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**BYLAWS**  
**OF**  
**CONDOMINIUM 2 AT THE COLONNADE**

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Bylaws of  
**CONDOMINIUM 2 AT THE COLONNADE**

**ARTICLE 1**  
**GENERAL PROVISIONS**

*Section 1.1. The Condominium.* The Condominium has been established by subjecting the Property to a condominium regime pursuant to the Maryland Condominium Act. These Bylaws are attached to and made part of the Declaration as Exhibit "B" and are intended by Declarant to set forth, among other things, a plan by which the affairs of the Condominium shall be administered and governed by the Council of Unit Owners and its Board of Directors pursuant to the Maryland Condominium Act and the Condominium Documents.

*Section 1.2. Applicability of Bylaws.* The provisions of these Bylaws are applicable to the Council of Unit Owners 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 Rules from time to time promulgated by the Board of Directors. The acceptance of a deed of conveyance or other transfer of legal or equitable interest to a Unit shall be deemed to constitute an agreement by the grantee that it accepts, ratifies, and will comply with these Bylaw, the Rules and the provisions of the Declaration, as they may be amended from time to time.

*Section 1.3. Governing Body.* The name of the governing body of the Condominium is the Council of Unit Owners of Condominium 2 at The Colonnade. The powers and duties of the Council of Unit Owners shall generally be exercised by the Board of Directors in accordance with these Bylaws.

*Section 1.4. Office.* The initial office of the Condominium, the Council of Unit Owners and the Board of Directors shall be c/o \_\_\_\_\_  
 \_\_\_\_\_ Attention: \_\_\_\_\_, or at such other place as may be designated from time to time by the Board of Directors.

*Section 1.5. Definitions.* Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration or, if not defined in the Declaration, the meanings specified for such terms in the Maryland Condominium Act.

**ARTICLE 2**  
**COUNCIL OF UNIT OWNERS**

*Section 2.1. Purpose and Status.* The Council of Unit Owners of Condominium 2 at The Colonnade (the "Council of Unit Owners") shall be an unincorporated entity and shall have as its members all of the Unit Owners. For all purposes, the Council of Unit Owners shall act merely as an agent for the Unit Owners as a group. The powers and duties of the Council of Unit

Owners shall include, without limitation, establishing the means and methods of collecting assessments and charges for General Common Expenses and any other expenses charged to the Unit Owners, and collected in the same manner as assessments, as provided in the Condominium Documents. Such powers and duties shall also include arranging for the management of the Common Elements and those portions of the Units for which the Council of Unit Owners has responsibility and authority. Except as to those matters which the Maryland Condominium Act or the Condominium Documents specifically require to be decided by the vote of the members of the Council of Unit Owners, the foregoing responsibilities shall be exercised exclusively by the Board of Directors or, if authorized by the Board of Directors, by the Condominium Managing Agent, as more particularly set forth in Article 3 of these Bylaws.

*Section 2.2. Members.* The Association shall have as its members every Unit Owner; provided, however, that any person, group of persons, corporation, partnership, 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.

*Section 2.3. Meetings.* Meetings of the Council of Unit Owners shall be held only as determined from time to time by the Board of Directors. The President shall call a special meeting of the Council of Unit Owners if so directed by resolution of the Board of Directors or upon request by a Unit Owner. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

*Section 2.4. Place of Meetings.* Meetings of the Council of Unit Owners shall be held at such suitable place reasonably convenient to the Unit Owners as may be designated by the Board of Directors or the President in the notice of the meeting.

*Section 2.5. Notice of Meetings.*

(a) The Board of Directors or President shall notify all Unit Owners of any meeting of the Council of Unit Owners at least ten (10) but not more than ninety (90) days prior to such meeting.

(b) Notice shall be deemed given pursuant to this Section 2.5 and Section 2.6 hereinbelow when it is (i) personally delivered to a Unit Owner, (ii) mailed by certified mail, return receipt requested to a Unit Owner, or (iii) delivered by overnight courier, with delivery confirmed, to the addresses as reflected on the then-current roster of Unit Owners maintained by the Council of Unit Owners. The request that there be prior notice of such meeting may be waived upon the declaration of an emergency by the entity or person calling the meeting provided that a good faith effort to effectuate prior notice has been made. Such notice shall specify the time, date, and place of the meeting, and, in the case of a special meeting, the purpose of the meeting.

*Section 2.6. Quorum and Adjournment of Meetings.* Except as may be otherwise provided in these Bylaws, the presence in person or by proxy of all Unit Owners shall be required

to constitute a quorum at all meetings of the Council of Unit Owners. If, however, such quorum shall not be present or represented at any meeting, the Unit Owners present at such meeting in person or by proxy may adjourn and recess the meeting and at such adjourned meeting the quorum requirement shall be reduced to Unit Owners representing a majority of the Units, provided (i) a written notice of the adjourned meeting is given to all Unit Owners in the manner specified in Section 2.5 hereinabove at least seven (7) business days prior to the adjourned meeting and (ii) such notice states the reduced quorum requirement for such meeting. A Unit Owner may participate in a meeting by means of a conference telephone call or similar communications equipment by means of which all persons participating in a meeting can speak to and hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

*Section 2.7. Conduct of Meetings.* Unless otherwise designated by the Unit Owners, the President shall preside over meetings of the Council of Unit Owners and the Secretary shall keep the minutes of the meeting and record in a minutes book all resolutions adopted at the meeting, votes taken, and all other transactions occurring at the meeting. The then current edition of Robert's Rules of Order, Newly Revised, shall govern the conduct of all meetings of the Council of Unit Owners when not in conflict with the Maryland Condominium Act or the Condominium Documents.

*Section 2.8. Voting.*

(a) Voting at all meetings of the Council of Unit Owners or for any other purposes shall be based upon one (1) vote per Unit. Except as otherwise expressly provided in the Condominium Documents, a unanimous vote of all Unit Owners is required to adopt decisions at any meeting of the Council of Unit Owners. Further, whenever the Condominium Documents provide that any action or decision of the Board of Directors requires the consent of all members of the Board of Directors, such action or decision shall likewise require the unanimous consent of all Unit Owners to the extent such action or decision is undertaken by the Council of Unit Owners.

(b) No Unit Owner may vote at any meeting of the Council of Unit Owners or have the director appointed by it participate on the Board of Directors or as an Officer of the Council of Unit Owners if the Unit Owner remains more than sixty (60) days delinquent in the payment of bona fide financial obligations to the Council of Unit Owners; provided, however, that such Unit Owner has been provided a notice of such delinquency and an opportunity to cure the same in accordance with Section 7.2(c)(ii) of these Bylaws.

*Section 2.9. Proxies.* A vote by a Unit Owner at a meeting of the Council of Unit Owners may be cast in person or by proxy. All proxies shall conform with Applicable Law (including laws applicable to documents conveyed by electronic transmission) and shall be duly executed in writing, dated, signed by a duly authorized person on behalf of the Unit Owner granting the proxy (but need not be sealed, witnessed or acknowledged), and shall be filed and verified by the Secretary. Every proxy shall be revocable and shall automatically cease upon

conveyance of fee title of a Unit by its Unit Owner. Unless otherwise provided in the proxy, no proxy shall be valid after six (6) months from its date. A copy, facsimile transmission, or other reproduction of the writing or transmission may be substituted for the original writing or transmission for any purpose for which the original transmission could be used.

*Section 2.10. Open Meetings.* All meetings of the Association shall be open to all owners (and if the Unit Owner is an entity, such entity's authorized representative) and occupants of Units or their agents (and other interested parties in the discretion of the Board of Directors or as required by law).

### ARTICLE 3 BOARD OF DIRECTORS

*Section 3.1. Powers and Duties.* The Board of Directors shall have, by delegation, those powers and duties given to the Council of Unit Owners pursuant to the Maryland Condominium Act except for those powers and duties that under the Maryland Condominium Act or the Condominium Documents are expressly required to be exercised and done by or delegated to or reserved for the Council of Unit Owners. If all members of the Board of Directors shall resign or if the Board of Directors shall otherwise cease to exist or function, all powers and authority of the Board of Directors shall revert to the Council of Unit Owners, exercisable by the individual Unit Owners. In addition to the duties imposed by these Bylaws or by any resolution of the Board of Directors that may hereafter be adopted, the Board shall on behalf of the Council of Unit Owners:

(a) Prepare and adopt an annual budget, including the assessments of each Unit Owner for General Common Expenses, in accordance with Section 5.1 of these Bylaws and for those Unit components which the Board of Directors has the responsibility and authority pursuant to Section 3.2 of the Declaration.

(b) Assess Unit Owners to defray the costs and expenses related to the maintenance and operation of the Common Elements and other portions of the Condominium for which the Council of Unit Owners is responsible and establish the means and methods of collecting such assessments from the Unit Owners and the period of the installment payment of the Annual Assessment for General Common Expenses in accordance with Section 5.1 of these Bylaws and in accordance with Section 3.2 of the Declaration regarding Unit components.

(c) Provide for the operation, care, repair, upkeep, replacement and maintenance of the Common Elements and any other portion of the Condominium for which the Council of Unit Owners is responsible and has authority, including any additions, alterations, renovations, restorations, replacements or improvements to the Common Elements or to any other portion of the Condominium.

(d) Designate, hire and dismiss the personnel necessary for the operation, care, repair, upkeep, replacement and maintenance of the Common Elements and for any other portion of the Condominium for which the Council of Unit Owners is responsible and, where



appropriate, provide for the compensation of such personnel and for the purchase or lease of equipment, supplies and material to be used by such personnel in the performance of their duties.

(e) Collect Annual Assessments and other authorized charges from the Unit Owners, deposit the proceeds thereof in interest bearing bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Condominium.

(f) Adopt and amend Rules; *provided, however*, that such Rules (i) shall not be in conflict with the Maryland Condominium Act or the Condominium Documents and (ii) are promulgated in accordance with Section 4.1 of the Declaration.

(g) Open bank accounts on behalf of the Council of Unit Owners and designate the signatories thereon.

(h) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules (which Declaration, Bylaws and Rules shall be enforced in a uniform and non-discriminatory manner), act on behalf of the Unit Owners with respect to all matters arising out of any condemnation or eminent domain proceeding affecting the Common Elements, and notify the Unit Owners of any litigation (or threat of litigation), arbitration or mediation against the Council of Unit Owners.

(i) Obtain and carry insurance against casualties and liabilities, pay when due the premiums for any such insurance and adjust and settle any claims under such insurance policies, all in accordance with the requirements of the Condominium Documents unless otherwise assigned to the Commercial Sub-Condominium and/or the Residential Sub-Condominium as set forth in the Declaration.

(j) Pay the cost of all services approved by the Board of Directors that are rendered to or on behalf of the Council of Unit Owners and not billed to individual Unit Owners or otherwise provided for in Sections 5.1 and 5.2 of these Bylaws.

