.62	17.62	52.86
Unit 1-B	4,666	12.22	12.22	36.66
Unit 1-C	490	1.28	1.28	3.84
SECOND FLOOR				
Unit 210	2,580	6.76	6.76	20.28
Unit 220	1,706	4.47	4.47	13.41
Unit 230	1,089	2.85	2.85	8.55
Unit 240	1,451	3.80	3.80	11.40
Unit 250	1,648	4.32	4.32	12.96
Unit 260	1,681	4.40	4.40	13.20
Unit 270	1,013	2.65	2.65	7.95
THIRD FLOOR				
Unit 310	2,791	7.31	7.31	21.93
Unit 320	1,851	4.85	4.85	14.55
Unit 330	1,439	3.77	3.77	11.31
Unit 335	1,451	3.80	3.80	11.40
Unit 340	3,781	9.90	9.90	29.70
TOTAL COMMERCIAL UNITS	34,365	90.00	90.00	
FUTURE EXPANSION AREA	25 future Parking Space Units	10.00	10.00	30.00
TOTAL ALL UNITS		100.00	100.00	