(k) In accordance with the Maryland Condominium Act, keep books and records with detailed accounts in chronological order of the receipts and expenditures affecting the Common Elements, and the administration of the Common Elements, specifying the expenses of maintenance, repair and replacement of the Common Elements and any other expenses incurred that are the responsibility of the Council of Unit Owners. Such books, accounts, records and vouchers accrediting the entries therein shall be available for examination by the Unit Owners, their attorneys, accountants, Mortgagees and authorized agents during normal business hours on business days at the times and in the manner reasonably established by the Board of Directors. All books and records shall be kept in a manner verifiable upon an audit. Such books and records shall be subjected to an audit within one hundred twenty (120) days after the close of the prior fiscal year by a qualified independent auditor retained by the Board of Directors who shall not be a resident of the Condominium or a Unit Owner or a tenant, employee or agent of or otherwise affiliated with a Unit Owner. The cost of such audit shall be a General Common Expense. Upon written request, such audit shall be made available to any Eligible

Mortgage Holder. In addition to the annual audit provided for above, any Unit Owner may, from time to time and at such Unit Owner's expense, undertake an audit of the books and records of the Council of Unit Owners after reasonable notice to the Board. The Board, on behalf of the Council of Unit Owners, shall also keep current copies (in print or electronic format) of the Declaration, these Bylaws, the Rules, and books and records available for examination during normal business hours by the Unit Owners, their attorneys, accountants, Eligible Mortgage Holders and authorized agents. Any party provided access to the audit or books and records of the Council of Unit Owners shall be obligated to keep such information confidential, unless otherwise agreed by the Board of Directors or unless otherwise required by Applicable Law. With respect to any such information obtained by the Declarant, and to the extent permitted by Section 10-617 of the State Government Article of the Annotated Code of Maryland, the Declarant shall keep such information confidential and shall deny inspection of the same as materials containing trade secrets confidential commercial information or confidential financial information.

(l) If requested by an Eligible Mortgage Holder, notify such Eligible Mortgage Holder of a Unit of any material default under the Condominium Documents by the Unit Owner of such Unit if such default continues for more than fifteen (15) days after written notice to the defaulting Unit Owner of such default, and provide the Eligible Mortgage Holder with a reasonable opportunity to cure such default. Any Eligible Mortgage Holder desiring such Notice and right to cure shall be required to provide the Council of Unit Owners with an address for such notification.

(m) Borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep, repair, replacement, and maintenance of the Common Elements and other areas of the Condominium for which the Council of Unit Owners is responsible. To the extent reasonably achievable, the applicable loan documents shall provide that if any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this subsection (m) is not repaid by the Council of Unit Owners, a Unit Owner who pays to the creditor a percentage of the total amount due equal to such Unit Owner's Percentage Interest in the Condominium shall be entitled to obtain from the creditor a release in recordable form of any judgment or other lien that such creditor shall have filed or shall have the right to file against such Unit Owner's Unit, and the Council of Unit Owners shall not be entitled to assess the Unit for payment of any remaining amount due such creditor.

(n) Grant and accept easements and licenses through or over the General Common Elements in accordance with Section 11-125 of the Maryland Condominium Act.

(o) To sue and be sued, complain and defend, or intervene in litigation or administrative proceedings and dispute resolution proceedings outlined in Article 12 of these Bylaws and to negotiate, compromise, settle and release such claims on behalf of two or more Unit Owners, but only with respect to matters affecting the Condominium, i.e., the Common Elements, and other components of Units (if any) for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to the Declaration and these Bylaws.

(p) Enforcing obligations of Unit Owners 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, including without limitation, seeking injunctive relief against any Unit Owner 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 without limiting the generality of the foregoing, the Board may impose a separate fine for each day that a violation continues. 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.

(q) Monitoring compliance with the requirements of any conservation easements and other restrictions imposed on the Common Elements.

(r) The Council of Unit Owners shall have authority and standing to initiate claims pursuant to Article 10 of these Bylaws and to sue, complain, intervene, defend, negotiate, compromise, settle and release any right, claim, action, cause of action or other matter of any nature whatsoever accruing to or for the benefit of, or otherwise exercisable by or on behalf of, any two or more Unit Owners with regard to the Common Elements and only those components of Units (if any) for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws and the Declaration. Notwithstanding this authority and standing, the Council of Unit Owners shall have no authority or standing to take such actions with regard to Unit components other than those components of the Units for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws or the Declaration.

(s) Notwithstanding any provision of these Bylaws to the contrary, the Board of Directors is hereby irrevocably appointed as attorney-in-fact for all Unit Owners, and for each of them, to settle, compromise, waive, discharge, acquit and release any and all demands, claims, actions, causes of action, suits, litigations, proceedings, mediations, arbitrations, judgments, determinations, findings, orders and awards whatsoever, at law, in equity, or otherwise, relating to or arising out of matters affecting the Common Elements or any components of the Units for which Council of Unit Owners has the responsibility and authority to maintain, repair and replace and otherwise has the authority to sue, complain, intervene or defend pursuant to these Bylaws and the Declaration, or any matter related to or covered by insurance policies maintained by the Council of Unit Owners. The Board of Directors is hereby authorized to enter into, execute, acknowledge, deliver and record all agreements, releases, consents, certificates, papers, documents and other instruments as may be deemed necessary or desirable by the Board of Directors to effectuate the foregoing, and to generally say, do, act, transact, negotiate, determine, commence, accomplish and finish all matters and things whatsoever relating to the foregoing, as fully, amply and effectually, to all intents and purposes, as each Unit Owner, if present, ought or might do personally. The Unit Owners hereby ratify, approve and confirm all and whatsoever the Board of Directors shall lawfully do or cause to be done, in and about the premises, by virtue of

the foregoing power of attorney, which is hereby expressly declared and acknowledged to be coupled with an interest in the subject matter 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, the foregoing 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 such power of attorney.

(t) To delegate to the Colonnade Community Association, Inc., with the consent of the Community Association, such powers and duties of the Council of Unit Owners as the Board of Directors from time to time deems appropriate, including, without limitation, the operation, maintenance and repair of the Common Elements and Limited Common Elements and the collection of common charges.

(u) Exercise for the Council of Unit Owners all other powers, duties and authority vested in or delegated to the Council of Unit Owners pursuant to the Maryland Condominium Act and the Condominium Documents, unless expressly required to be exercised solely by the Council of Unit Owners.

**Section 3.2. Number of Directors; Unanimous Action; Interests of Units.** There shall be two (2) members of the Board of Directors. One (1) Director shall be appointed by the Commercial Unit Owner and one (1) Director shall be appointed by the Residential Unit Owner. Except as may be otherwise expressly provided in the Condominium Documents, all actions by the Board of Directors shall require the unanimous consent of all Directors. In the event of the subdivision of a Unit by the Declarant or Commercial Unit Owner in accordance with Section 11-107(d) of the Maryland Condominium Act (and subject to the terms and requirements of Section 11.17 of the Declaration), there shall be no increase in the number of Directors and the majority consent of the owners of the subdivided Unit shall be required for the appointment of the Director that would have been appointed by the Unit Owner but for the subdivision. In the event a Unit is made into a Sub-Condominium pursuant to Section 11.17 of the Declaration, the Board of Directors, or if no board of directors, the Council of Unit Owners of the Sub-Condominium shall be required to appoint the Director that would have been appointed by the Unit Owner but for the creation of the Sub-Condominium. In considering matters that affect solely the interest of any particular Unit and subject to comply with and carrying out the fiduciary obligations of the Board of Directors, the Board of Directors shall provide reasonable deference to the position of the member of the Board of Directors representing such Unit.

**Section 3.3. Qualification of Directors.** No Unit Owner or any person affiliated with a Unit Owner shall be appointed as a Director or continue to serve as a Director if the Unit Owner remains more than sixty (60) days delinquent in the payment of bona fide financial obligations to the Council of Unit Owners provided; however, that such Unit Owner has been provided notice of such delinquency and an opportunity to cure such delinquency in accordance with Section 7.2(c)(ii) of these Bylaws.

**Section 3.4. Term, Removal or Resignation of Directors.** A Director shall serve until such Director's death, incapacity, removal or resignation. Any Director may be removed at any time, with or without cause, upon written notification to the Council of Unit Owners by the Unit Owner that appointed such Director. A Director may resign at any time by giving written notice to the President or Secretary. Resignation of a Director is effective when delivered to the President or Secretary or at such later time specified in the notice.

**Section 3.5. Vacancies.** Vacancies on the Board of Directors shall be filled by the Unit Owner entitled to appoint the replacement Director. Such Unit Owner shall provide the Council of Unit Owner with written notice of any newly appointed Director.

**Section 3.6. Meetings of Directors.**

(a) **Regular Meetings.** Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Board of Directors, but not less than once per year unless otherwise agreed to by the consent of all Directors.

(b) **Special Meetings.** Special meetings of the Board of Directors may be called by the President on three (3) business days confirmed notice to each Director, given personally or by mail, facsimile or telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and with like notice upon the written request of any member of the Board of Directors. Such notice may be waived upon the declaration of an emergency by the entity or person calling the meeting provided that a good faith effort to effectuate notice has been made.

(c) **Open Meeting Requirements.**

(i) All regular or special meetings of the Board of Directors or any committee created by the Board of Directors shall be open to all Unit Owners (and if the Unit Owner is an entity, such entity's authorized representative) or their agents (and other interested parties in the discretion of the Board of Directors or as required by law), except that such meetings may be held in closed session for the following purposes (or as otherwise provided in accordance with Section 11-109.1 of the Act, as amended from time to time):

- (1) Discussion of matters pertaining to employees and personnel;
- (2) Protection of the privacy or reputation of individuals in matters not related to Association business;
- (3) Consultation with legal counsel;

(4) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;

(5) Investigative proceedings concerning possible or actual criminal misconduct;

(6) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or

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

(ii) 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 of the Board of Directors (or committee, if applicable) 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 (or committee, if applicable).

(d) **Notice.** All regular meetings of the Board of Directors or any committee established 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 Directors and all Unit Owners, or upon not less than ten (10) days notice to the Directors and not less than ten (10) days nor more than ninety (90) days notice to the Directors and the Unit Owners. Notices to Unit Owners shall be sent in accordance with Section 2.5(b) of these Bylaws.

(e) **Waiver of Notice.** Any Director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director, in person or by a conference telephone call (or similar communications equipment by means of which all persons participating in a meeting can speak to and hear each other at the same time), at any meeting of the Board of Directors, shall constitute a waiver of notice by such Director of the time, place and purpose of such meeting. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

(f) **Quorum of Board of Directors.** At all meetings of the Board of Directors, attendance by all of the Directors shall be required to constitute a quorum for the transaction of business. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn or recess the meeting from time to time, to another date, provided a written notice in accordance with Section 3.6(d) of the Bylaws, of the

adjourned meeting is given to all Directors at least seven (7) business days prior to the adjourned meeting. A Director may participate in a meeting by means of conference telephone call (or similar communications equipment by means of which all persons participating in a meeting can speak to and hear each other at the same time). Participation by such means shall constitute presence in person at the meeting.

**Section 3.7. Conduct of Meetings.** The President shall preside over all meetings of the Board of Directors and the Secretary shall keep the minutes of the meeting and keep a record of all resolutions adopted at the meeting and all transactions and proceedings occurring at the meetings. The then current edition of Robert's Rules of Order, Newly Revised, shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Maryland Condominium Act or the Condominium Documents.

**Section 3.8. Compensation.** No Director shall receive any compensation from the Condominium for acting as such. Reimbursement of actual and reasonable third-party out-of-pocket expenses incurred by Directors on behalf of the Council of Unit Owners shall be permissible.

**Section 3.9. Board of Directors as Agent.** Except as otherwise provided in the Condominium Documents or the Maryland Condominium Act, the Board of Directors shall have the power to act as agent for the Unit Owners of all of the Units and for each of them to manage, control and deal with the interests of such Unit Owners in the Common Elements of the Condominium to permit the Board of Directors to fulfill all of its powers, obligations, rights, functions and duties. With the consent of all Directors, the Board of Directors shall have the power to act as agent for each Unit Owner, each Eligible Mortgage Holder, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the Property to: (a) adjust and settle all claims arising under insurance policies purchased by the Board of Directors pursuant to the Declaration, (b) execute and deliver releases upon the payment of claims, and (c) act on their behalf in any condemnation proceeding or action of eminent domain pursuant to Section 11-112 of the Maryland Condominium Act insofar as the same relates to the Common Elements; provided, however, that the consent of each Eligible Mortgage Holder of an affected Unit shall be required with respect to such condemnation proceeding or action of eminent domain.

**Section 3.10. Liability of the Board of Directors, Officers, Committee Members; Indemnification; Defense of Claims.**

(a) The Directors, Officers, and committee members shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct, gross negligence or willful breach of fiduciary duty.

(b) The Directors, Officers, and committee members shall not be liable for the failure of any service to be obtained by the Board of Directors and paid for by the Council of Unit Owners, or for death or injury to persons or damage to property caused by the elements or by another Unit Owner or person on the Property, or resulting from electricity, gas, water, rain,

dust, or sand that may leak or flow from the outside or from any part of the Property or from any other cause beyond their control, unless in each such instance such injury or damage has been caused by the Directors', Officers', or committee members' own individual willful misconduct or gross negligence.

(c) The Directors, Officers, and committee members shall have no personal liability to a Unit Owner or any other person or entity under any agreement, check, contract, deed, lease, Mortgage, instrument, or transaction entered into by them on behalf of the Board of Directors or the Council of Unit Owners in the performance of their official duties.

(d) The Directors, Officers, and committee members shall not be liable to a Unit Owner or its tenants, employees, agents, guests, customers or invitees for loss or damage caused by theft or misuse of or damage to personal property left by any Unit Owner or its tenants, employees, agents, guests, customers or invitees in a Unit or in or on the Common Elements, except for any Director's, Officer's, or committee member's own individual willful misconduct or gross negligence.

(e) The Directors, Officers, and committee members shall have no personal liability to any Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them in their respective capacities as Directors, Officers or committee members, except for any Director's, Officer's, or committee member's own individual willful misconduct or gross negligence in the performance of their official duties.

(f) The Directors, Officers, and committee members shall have no personal liability arising out of the use, misuse, or condition of any buildings or other improvements located on the Property, or which might in any other way be assessed against or imputed to the Directors, Officers, or committee members as a result of or by virtue of the performance of their duties, except for any Director's, Officer's, or committee member's own individual willful misconduct, gross negligence, or willful breach of fiduciary duty.

(g) To the maximum extent permitted by Applicable Law, the Council of Unit Owners shall indemnify each such Director, Officer, or committee member in such capacity against all expenses and liabilities, including court costs and reasonable attorneys' fees, reasonably incurred by or imposed upon that person in connection with any proceeding in which that person may become involved by reason of being or having been a Director, Officer, or committee member, or any settlement of any such proceeding, whether or not that person is a Director, Officer, or committee member, or any combination thereof, at the time such expenses are incurred, except in such cases where the Director, Officer, or committee member is adjudged guilty of willful misconduct, gross negligence or willful breach of fiduciary duty in the performance of that person's official duties; *provided, however*, that (i) in the event of a settlement, this indemnification shall apply only if and when the Board of Directors (with the affected person abstaining if he or she is then a Director) approves such settlement and reimbursement as being in the best interests of the Council of Unit Owners, and (ii) such indemnification with respect to any criminal action or proceeding is permitted only if such



Director, Officer, or committee member had no reasonable cause or basis to believe his or her conduct was unlawful. Such right of indemnification shall not be deemed exclusive of any of the rights to which such Director, Officer, or committee member may be entitled as a matter of law or agreement or by vote of the Unit Owners or otherwise. The Board of Directors shall obtain adequate directors and officers insurance with coverages not less than those provided for under Section 5-406 of the Courts and Judicial Proceedings Article, Annotated Code of Maryland, as may be amended from time to time. 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.

(h) Complaints brought against the Council of Unit Owners, Directors, Officers, committee members, or employees or agents thereof in their respective capacities as such, or the Condominium as a whole, shall be directed to the Board of Directors, which shall promptly give written notice thereof to Unit Owners and such complaints shall be defended by the Council of Unit Owners. The Unit Owners and their respective Mortgagees shall have no right to participate in such defense other than through the Council of Unit Owners, unless such Unit Owner or Mortgagee is named as a defendant in such action. Complaints against one or more but less than all Unit Owners shall be defended by such Unit Owners themselves and, if the complaint relates to the Condominium, such Unit Owners shall promptly give written notice of the institution of any such suit to the Council of Unit Owners.

(i) No diminution or abatement of any Condominium assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Council of Unit Owners or Board of Directors to comply with any Applicable Law or Condominium Document.

***Section 3.11. Common or Interested Directors.***

(a) Each Director shall exercise such Director's powers and duties in good faith and with a view to the best interests of the Condominium. A contract or other transaction between the Council of Unit Owners and any of its Directors, or between the Council of Unit Owners and any corporation, firm, association, or other entity for which any of the Directors of the Council of Unit Owners are directors or officers or have a pecuniary or other interest, is neither void nor voidable because any such Director is present at the meeting of the Board of Directors or any committee of the Board that authorizes or approves the contract or transaction, or because his, her or their votes are counted for such purpose, if such action complies with the provisions of Section 2-419 of the Corporations and Associations Article of the Annotated Code of Maryland (1993), as amended, or its successor statute.

(b) Any common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee of the Board that authorizes, approves or ratifies any contract or transaction, and may vote at the meeting to authorize any contract or transaction with like force and effect as if such Director were not an officer or director of such other corporation, firm or Council of Unit Owners or not so interested.

**Section 3.12. Special Consideration for the Commercial Unit and Commercial Unit Owner.** Notwithstanding anything in the Condominium Documents to the contrary, the Commercial Unit and the Commercial Unit Owner shall be provided with the following considerations:

(i) Neither the Residential Unit Owner, Council of Unit Owners nor the Board shall be permitted to undertake any action which would adversely affect the Commercial Unit Owner or the Commercial Unit, or any part of the Commercial Unit (including, without limitation, amending or modifying any document, enacting or rescinding any rule and/or obligation or imposing any assessment) without the prior written approval of the Commercial Unit Owner.

(ii) Any action by the Residential Unit Owner, Council of Unit Owners of the Board of Directors affecting the Commercial Unit or Commercial Unit Owner shall require the consent of the Commercial Unit Owner (including, but not limited to matters affecting access to the Commercial Unit, parking (if any), signage, nuisance limitations, hours of operations, hours of use for loading and deliveries, trash removal, use of outdoor areas and access to Restricted Areas).

(iii) Neither the Residential Unit Owner, Council of Unit Owners, or the Board of Directors shall unreasonably withhold, delay or condition consent or approval over decisions affecting the Commercial Unit or the Commercial Unit Owner.

(iv) Neither the Residential Unit Owner, the Council of Unit Owners nor the Board of Directors shall take any action would prevent the Commercial Unit or any portion of the Commercial Unit or the Commercial Unit Owner (or its tenants, subtenants or licensees) from operating in a commercially reasonable manner.

**Section 3.13. Condominium Managing Agent.** The Board of Directors may select, retain and terminate the services of the Condominium Managing Agent. Any management fee paid to the Condominium Managing Agent shall not exceed the fee charged for similar services provided by management companies for comparable facilities in the Washington, D.C. metropolitan area. Any Condominium Managing Agent employed by the Board of Directors shall have a sound reputation in the property management industry and shall be experienced in the management of mixed-use condominium projects similar to the Condominium. As the Condominium is part of the Overall Development, there may be particular economies and other benefits to the Condominium if it cooperates with the other Residential and Mixed-Use Condominiums and the Community Association to jointly select and retain a Managing Agent. Thus, the Board of Directors shall be authorized, but shall not be required to, consider and

implement such cooperative approach to management if deemed beneficial and/or appropriate for the Condominium.

(a) **Duties.** The Condominium Managing Agent shall perform such duties and services, as the Board of Directors shall direct from time to time.

(i) Such duties and services may include, without limitation, the duties listed in the following Sections of these Bylaws:

- Section 3.1(a) [prepare an Annual Budget; provided however, that the Condominium Managing Agent shall not adopt the Annual Budget]
- Section 3.1(c) [provide for the operation, care, repair, upkeep, replacement and maintenance of the Common Elements]
- Section 3.1(d) [designate, hire and dismiss personnel necessary for the operation, care, repair, upkeep, replacement and maintenance of the Common Elements]
- Section 3.1(e) [collect Annual Assessments and Special Maintenance Expenses]
- Section 3.1(i) [obtain and carry insurance against casualties and liabilities]
- Section 3.1(j) [pay the cost of all services approved by the Board of Directors]
- Section 3.1(k) [keep detailed accounts, books and records]
- Section 3.1(l) [notify a Eligible Mortgage Holder of a material default under the Condominium Documents by a Unit Owner]
- Section 3.1(u) [exercise for the Council of Unit Owners all powers and duties vested in or delegated to the Council of Unit Owners pursuant to the Maryland Condominium Act and the Condominium Documents]

(ii) The Board of Directors may delegate to the Condominium Managing Agent all of the powers granted to the Board of Directors under these Bylaws other than the powers set forth in the following Sections of these Bylaws:

- Section 3.1(b) [assess Unit Owners to defray the costs and expenses related to the maintenance and operation of the Common Elements]
- Section 3.1(f) [adopt and amend Rules]

- Section 3.1(g) [open bank accounts on behalf of the Council of Unit Owners]
- Section 3.1(h) [enforce by the legal means the provisions of the Declaration, Bylaws or the Rules]
- Section 3.1(m) [borrow money on behalf of the Condominium]
- Section 3.1 (n) [grant and accept easements and licenses through or over the General Common Elements]
- Section 3.1(o) [sue and be sued, complain and defend, settle claims or intervene in litigation, administrative proceedings or arbitration on behalf of the Council of Unit Owners]

(iii) The Condominium Managing Agent shall perform the obligations, duties and services delegated to it by the Board of Directors in compliance with the provisions of these Bylaws and the other Condominium Documents.

(b) **Standards.** The Board of Directors shall impose appropriate standards of performance upon the Condominium Managing Agent. Unless the Condominium Managing Agent is instructed otherwise by the Board of Directors:

- (i) an accrual method of accounting shall be employed;
- (ii) two (2) or more persons shall be responsible for handling cash to maintain adequate financial control procedures;
- (iii) cash accounts of the Council of Unit Owners shall not be commingled with any other entity's accounts;
- (iv) no remuneration shall be accepted by the Condominium Managing Agent from vendors, independent contractors or others providing goods or services to the Council of Unit Owners whether in the form of commissions, finder's fees, gifts, service fees or otherwise; any discounts received shall benefit the Council of Unit Owners;
- (v) any financial or other interest that the Condominium Managing Agent may have in any person or entity providing goods or services to the Council of Unit Owners shall be disclosed promptly to the Board of Directors;
- (vi) errors and omissions insurance and fidelity bonds in amounts declared adequate by the Board of Directors shall be maintained by the Condominium Managing Agent for the benefit of the Council of Unit Owners; and
- (vii) a monthly financial report (or other period authorized by the Board of Directors) shall be prepared for the Council of Unit Owners, and distributed to the Board of Directors.

*Section 3.14. Committees.* The Board of Directors may appoint such committees as it deems appropriate in carrying out the Board's purposes.

**ARTICLE 4**  
**OFFICERS OF THE COUNCIL OF UNIT OWNERS**

*Section 4.1. Enumeration of Officers.* The Officers of the Council of Unit Owners shall be a President, a Vice President, a Secretary, and a Treasurer, and such other Officers as the Board may from time to time by resolution create, all of which Officers are to be elected by the Board of Directors. The President and the Vice President shall at all times be members of the Board of Directors; the other Officers may, but need not, be members of the Board of Directors.

*Section 4.2. Election of Officers.* The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Council of Unit Owners, provided that the initial Board of Directors shall elect the first group of Officers at its first organizational meeting.

*Section 4.3. Term.* Each Officer of the Council of Unit Owners shall be elected annually by the Board and each Officer shall hold office for one (1) year or until his or her successor is duly elected and qualified, unless he or she shall sooner resign, die, or become incapacitated or shall be removed, or otherwise disqualified to serve.

*Section 4.4. Alternating Selection of President.* The President shall at all times be a Director. Each year, the office of President shall alternate among a Director appointed by the Unit Owner of the Residential Unit and the Director appointed by the Unit Owner of the Commercial Unit. The first President shall be a Director appointed by the Unit Owner of the Residential Unit.

*Section 4.5. Special Appointments.* The Board may elect such other Officers as the affairs of the Council of Unit Owners may require, each of whom shall hold office for such period, have such authority, and perform such duties and obligations as the Board may from time to time determine.

*Section 4.6. Resignation and Removal.* Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. The acceptance of a resignation shall not be required to make it effective.

*Section 4.7. Vacancies.* A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he or she replaces.

*Section 4.8. Multiple Offices.* The offices of Secretary and Treasurer may be held by the same person and the offices of Vice President and assistant secretary may be held by the same

person, but in no event shall the same Officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by Applicable Law or the Condominium Documents to be executed, acknowledged or verified by two (2) or more Officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4.5 of these Bylaws [Special Appointments] and except as otherwise provided in this Section 4.8.

**Section 4.9. Duties.** Each Officer shall perform such duties as are normally associated with such office in parliamentary organizations, unless inconsistent with the Maryland Condominium Act or the Condominium Documents, and shall perform such other duties as may be assigned to such office by resolution of the Board of Directors. The duties of the Officers include the following (any of which, that are solely of a ministerial nature, may be assigned, in whole or in part, by the Board of Directors to the Condominium Managing Agent):

(a) **President:** The President shall be the chief executive officer of the Council of Unit Owners and shall preside at all meetings of Council of Unit Owners and the Board of Directors. The President shall see that orders and resolutions of the Board of Directors are carried out and may sign and execute, on behalf of the Board of Directors, all authorized instruments and shall co-sign all checks and promissory notes authorized by the Board of Directors. The President shall perform such other duties as are from time to time assigned to the President by the Board of Directors.

(b) **Vice President:** The Vice President, at the request of the President, or in the absence of the President or during the President's inability or refusal to act, shall perform the duties and exercise the functions of the President, and when so acting shall have the powers of the President. The Vice President shall have such other powers and perform such other duties as are from time to time assigned to the Vice President by the Board of Directors or the President.

(c) **Secretary:** The Secretary shall keep the minutes of the meetings and proceedings of the Council of Unit Owners and the Board of Directors and of any subcommittees thereto. The Secretary (i) shall see that all notices by the Council of Unit Owners or President are duly given in accordance with the provisions of these Bylaws or as required by Applicable Laws; (ii) shall be custodian of the records of the Council of Unit Owners; (iii) may witness any document on behalf of the Council of Unit Owners, the execution of which is duly authorized; and (iv) shall perform all such other duties as are from time to time assigned to the Secretary by the Board of Directors or the President.

(d) **Treasurer:** The Treasurer (i) shall receive and deposit in appropriate bank accounts all moneys of the Council of Unit Owners and shall disburse such funds as directed by resolution of the Board of Directors; (ii) shall co-sign all checks and promissory notes authorized by the Board of Directors; (iii) shall keep proper books of account of the Board of Directors and the Council of Unit Owners; (iv) shall cause to be prepared an annual statement of income and expenditures for the Council of Unit Owners to be presented to the Board of Directors; and (v) shall perform such other duties as are from time to time assigned to the Treasurer by the

Board of Directors or the President. Unless the Board of Directors designates another officer, the Treasurer shall be the Chief Financial Officer of the Council of Unit Owners. The Treasurer shall give a bond, the premium therefor 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 or her office and for the restoration, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control.

*Section 4.10. Compensation.* No Officer shall receive compensation for any service rendered to the Council of Unit Owners. However, any Officer may be reimbursed for actual out of pocket expenses incurred in the performance of such Officer's official duties.

*Section 4.11. Execution of Documents.* Unless otherwise provided in a resolution of the Board of Directors: (i) all agreements, contracts, deeds, leases, checks and other instruments of the Council of Unit Owners for expenditures or obligations in excess of Two Thousand Dollars (\$2,000.00), and all checks drawn upon reserve accounts, shall be executed by any two (2) persons designated by the Board of Directors; and (ii) all such instruments for expenditures or obligations of Two Thousand Dollars (\$2,000.00) or less, except from reserve accounts, may be executed by any one (1) person designated by the Board of Directors. Subject to the foregoing, the Condominium Managing Agent may be one of the parties designated by the Board of Directors to sign checks. Any Officer of the Council of Unit Owners may be designated by Board resolution to sign Resale Certificates on behalf of the Council of Unit Owners. Any Officer may also be designated by Board resolution to sign any amendment to subdivide a Unit or relocate boundaries between Units on behalf of the Council of Unit Owners or at the request of a Unit Owner, pursuant to Section 11-107(d) of the Act.

## ARTICLE 5 OPERATION OF THE CONDOMINIUM

*Section 5.1. Determination of General Common Expenses and Assessments Against Unit Owners.*

(a) **Fiscal Year.** The fiscal year of the Council of Unit Owners shall be January 1 through December 31 unless otherwise determined by the Board of Directors.

(b) **Preparation and Approval of Budget.**

(i) At least forty-five (45) days before the beginning of each fiscal year, the Board of Directors shall cause to be prepared and submitted to the Unit Owners a proposed budget for the next fiscal year of the Council of Unit Owners. The budget shall contain an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Condominium that are the responsibility of the Council of Unit Owners to maintain, repair and replace pursuant to the Condominium Documents. The Council of Unit Owners may also enter into agreements with a Unit Owner to maintain certain components or portions of the Unit of

such Unit Owner; the costs for such maintenance shall not be a General Common Expense but shall be assessed to such Unit Owner.

(ii) The budget may also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for replacements with respect to the Common Elements and other parts of the Condominium for which the Council of Unit Owners is responsible pursuant to the Condominium Documents. At least fifteen (15) days before the beginning of each fiscal year, the Board of Directors shall adopt the budget at a meeting of the Board of Directors and shall thereafter provide each Unit Owner a copy of the budget in a reasonably itemized form that sets forth the amount of the General Common Expenses and any Special Assessment payable by each Unit Owner and any charges assessed against a Unit Owner in accordance with Section 3.2 of the Declaration.

(c) **Assessment and Payment of General Common Expenses.** Except to the extent otherwise provided in the Condominium Documents, the total amount of the estimated funds required from assessments for the maintenance, management, operation, repair and replacement of the Common Elements and any other property for which the Council of Unit Owners is responsible pursuant to the Condominium Documents shall be assessed against each Unit Owner in proportion to such Unit Owner's respective Percentage Interest and shall be due and payable monthly, except to the extent such work has been assigned to or is the responsibility of the Community Association. Any expenses incurred by the Council of Unit Owners at the request of a Unit Owner and/or pursuant to the responsibilities and authorities of the Council of Unit Owners outlined in Section 3.2 of the Declaration directly related to the maintenance, management, operation, repair and replacement of such Unit Owner's Unit, shall be assessed against the Owner of such Unit or a lien recorded or filed against such Owner's Unit. All assessments and charges levied by the Community Association against the Unit Owners, which (in the event that the Council of Unit Owners shall fail to collect and remit same to the Community Association) shall be collectible by the Community Association from the Unit Owners in the same manner, with the same rights and remedies, as any other assessment levied by the Community Association under the Community Declaration. Within ninety (90) days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners, and to each Eligible Mortgage Holder requesting the same, an itemized accounting of the General Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus any reserves. Any payments for General Common Expenses accumulated in excess of the amount required for actual General Common Expenses and reserves (if any) shall, at the discretion of the Board of Directors, (i) be placed in any reserve accounts, (ii) be placed in a special account to be expended solely for the general welfare of the Unit Owners, (iii) be credited according to each Unit Owner's Percentage Interest to the next periodic installments due from Unit Owners under the current fiscal year's budget, until exhausted, or (iv) distributed to the Unit Owners according to each Unit Owner's Percentage Interest. Any net shortage in General Common Expenses shall be assessed as a Special Assessment promptly against the Unit Owners in accordance with their



respective Percentage Interests and may be payable in a lump sum or in installments as the Board may determine, subject to Section 5.1(d) below.

(d) **Reserves.** The Board of Directors may, in its sole discretion, build up and maintain reserves for operations (including losses due to insurance deductibles) and replacements as the same are associated with the Common Elements or other property required to be maintained by the Council of Unit Owners pursuant to the Condominium Documents (which, if related to a Unit component, the reserve contribution may be charged to the applicable Unit Owner as provided in Section 3.2 of the Declaration). Extraordinary expenditures associated with the Common Elements or other property required to be maintained by the Council of Unit Owners not originally included in the annual budget that may become necessary during the year shall be charged first against such operating reserves, if any, unless sufficient funds to meet such expenditures are in the operating account. Except for normal maintenance expenses shown in the annual operating budget, all expenses for replacement of physical assets maintained by the Council of Unit Owners shall be charged first against such replacement reserves, if any. Unless otherwise determined by a vote of all of the Directors, any amount held as reserves shall not substantially exceed the amount reasonably required to assure the Council of Unit Owner's ability to replace components as they reach the end of their useful lives. If regular maintenance extends the useful life of components so that reserves are excessive, any excess amount shall be adjusted by reallocation to other budget items or by distribution to the Unit Owners according to each Unit Owner's Percentage Interest as the Board of Directors may determine.

(e) **Effect of Failure to Prepare or Adopt Budget.** The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay its allocable share of the Condominium assessments whenever the same shall be determined. In the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay Condominium assessments at the rate established for the previous fiscal year until a new annual or adjusted budget is adopted.

(f) **Accounts.** All sums collected by the Council of Unit Owners for Condominium assessments or from any other source may be commingled into a single fund or account.

**Section 5.2. Payment of Condominium Assessments.** Each Unit Owner shall pay assessments determined by the Board of Directors pursuant to the provisions of Section 5.1 above. No Unit Owner may be exempted from liability for such assessments by reason of waiver of the use or enjoyment of any of the General Common Elements or by abandonment of its Unit. Each assessment for General Common Expenses shall be the personal obligation of the Unit Owner who held record title to the Unit at the time the assessment became due. No Unit Owner shall be liable for the payment of any part of any assessment imposed against that Unit subsequent to the date of recordation of filing of an instrument conveying the Unit in fee simple. Prior to or at the time of any record title or beneficial interests to a Unit, all liens, unpaid charges and assessments shall be paid in full and discharged. Notwithstanding the foregoing, the purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid

assessments incurred prior to conveyance of the Unit, without prejudice to the purchaser's right to recover from the selling Unit Owner any assessments paid by the purchaser. A Unit purchaser shall not be liable for nor shall the Unit be conveyed subject to a lien for any unpaid assessments in excess of the amount set forth in any estoppel certificate contemporaneously provided to the Unit purchaser in accordance with Section 11.1 of the Declaration. A Unit Owner's voting rights may be suspended upon failure of a Unit Owner to pay Condominium assessments, provided such Unit Owner has been provided the notice and opportunity to cure described in Section 7.2(c) of these Bylaws.

(i) 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 except for liens or claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Units, including the mortgaged Unit. The sale or transfer 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 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.

*Section 5.3. Utility Charges; User Fees.* Utilities serving the Units shall be separately metered and billed to the respective Unit Owners. The costs for any utilities serving the Common Elements shall be a General Common Expense allocated pursuant to Section 5.1 of these Bylaws. To the extent permitted by Applicable Law, the Board of Directors may impose reasonable utility user fees, for the use of (a) Limited Common Elements, (b) personal property of the Council of Unit Owners, (c) for services provided by or arranged for through the Council of Unit Owners, or (d) for services provided by the Council of Unit Owners to one (1) or more, but less than all Unit Owners, including fees for utility services which are sub-metered.

*Section 5.4. Collection of Assessments and Monetary Obligations.*

(a) The Board of Directors or the Condominium Managing Agent, at the request of the Board, shall take prompt action to collect any Condominium assessments due from any Unit Owner that remain unpaid for more than the applicable cure period described in Section 7.2(c) of these Bylaws. The lien for unpaid assessments, and any monetary obligations remaining unpaid beyond the applicable cure period described in Section 7.2(c) of these Bylaws by a Unit Owner to any party to which such payment is due, may be enforced and foreclosed in such manner as may from time to time be provided in the Maryland Condominium Act and the Maryland Contract Lien Act. Any assessment, until paid, may at the election of the Board of Directors bear interest at the maximum rate permitted by Applicable Law at the time the assessment became due or, if there is no such maximum rate, at such rate as is determined by the Board of Directors. In addition, the Board of Directors may impose late charges of not to exceed ten percent (10%) of the past due assessment and/or the costs of collection (including reasonable

attorneys' fees) with respect to any assessment that has not been fully paid when due. Such late charges, attorneys' fees and other costs shall not exceed the permissible amounts provided for in the Maryland Condominium Act. All such interest, late charges and other costs that may be charged to a Unit Owner pursuant to the Condominium Documents, particularly including, but not limited to, charges authorized under Section 3.2 of the Declaration, shall constitute a lien upon the Unit which is appurtenant to such Unit until fully paid as provided herein.

(b) Except as may be otherwise required by applicable law, amounts collected for past due assessments and related costs shall be applied in the following order:

- (i) To payment of attorneys' fees and other legal and collection costs;
- (ii) To payment of late fees;
- (iii) To payment of any interest accrued on the delinquent assessments;
- (iv) To payment of delinquent assessments (including, but not limited to, any amounts due pursuant to Section 3.2 of the Declaration).

(c) The Community Association may elect by resolution to collect assessments levied pursuant to the Community Association governing documents directly from the Council of Unit Owners. In such event, payment of such assessments shall be an obligation of the Council of Unit Owners; provided, however, that each Owner shall remain personally liable for all assessments against such Owner's Unit and each such Unit shall remain subject to the lien for the assessments established by the Community Association governing documents. This Section shall not be deemed to limit or waive, and shall be without prejudice to, any rights, remedies, or recourses available to the Community Association for non-payment of assessments. Additionally, this provision shall not be subject to amendment without the written consent of the Board of Directors of the Community Association.

**Section 5.5. Statement of General Common Expenses.** Within ten (10) days after receipt of a written request, the Board of Directors or Condominium Managing Agent shall provide any Unit Owner, Mortgagee, or contract purchaser of a Unit or the beneficial interests in a Unit Owner with a written statement of all unpaid Condominium assessments due from such Unit Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation and delivery.

**Section 5.6. Maintenance, Repair, Replacement and Other General Common Expenses.**

(a) **Council of Unit Owners.** The Council of Unit Owners shall be responsible for the operation, maintenance, repair and replacement of the Common Elements and for any other portion of the Condominium required to be maintained by the Council of Unit Owners pursuant to the Condominium Documents, specifically including, but not limited to, the responsibilities and authority outlined in Section 3.2 of the Declaration. The cost of such

operation, maintenance, repair and replacement shall be charged to all Unit Owners as a General Common Expense except to the extent otherwise provided in the Condominium Documents specifically including, but not limited to, Section 3.2 of the Declaration; *provided, however*, that any Unit Owner of a Unit to which a Limited Common Element is appurtenant or any Unit Owner who is benefited by a Reserved General Common Element and has been granted a revocable license for such Reserved General Common Element shall have the responsibility for the routine operation, maintenance, repair and replacement of those areas and all costs associated therewith in accordance with Section 5.1(d) to these Bylaws, except as otherwise determined by members of the Board of Directors. In addition, the Board of Directors may elect not to maintain, repair or replace all or a portion of the Common Elements if in the reasonable opinion of the Board of Directors such maintenance, repair or replacement was necessitated by the negligence, misuse or neglect of a Unit Owner or its tenants, agents, contractors or others with privity to such Unit Owner. In that event, the negligent Unit Owner or its tenants, agents, contractors or others with privity to such Unit Owner shall be responsible for such repair, replacement or maintenance in accordance with these Bylaws. Alternatively, if in the opinion of the Board of Directors such maintenance, repair or replacement was necessitated due to the negligence, misuse or neglect of a Unit Owner, the Council of Unit Owners may undertake such repair, maintenance or replacement and assess the negligent Unit Owner for all reasonable costs related thereto. Some or all of the foregoing responsibilities may be performed by the Condominium Managing Agent.

(b) **Payment Vouchers.** The method of approving payment vouchers for all maintenance, repairs and replacements of the General Common Elements shall be determined by the Board of Directors.

(c) **Community Association.** If the Community Association agrees to assume any maintenance, repair and replacement responsibilities set forth in Section 5.6(a) above, all costs and expenses incurred in connection therewith by the Community Association shall be assessed against the Council of Unit Owners and shall be collectible from the Council of Unit Owners and the Unit Owners to the same extent as any other assessment of the Community Association.

***Section 5.7. Maintenance, Repair and Replacement by the Unit Owners; Additions, Alterations, Renovations or Improvements by the Unit Owners.***

(a) Subject to Article 10 of the Declaration and the responsibilities and authorities of the Council of Unit Owners contained in Section 3.2 of the Declaration, each Unit Owner shall maintain, repair and replace its Unit consistent with the First Class quality of the Condominium and the other improvements within the mixed-use project in which the Condominium is located. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials, equipment and technology that are consistent First Class properties, or such other standards as determined by the Board of Directors.

(b) Except during the initial construction of the improvements, no Unit Owner shall (i) make any addition, modification, renovation, replacement or other alteration in or to the General Common Elements, or (ii) paint or alter any General Common Element, without the prior written consent of the members of the Board of Directors, which consent shall not be unreasonably withheld, delayed or conditioned. No Unit Owner shall make any addition, alteration, renovation or alteration in or to a Limited Common Element or a Reserved Common Element that would have a material adverse effect on another Unit without the prior written consent of the Owner of the affected Unit. The Board of Directors shall be obligated to respond to any written request by a Unit Owner (sent by certified mail, return receipt requested) for approval of a proposed structural addition, alteration, renovation or improvement to the Common Elements within forty-five (45) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration, renovation or improvement. Due to the complex structural design and interrelationships of the improvements, any application to the Board of Directors for a structural change to a Common Element shall include a reasonably detailed analysis of the proposed change by a qualified engineer or architect licensed by the State of Maryland. If any application to any governmental authority for a permit to make any such structural addition, alteration, renovation or improvement in or to the Common Elements requires execution by the Council of Unit Owners, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Council of Unit Owners by an authorized Officer. The review and approval by the Board of Directors shall not imply that the Board or Council of Unit Owners have evaluated the technical merits or legal sufficiency of the proposed change and neither the Board of Directors nor the Council of Unit Owners shall incur any liability to any Unit Owner, third party, contractor, subcontractor or materialman on account of such addition, alteration, renovation or improvement, or to any person having a claim for injury (including death) or damage arising therefrom.

(c) No Unit Owner shall make a structural change to a Unit or a change to any mechanical, life safety, sprinkler or fire suppression system therein (a "Building System") that would have an adverse and material impact on another Unit without the prior written consent of the impacted Unit Owner. No Unit Owner shall make a structural change to a Unit or to a Building System that would have an adverse and material impact on any Common Elements without the prior written consent of the members of the Board of Directors. Due to the complex structural design and interrelationships of the improvements, any structural change to a Unit or a change to any Building System that would have an adverse and material impact on another Unit or to the Common Elements shall include a reasonably detailed analysis of the proposed change by a qualified engineer. Notwithstanding anything contained in the foregoing to the contrary, changes to a Building System performed by or on behalf of a Unit Owner with all necessary building permits and which do not violate insurance requirements shall not require the prior written consent of the other Unit Owners or the Board.

(d) Except to the extent expressly limited elsewhere in the Condominium Documents each Unit Owner shall have the right to make any non-structural alterations to the interior or the exterior of its Unit that such Unit Owner deems necessary, including, without

limitation, the right to install, modify or remove signage and storefront features and displays and the right to reasonably reconfigure parking spaces, aisles and access points. Any modifications to common elements shall require the prior written consent of the Board of Directors and shall be subject to Section 5.9 of these Bylaws.

(e) Notwithstanding the provisions of this Section 5.7 to the contrary, the Commercial Unit Owner shall have the unqualified right, without obtaining the consent of the Board of Directors or the Residential Unit Owner, to perform such structural or non-structural alterations or modifications within the Commercial Unit provided such alterations or modifications do not affect the structural integrity of the Condominium building of which the Commercial Unit is a part. The Commercial Unit Owner shall be entitled to place, and shall have the exclusive right, without the consent of the Board of Directors or the Residential Unit Owner, to place, such temporary or permanent signage on the window areas of the Commercial Unit or an any area constituting the exterior perimeter of the Commercial Unit and including any Limited Common Element or Reserved General Common Element appurtenant to the Commercial Unit, subject to Applicable Law.

(f) **Mold.** According to the U.S. Environmental Protection Agency (the "EPA"), "molds are part of the natural environment. Outdoors, molds play a part in nature by breaking down dead organic matter such as fallen leaves and dead trees, but indoors, mold growth should be avoided." U.S. Environmental Protection Agency. *A Brief Guide to Mold, Moisture and Your Home* (EPA Document 402-K-02-003), 2002. Molds reproduce through airborne mold spores. According to the EPA report, mold may begin growing inside of a home "when mold spores land on surfaces that are wet. There are many types of mold, and none of them will grow without water or moisture." The EPA has stated that "moisture control is the key to mold control." According to the EPA, "it is impossible to get rid of all mold and mold spores indoors; some mold spores will be bound floating through the air and in house dust." *Mold Remediation in Schools and Commercial Buildings* (EPA Document 402-K-01-001), 2001. Though the presence of mold inside of the Condominium can never be completely eliminated, positive steps can be taken to reduce the occurrence of mold growth. Sections 5.13.(d)(i) and 5.13(d)(ii) below summarize some of the steps recommended by the EPA in the publication *A Brief Guide to Mold, Moisture and Your Home* (EPA Document 402-K-02-003) which, pursuant to this Section 5.13(d), the Association and the Unit Owners are required to take.

(i) The Association shall regularly clean and repair roof gutters.

(ii) Monitor building grading and repair any grading which does not slope away from the building.

(iii) Unit Owners shall run the bathroom fan or open the window when showering and use exhaust fans or open windows whenever cooking, running the dishwasher or dishwashing.

(iv) The Association shall take the following steps in all portions of the Condominium it is required to maintain pursuant to Section 5.6 (a) and each Unit Owner shall

take the following steps in all portions of the Condominium it is required to maintain pursuant to Section 5.6 (b):

- Water leaks and spills should be cleaned quickly. If wet or damp materials or areas are dried 24 – 48 hours after a leak or spill happens, in most cases mold will not grow.
- Air conditioning drip pans should be kept clean and the drain lines unobstructed and flowing properly.
- Indoor humidity should be kept low. If possible, below 60 percent (ideally between 30 and 50 percent) relative humidity.
- Condensation or moisture collecting on windows, walls or pipes, should be dried quickly. In addition, action should be taken quickly to reduce the moisture/water source causing such condensation.
- Appliances that produce moisture, such as clothes dryers, stoves and kerosene heaters should be properly vented to the outside where possible.
- Air conditioners and/or de-humidifiers should be utilized when needed.

Unit Owners should consult the publications referenced above for more information on mold. Websites for the U.S. Environmental Protection Agency ([www.epa.gov](http://www.epa.gov)) and the Centers for Disease Control and Prevention ([www.cdc.gov](http://www.cdc.gov)) contain additional information on this issue. A search of other government agencies' websites may also be helpful.

**Section 5.8. 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 a majority of the Unit Owners, the Board of Directors shall proceed with such additions, renovations, alterations or improvements and may assess the 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, or are necessary to meet applicable code requirements or requirements of the Condominium's master insurance policy, 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 given 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. Any provision of the foregoing to the contrary notwithstanding, any expenditure of

reserve funds for the normal care, upkeep, repair, maintenance or replacement of the existing Common Elements pursuant to the terms of these Bylaws shall not require the consent or approval of the Unit Owners under this Section, provided that such expenditures shall otherwise be subject to the Declaration and other applicable provisions of these Bylaws.

*Section 5.9. Architectural Control by the Colonnade Community Association.* As more particularly set forth in the Declaration of Covenants, Conditions and Restrictions for the Community Association, no addition, deletion, change or alteration to the exterior of any buildings or other improvements located within the Property or to any other exterior portions of the Property (including, without limitation, a change in exterior color or exterior building materials or the construction of new buildings, walls, fences, or other structures) (collectively, "Alterations") shall be made without the prior written approval of the Board of Directors for the Community Association or its designee as to the exterior design and appearance of the Alterations to ensure consistency with the Overall Development.

*Section 5.10. Right of Access.* All Unit Owners hereby grant a right of access to their Units to the Condominium Managing Agent and/or such other persons as may be authorized by the Board of Directors or the managing agent for the purpose of making inspections and for the purpose of performing installations, alterations or repairs to the mechanical and electrical services and other Common Elements in their Units or elsewhere in the Condominium, to perform any maintenance, repair and replacement for which the Council of Unit Owners has the responsibility and authority pursuant to the Condominium Documents, including, but not limited to, Section 3.2 of the Declaration, and to correct any condition which violates the provisions of the Declaration, Bylaws, Rules, or any mortgage covering a 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 6 MORTGAGES

*Section 6.1. Unit Mortgages.* Each Unit Owner may mortgage, encumber or otherwise grant a security interest in its Unit, subject to the terms and conditions of this Declaration and the Bylaws.

*Section 6.2. Notice to Board of Directors.* Each Unit Owner shall notify the Board of Directors of the name and address of any Mortgagee with respect to such Unit Owner's Unit.

*Section 6.3. Notice of Default, Casualty or Condemnation.* The Board of Directors, when giving notice to any Unit Owner of a default in paying an assessment or any other default, which remains uncured beyond the applicable cure period set forth in Section 7.2(c) of these Bylaws, shall simultaneously send a copy of such notice to the Eligible Mortgage Holder of such Unit. Each Eligible Mortgage Holder shall have the right to cure any default by its Unit Owner mortgagor within the applicable time period allotted to such Unit Owner to cure such default, except that a First Mortgage shall have the cure period set forth in Section 7.2(c)(iii) of these



Bylaws. Each Eligible Mortgage Holder shall also be promptly notified of all actions taken under Article 10 of the Declaration and of any taking in condemnation or by eminent domain and actions of the Council of Unit Owners with respect thereto. The Board of Directors shall also give Eligible Mortgage Holders any other notices reasonably requested by such Eligible Mortgage Holders.

*Section 6.4. Notice of Amendment of Condominium Documents.* The Board of Directors shall give notice to all Eligible Mortgage Holders (provided the name and address of the current Eligible Mortgage Holder has been provided to the Council of Unit Owners) at least seven (7) days prior to the date of any material amendment to the Condominium Documents and any other notices reasonably requested by a Eligible Mortgage Holder.

*Section 6.5. Eligible Mortgage Holders' Approvals.*

(a) **Unanimous Consent.** Unless Eligible Mortgage Holders and all Unit Owners have given their prior written approval, the Council of Unit Owners shall not: (i) change any Unit's Percentage Interest except as provided in the Maryland Condominium Act or otherwise in the Condominium Documents; (ii) except following destruction or condemnation (and subject to Article 10 of the Declaration), partition, subdivide, abandon, encumber, sell or transfer the Common Elements of the Condominium (except for the granting of easements pursuant to Section 11-125 of the Maryland Condominium Act and the Condominium Documents); (iii) except following destruction or condemnation (and subject to Article 10 of the Declaration), by act or omission withdraw the submission of any of the Property to the Maryland Condominium Act, or terminate the Condominium, (iv) modify the method of determining or collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards; (v) use insurance proceeds for losses to the Condominium for any purpose other than repair, replacement or restoration except as provided in Section 10.4 of the Declaration, or (vi) make any amendment or modification to the Condominium Documents impairing or affecting the rights, priorities, or remedies of a Mortgagee.

(b) **Non-Material Amendments.** Any addition or amendment to the Condominium Documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only.

(c) **Presumptive Approval.** If an Eligible Mortgage Holder is notified of any proposed amendment 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 mail, return receipt requested), and such Eligible Mortgage Holder fails to respond within sixty (60) days of receipt of such notice, such Eligible Mortgage Holder shall be conclusively deemed to have approved the proposed amendment or other matter for which the Eligible Mortgage Holder was provided notice.

**ARTICLE 7**  
**COMPLIANCE AND DEFAULT**

*Section 7.1. Relief.* Each Unit Owner shall be governed by, and shall comply with, the Maryland Condominium Act and the Condominium Documents, as the same may be amended from time to time. In addition to the remedies provided in the Maryland Condominium Act, a default by a Unit Owner, beyond any applicable notice and cure period, shall entitle a non-defaulting Unit Owner, and also the Council of Unit Owners, acting through its Board of Directors or through the Condominium Managing Agent, to the relief described in this Article 7.

*Section 7.2. Additional Liability.* Each Unit Owner shall be liable to the Council of Unit Owners and to each other, as applicable, for the expense of all maintenance, repair or replacement performed by the Council of Unit Owners pursuant to the responsibilities and authorities outlined in the Condominium Documents, including, but not limited to, Section 3.2 of the Declaration, and for the expense of all maintenance, repair or replacement rendered necessary by its acts or omissions and those of its tenants, subtenants, invitees, licensees, employees, contractors and agents, but only to the extent that such expense is not covered by the proceeds of insurance carried on behalf of, or for the benefit of, the Board of Directors or such Unit Owner. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation. Any costs, including, without limitation, reasonable attorneys' fees incurred as a result of a failure of a Unit Owner or its guests, customers, invitees, tenants, agents or employees to comply with the Maryland Condominium Act or the Condominium Documents, may be assessed against such Unit Owner and its Unit.

(a) **Costs and Attorney's Fees.** In any proceedings arising out of any alleged default by a Unit Owner, the Council of Unit Owners shall be entitled to recover the costs of such proceeding and such reasonable attorneys' fees as may be determined by the court.

(b) **No Waiver of Rights.** The failure of the Council of Unit Owners, the Board of Directors, any committee of the Board of Directors, or any Unit Owner to enforce any right, provision, covenant or condition that may be granted by the Condominium Documents or the Maryland Condominium Act shall not constitute a waiver of the right of any such party to enforce such right, provision, covenant or condition in the future. All rights and remedies granted to the foregoing parties pursuant to the Condominium Documents or the Maryland Condominium Act shall be deemed to be cumulative and the exercise of any one or more of the same shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other rights and remedies that may be available under the Condominium Documents or at law or in equity.

(c) **Abating and Enjoining Violations.**

(i) **Non-Monetary Violations.** In addition to any other rights that may be available, the breach of any provision of the Condominium Documents or the Maryland Condominium Act shall give the Board of Directors, the Condominium Managing Agent and

each non-defaulting Unit Owner the right: (1) to enter the Unit or Limited Common Element in which, or as to which, such breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist in violation of the Condominium Documents; (2) to cure any breach of the Condominium Documents; provided, however, that before any construction may be altered or demolished pursuant to clauses (1) or (2) above, judicial proceedings shall be instituted (except in emergencies, or if such breach by a Unit Owner resulted in or may result in an adverse and material effect to another Unit Owner, in which case judicial proceedings shall not be required to be instituted before such party may exercise such right to cure), or (3) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach. Before exercising any of its rights under this subsection, the Board, the Condominium Managing Agent, or the non-defaulting Unit Owner, as the case may be, shall give the defaulting Unit Owner notice and an opportunity to cure the default as set forth hereinbelow, except in emergency situations as reasonably determined by the Board of Directors, the Condominium Managing Agent or each non-defaulting Unit Owner, as applicable, where only such notice (if any) is reasonable under the circumstances shall be required, as long as notice is given as soon as practicable thereafter. Except in emergency situations (as aforesaid), a defaulting Unit Owner shall cure a non-monetary default within twenty (20) days after written notice from the Board of Directors, the Condominium Managing Agent or the non-defaulting Unit Owner, as the case may be, that a non-monetary default has occurred, unless such non-monetary default is of such a nature that it cannot be reasonably be cured within twenty (20) days, in which event the defaulting Unit Owner shall have such reasonable time to cure such non-monetary default, *provided, however*, that the defaulting Unit Owner commences to cure such non-monetary default within such twenty (20) day period after written notice thereof and diligently and continuously prosecutes same to completion within sixty (60) days after written notice thereof, subject to Excusable Delays set forth in Section 11.15 of the Declaration.

(ii) Monetary Violations. A defaulting Unit Owner shall cure a monetary default within fifteen (15) days after written notice from the Board of Directors, the Condominium Managing Agent or the non-defaulting Unit Owner, as the case may be, that such monetary default has occurred. If a defaulting Unit Owner fails to perform any monetary obligation that remains uncured beyond the applicable cure period, or if the defaulting Unit Owner fails to reimburse any party entitled to reimbursement arising out of its enforcement of the Condominium Documents, the party entitled to the performance of such monetary obligation shall be entitled to a lien against the defaulting Unit Owner's Unit pursuant to Section 7.3 of these Bylaws and the Maryland Contract Lien Act, to secure the amount of the reimbursement, including interest thereon at a rate that is permitted by Applicable law.

(iii) Notwithstanding the foregoing, any Eligible Mortgage Holder shall have thirty (30) days from the date of its receipt of a notice of any default by its Unit Owner mortgagor to cure such default, however, if such default is a non-monetary default that can not reasonably be cured within thirty (30) days, then such Eligible Mortgage Holder shall have a reasonably longer period of time to cure such non-monetary default provided that such Eligible Mortgage Holder commences to cure such non-monetary default within such thirty (30) day

period after written notice thereof and diligently and continuously prosecutes the same to completion.

(iv) In exercising any of its rights in accordance with this Section 7.2(c), the Board of Directors, the Condominium Managing Agent, or the non-defaulting Unit Owner, as the case may be, shall not be deemed in any manner guilty of or liable for trespass. Any actual and reasonable out of pocket expenses (including reasonable attorneys' fees and costs and costs for enforcement and collection) incurred in curing a breach by the defaulting Unit Owner shall be reimbursed to the Board of Directors, the Condominium Managing Agent, or the non-defaulting Unit Owner, as the case may be, upon demand. In any legal proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and reasonable attorneys' fees and costs and costs for collection, as determined by the court.

(d) **Legal Enforcement.** Failure to comply with any of the terms of the Condominium Documents shall be grounds for relief in accordance with the terms hereof, including, without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of Condominium assessments, any other relief provided for in the Condominium Documents, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Council of Unit Owners, the Board of Directors, or, if appropriate, by any aggrieved Unit Owner, and shall not constitute an election of remedies.

(e) **Charges.** The Board of Directors may levy reasonable charges against a Unit Owner for violations of the Condominium Documents by such Unit Owner or such Unit Owner's tenants, agents, employees, contractors and invitees, after notice and an opportunity to cure pursuant to Section 7.2(c) of these Bylaws is given to such Unit Owner. No charge may be levied for a single violation in excess of the maximum amount permitted by Applicable Law. Each day a violation continues, after notice and an opportunity to cure pursuant to Section 7.2(c) of these Bylaws is given to the Unit Owner, shall be deemed a separate violation. Such charges are Special Assessments and shall be collectible as such.

### *Section 7.3. Enforcement of Assessments.*

(a) **Lien.** The total Annual Assessment of each Unit Owner for General Common Expenses, charges against the Unit Owner authorized by the Condominium Documents, including, but not limited to, charges authorized pursuant to Section 3.2 of the Declaration and any Special Assessment, or any other sum duly levied pursuant to the Condominium Documents (including late charges, reasonable attorneys' fees and costs of collection), is hereby declared to be a lien levied against the Unit of such Unit Owner as provided in the Maryland Condominium Act, which lien shall, with respect to Annual Assessments, be effective on the first day of each fiscal year of the Condominium and, as to Special Assessments and other sums duly levied, on the first day of the next month that begins more than ten (10) days after delivery to the Unit Owner of notice of such Special Assessment or levy. The Board of

Directors, or the Condominium Managing Agent if directed to do so by the Board of Directors, may file or record among the Land Records such other or further notice or instrument of any such lien as may be required to confirm the establishment and priority of such lien.

(b) **Acceleration.** In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the timely payment of any two (2) consecutive installments, the maturity of the remaining total of the unpaid installments of such assessment for the current fiscal year may be accelerated at the option of the Board of Directors and the entire balance of the assessment remaining for the current fiscal year may be declared due and payable in full by the service of notice of acceleration to the defaulting Unit Owner and such Unit Owner's Eligible Mortgage Holder.

(c) **Enforcement.** The lien for Condominium assessments may be enforced and foreclosed in any manner permitted by the laws of Maryland, by power of sale or action by the Board of Directors or the Condominium Managing Agent acting on behalf of the Council of Unit Owners. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the laws of the Maryland.

(d) **Remedies Cumulative.** A suit to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

## ARTICLE 8 SALES AND MORTGAGES OF UNITS

*Section 8.1. 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 or her 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 9 PARKING SPACES

The Condominium does not have any parking spaces as part of the Property. However, as outlined in the Explanatory Statement in the Declaration, Parking Units that are part of the Land Condominium will be sold to Unit Owners and other parking spaces throughout the Overall Development may be available for use by Unit Owners and guests to the extent available. All

use of Parking Units and parking spaces throughout the Overall Development shall be subject to the Community Association governing documents and Rules and Regulations as may be adopted by the Community Association pursuant thereto. All parking spaces will either be owned by the Community Association or may be sold to Unit Owners as Parking Units of the Land Condominium.

**ARTICLE 10**  
**DISPUTE RESOLUTION; ARBITRATION**

*Section 10.1. Claim Notice; Inspection.* Every claim against the Declarant (including any of the Declarant's employees, agents or contractors) by the Council of Unit Owners and/or any Owner or Owners (the "Claimant") regarding the design, construction, or warranty of the Common Elements, any Unit or other portion of the Condominium shall be resolved pursuant to the requirements of this Article. Should the Claimant fail to follow the procedures set forth in Sections 10.1 or Section 10.2, the Declarant may demand binding arbitration as set forth in Section 10.3. Should the Declarant fail to follow the procedures set forth in Sections 10.1 or Section 10.2, either the Declarant or the Claimant may demand binding arbitration as set forth in Section 10.3.

(a) The Claimant shall mail or otherwise deliver written notice to the Declarant specifying the defect or defects that are the subject of its claim, including identification of all Common Elements and other portions of the Condominium that have manifested damage or otherwise indicate existence of a defect (the "Claim Notice").

(b) Within twenty (20) days after the receipt of the Claim Notice, the Declarant may make a written request to the Claimant to inspect those portions of the Condominium identified in the Claim Notice (the "Inspection Request").

(c) Within ten (10) days after receipt of the Inspection Request, the Claimant shall make available for inspection all portions of the Condominium identified in the Claim Notice during normal working hours or other mutually agreed upon times. If necessary, interior inspections of Units shall occur only during normal business hours or other mutually agreed upon times, only upon prior notice to the Owner or occupant of the Unit, and only with the consent of the Owner of the Unit, which consent may not be unreasonably withheld or delayed. In addition, if the Claimant has engaged the services of a professional to prepare the contents of the claim notice, then Claimant shall make the professional available to meet with and/or accompany the Declarant in inspecting the items in the claim notice.

(d) Such inspection shall be completed within fifteen (15) days after the date the portions of the Condominium identified in the Claim Notice are made available to the Declarant by the Claimant for inspection; provided, however, that if such inspection is not reasonably capable of being completed within such fifteen (15) day period, and provided further that the Declarant commences good faith efforts to commence such inspection within such fifteen day (15) day period and thereafter diligently prosecutes such efforts to completion, such fifteen (15) day period shall be extended for the period of time reasonably necessary for the Declarant to

commence and complete such inspection. The Declarant shall pay all costs of such inspection, shall restore such portions of the Condominium Declarant shall inspect to the condition that existed immediately before such inspection within five (5) days after the completion of such inspection, and shall indemnify the Claimant for any and all damages resulting from such inspection; provided, however, that if such restoration is not reasonably capable of being completed within such five (5) day period, and provided further that the Declarant commences good faith efforts to commence such restoration within such five (5) day period and thereafter diligently prosecutes such efforts to completion, such five (5) day period shall be extended for the period of time reasonably necessary for the Declarant to commence and complete such restoration.

***Section 10.2. Settlement Statement; Conference and Declarant's Right to Repair.***

(a) Within fifteen (15) days after completion of the inspection under Section 10.1 of this Article, the Declarant shall submit a written statement to the Claimant stating the Declarant's proposed settlement of the claim or claims identified in the Claim Notice, and stating whether the Declarant proposes to do any remedial work, pay the Claimant a cash amount, or both (the "Settlement Statement"). The Claimant shall provide the Declarant with all necessary access to the Condominium to perform such repairs.

(b) If the Declarant delivers a timely Settlement Statement, then within fifteen (15) days after receipt of the Settlement Statement, the Unit Owner or at least a majority of the Board of Directors (if the Claimant is the Council of Unit Owners) shall hold a settlement conference with the Declarant to discuss the claim or claims identified in the Claim Notice and the proposed settlement stated in the Settlement Statement (the "Settlement Conference"). The Claimant and the Declarant may be represented by the attorneys and consultants at the Settlement Conference, and any mutually agreed upon continuation thereof.

(c) If a settlement of the claim or claims identified in the Claim Notice is not reached within fifteen (15) days after the Settlement Conference, or any mutually agreed upon continuation thereof, the Claimant or the Declarant may deliver to the other party a written demand for binding arbitration as set forth in Section 10.3.

(d) Any notice, request, statement, or other communication required to be sent to the Declarant or the Council of Unit Owners under this Article shall be mailed by first-class registered or certified mail, return receipt requested, or sent by facsimile (with evidence of transmission and receipt), or personally served on the party entitled to receive such notice, request statement or other communication.

***Section 10.3. Arbitration.***

(a) Every claim against the Declarant (including any of the Declarant's employees, agents or contractors) by a Claimant regarding the design, construction, or warranty of the Common Elements, any Unit or other portion of the Condominium which has not been resolved pursuant to Sections 10.1 and Section 10.2 above shall be submitted to binding

arbitration in accordance with this Section 10.3, unless the parties to such dispute agree or have agreed otherwise.

(b) Either party may commence the arbitration process called for in this Section by filing a written demand for arbitration with the other party. The arbitration shall be conducted at a location determined by the arbitrator in the Washington, D.C. metropolitan area and will be administered in accordance with the provisions of the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of filing of the demand for arbitration, or such other rules and procedures that are agreed to by all parties. The parties covenant that they will participate in the arbitration in good faith and that they will share equally in the fees and expenses of the arbitrator. Should Claimant in violation of this Article 10, commence legal action in a court, Declarant shall have the right to have such legal action dismissed and to recover the cost of obtaining the dismissal.

(c) The arbitrator shall determine which is the prevailing party and shall include in the award payment by the non-prevailing party of the prevailing party's reasonable attorneys' fees and expenses. The provisions of this Section 10.3 and any judgment rendered by the arbitrator may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the party against whom enforcement is ordered.

(d) **EACH CLAIMANT COVENANTS AND AGREES TO HAVE ALL DISPUTES COVERED BY THIS ARTICLE 10 DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THIS SECTION 10.3 AND RELINQUISH ANY RIGHTS THAT MAY BE AVAILABLE TO HAVE SUCH MATTERS LITIGATED IN A COURT OR BY JURY TRIAL, INCLUDING JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. THE REFUSAL BY A PARTY TO SUBMIT TO ARBITRATION IN ACCORDANCE WITH THIS SECTION 11.3 MAY RESULT IN THE PARTY BEING COMPELLED TO ARBITRATE UNDER FEDERAL OR STATE LAW.**

#### **ARTICLE 11** **AMENDMENTS TO BYLAWS**

These Bylaws may be modified or amended only by the unanimous express written consent of the Unit Owners. All amendments to these Bylaws shall be recorded among the Land Records. Notwithstanding the foregoing, the Board of Directors unilaterally may amend the Condominium Documents to correct or supplement any mathematical mistakes, inconsistencies or scrivener errors or any erroneous or incomplete information based upon any objectively verifiable fact, provided that all Unit Owners are provided prior notice of the same.

#### **ARTICLE 12** **MISCELLANEOUS**



*Section 12.1. Notices.* Except as otherwise provided in the Condominium Documents, all notices, demands, bills, statements or other communications under these Bylaws shall be made in accordance with Section 11.12 of the Declaration.

*Section 12.2. Invalidity.* The provisions of these Bylaws shall be severable, and the invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

*Section 12.3. Captions.* The captions used in these Bylaws are included solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the provisions of these Bylaws.

*Section 12.4. Gender.* The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

*Section 13.5. 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.

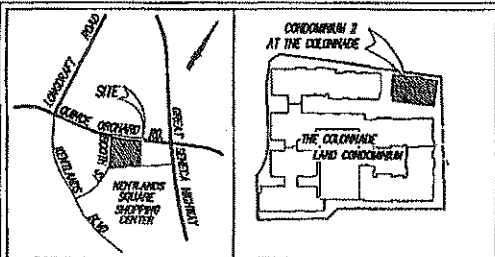
*Section 13.6. Conflicts.* In case any part of these Bylaws conflict with the Act and/or the Declaration, the provisions of the Act and/or Declaration as the case may be, shall control.

[END OF BYLAWS]

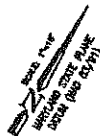
R1392 6241

**EXHIBIT C**

**Condominium Plats**  
(Attached)



VICINITY MAP  
NOT TO SCALE



SURVEYOR'S CERTIFICATE

I HEREBY CERTIFY THAT THE CONDOMINIUM PLAN, CONSISTING OF 2 SHEETS IS CORRECT, THAT IT IS A CONDOMINIUM PLAN OF THE LAND KNOWN AS LAND UNIT NO. 2 AS SHOWN ON A CONDOMINIUM PLAN ENTITLED "CONDOMINIUM PLAN, THE COLONNADE LAND CONDOMINIUM" AND RECORDED AMONG THE LAND RECORDS OF MONTGOMERY COUNTY, MARYLAND FROM HEREIN; THAT IT IS IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 11 OF THE REAL PROPERTY ARTICLE, SECTION 11-102, ET SEQ. OF THE ANNOTATED CODE OF MARYLAND (2003), AS AMENDED;

I FURTHER CERTIFY THAT THE PLAN, TOGETHER WITH THE APPLICABLE WORDS OF THE DECLARATION, IS A CORRECT REPRESENTATION OF THE CONDOMINIUM DESCRIBED, AND THE IDENTIFICATION AND LOCATION OF EACH UNIT AND THE COMMON ELEMENTS, AS CONSTRUCTED, CAN BE DETERMINED FROM THEM.

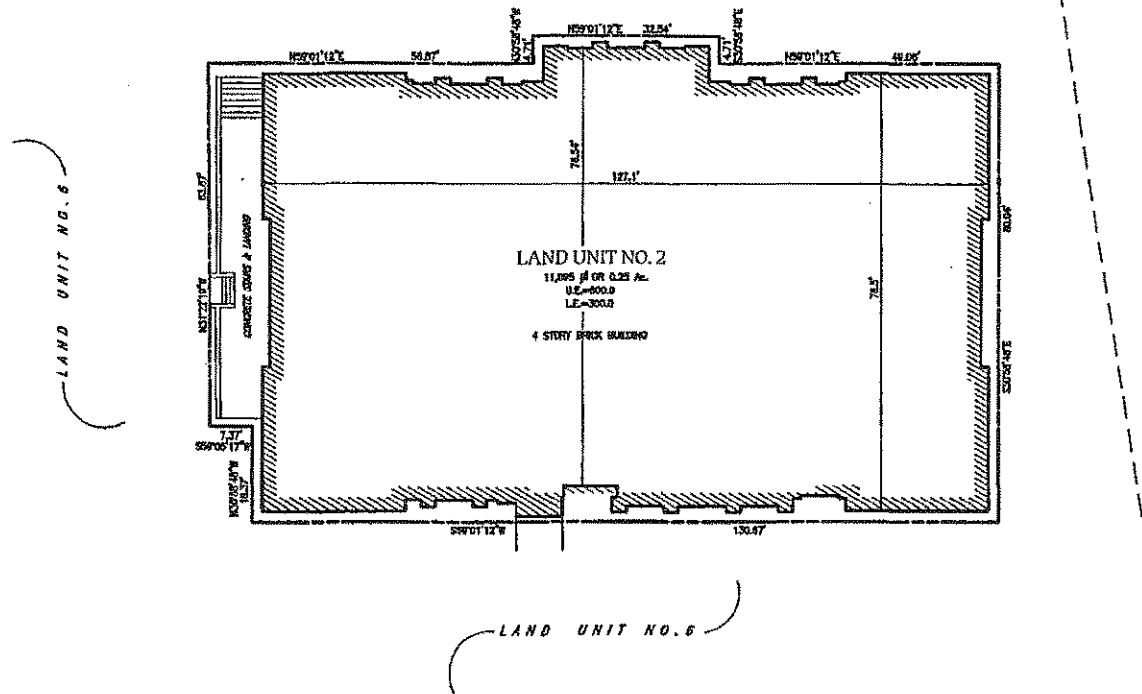
I FURTHER CERTIFY THAT I WAS IN RESPONSIBLE CHARGE OVER THE PREPARATION OF THIS CONDOMINIUM PLAN AND THE SURVEY ON WHICH IT IS BASED, ALL IN COMPLIANCE WITH REQUIREMENTS SET FORTH BY 8.13.04.12 OF THE CONA REGULATIONS.

DATE: \_\_\_\_\_

RONALD L. COLLIER  
PROFESSIONAL LAND SURVEYOR  
MARYLAND NO. 20014

RECORDED: \_\_\_\_\_  
CONDOMINIUM  
PLAT NO.: \_\_\_\_\_

QUINCE ORCHARD ROAD  
(MD. RTE. 124)  
(150' RIGHT OF WAY)  
S.R.C. PLAT NO. 47887 & 88868



313921 6251

CONDOMINIUM PLAT  
AS-BUILT PLAN  
CONDOMINIUM 2  
AT THE COLONNADE  
CITY OF GAITHERSBURG  
MONTGOMERY COUNTY, MARYLAND  
OCTOBER, 2005 SCALE: 1"=15'  
SHEET 1 OF 2

**CPJ** Charles F. Johnson & Associates, Inc.  
Associates  
REGISTERED PROFESSIONAL LAND SURVEYORS  
10000 WOODBRIDGE LANE  
GAITHERSBURG, MARYLAND 20878  
TEL: 301-281-1100 FAX: 301-281-1101

RECORDED:  
CONDOMINIUM  
PLAT NO.:

31392

6261

30  
01  
88-07-187-A

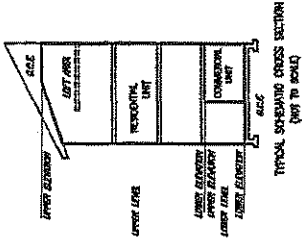
CONDOMINIUM PLAT  
UNIT PLAN

CONDOMINIUM 2  
AT THE COLONADE

CITY OF GAITHERSBURG  
MONTGOMERY COUNTY, MARYLAND  
OCTOBER, 2005 SCALE: 1"=20'

SHEET 2 OF 2

Charles F. Johnson & Associates, Inc.  
A Limited Liability Corporation  
10728 LANTANA LANE  
GAITHERSBURG, MARYLAND 20878  
TEL: (301) 477-9900  
FAX: (301) 477-9901  
CPJ  
Associated



TYPICAL SPANNING CROSS SECTION  
UNIT TO A/C/L

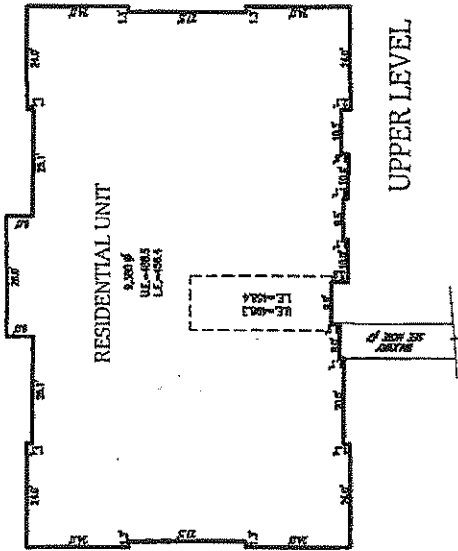
NOT TO SCALE  
REF. DIMS. TO FACE (UNLESS NOTED)

NOTES:

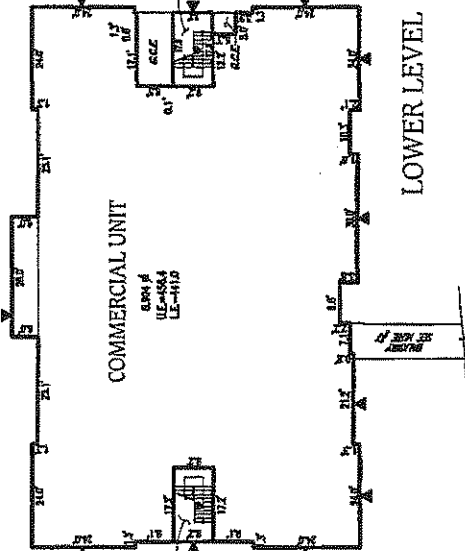
1. THERE ARE TWO (2) CONDOMINIUM UNITS SHOWN HEREON, ONE LABELED "RESIDENTIAL UNIT" AND ONE LABELED "COMMERCIAL UNIT".
  2. UNIT DIMENSIONS ARE SHOWN HEREON.
- UNIT DIMENSIONS AS SHOWN HEREON ARE TO BE USED FOR THE CONDOMINIUM PLAT, AND INCLUDE ALL IMPROVEMENTS, FINISHES AND FIXTURES WHICH ARE SHOWN ON THE PLANS. THE EXISTING CONSTRUCTION SHALL BE MAINTAINED TO THE EXTENT PRACTICABLE AND NOTED HEREON. THE EXISTING CONSTRUCTION SHALL BE MAINTAINED TO THE EXTENT PRACTICABLE AND NOTED HEREON. THE EXISTING CONSTRUCTION SHALL BE MAINTAINED TO THE EXTENT PRACTICABLE AND NOTED HEREON. THE EXISTING CONSTRUCTION SHALL BE MAINTAINED TO THE EXTENT PRACTICABLE AND NOTED HEREON.

NOTES:

3. "B" REPRESENTS A RESIDENTIAL UNIT ENTRANCE.
4. C.C.L. - COMMON ELEMENTS WHICH SHALL CORRESPOND TO ALL THE PROPERTY SHOWN EXCEPT THE UNITS AND THE UNITED COMMON ELEMENTS, IF ANY.
5. U.P.C. - UPPER COMMON ELEMENTS WHICH SHALL CORRESPOND TO ALL AREAS DESIGNATED AS LIMITED COMMON ELEMENTS AND ARE THE PORTION OF THE PROPERTY WHICH SHALL BE USED BY THE UNITS AND THE UNITED COMMON ELEMENTS. SUCH AREAS SHALL BE APPROPRIATELY APPROPRIATED IN THE DECLARATION ON THE CONDOMINIUM PLAT.
6. U.L. - UPPER LEVEL CONSTRUCTION WITH LOWER UNIT BOUNDARY.
7. DIMENSIONS FOR THE UNITS SHOWN HEREON ARE BASED ON THE NORTH AMERICAN DATUM (NAD 83).
8. DIMENSIONS FOR THE UNITS SHOWN HEREON ARE BASED ON THE NORTH AMERICAN DATUM (NAD 83).
9. DIMENSIONS FOR THE UNITS SHOWN HEREON ARE BASED ON THE NORTH AMERICAN DATUM (NAD 83).



UPPER LEVEL



LOWER LEVEL

**EXHIBIT D**

**Schedule of Percentage Interests and Votes**

Percentage Interests of All Unit Owners in General Common Elements, Common Profits and General Common Expenses and of the Vote in the Council of Unit Owners:

<u>Unit Designation</u>	<u>Percentage Interest</u>	<u>Vote</u>
Commercial Unit	30%	1
Residential Unit	70%	1
<b>Total</b>	100%	2