

THE MARYLAND FARMS COMMUNITY SERVICES ASSOCIATION, INC.

BY-LAWS

ARTICLE I

Name and Location

Section 1. Name and Location. The name of this Association is as follows:

THE MARYLAND FARMS COMMUNITY SERVICES ASSOCIATION, INC.

Its principal office is initially located at:

11386 Cherry Hill Road
Beltsville, Maryland 20705

ARTICLE II

Definitions

Section 1. Grantor. "Grantor", as used herein, means: Jerry Wolman, trading as "Maryland Farms Apartments".

Section 2. The Project. The "project" or the "condominium project", as used herein, means that certain community being developed by the Grantor in both Montgomery County and Prince George's County, Maryland known as "Maryland Farms".

Section 3. Master Deed. "Master Deed", as used herein, means that certain Master Deed made the 15th day of June, 1973, by the Grantor, pursuant to Article 21, Title XI, Section 11-101, et seq., Annotated Code of Maryland (1972 Supp.), by which certain described premises (including land) are submitted to a condominium property regime and which Master Deed is recorded in Liber at folio among the Land Records for Prince George's County, Maryland, and shall include such similar documents as may subsequently be recorded in connection with other condominium regimes organized as a part of the project.

Section 4. Declaration. "Declaration", as used herein, means that certain Declaration made the 3rd day of August, 1973, by the Grantor, and which Declaration is recorded in Liber at folio , among the aforesaid Land Records and in Liber 4427 at folio 508, among the Land Records for Montgomery County, Maryland.

Section 5. Association. "Association", as used herein, means The Maryland Farms Community Services Association, Inc.

Section 6. Mortgage. "Mortgage", as used herein, shall include deed of trust, and the term "holder" or "mortgagee" shall include the party secured by any deed of trust or any beneficiary thereof.

Section 7. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended all other terms used herein shall have the same meaning as they are defined to have in the Master Deed or in the Declaration.

ARTICLE III

Membership

Section 1. Membership. The Association shall have two classes of voting membership:

(a) Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any Condominium Unit which is or becomes subject by covenants of record to assessment by the Association shall be a Class A member of the Association, provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a member solely on account thereof. Each Class A member shall be entitled to one vote for each Condominium Unit in which such member holds the record interest required for Class A membership.

(b) There shall be Class B memberships, all of which shall be issued to the Grantor or its nominee or nominees. The Class B member shall be entitled to one vote for each Class B membership so held, provided, however, that each Class B membership shall lapse and become a nullity on the first to happen of the following events:

- (i) when the total authorized, issued and outstanding Class A memberships equal 545; or
- (ii) on January 1, 1978; or
- (iii) upon surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Section 2. Membership Certificates. In the event the Board of Directors considers it necessary or appropriate to consider membership certificates or the like, then each such membership certificate shall state that the Association is organized under the laws of the State of Maryland, the name of the registered holder or holders of the membership represented thereby, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered, bound in one or more books, and shall be issued therefrom upon certification as to the transfer of title to the condominium unit to which such membership is appurtenant. Membership is not otherwise transferable. Every membership certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary and shall be sealed with the corporate seal. Such signatures and seal may be original or facsimile. The membership certificate of the Association and of the association of co-owners of any condominium developed as a part of the condominium project may be combined.

Section 3. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Association and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the person claiming the membership certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered holder or holders of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Association a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the Association.

Section 4. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each Class A member of the Association shall be entitled to receive out of the assets of the Association available for distribution to the members an amount equal to that proportion of such assets which the number of Class A memberships held by such member bears to the total number of Class A memberships then issued and outstanding, all in the manner now or hereafter provided by the laws of the State of Maryland.

ARTICLE IV

Meeting of Members

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

Section 2. Annual Meetings. The first annual meeting of the members of the Association shall be held at such time as the Board of Directors shall determine but shall be held, in any event, within one (1) year following the date of filing of the Articles of Incorporation with the State Department of Assessments and Taxation of Maryland. Thereafter, the annual meetings of the members of the Association shall be held on the third Wednesday of May each succeeding year. At such meeting there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Section 5 of Article V of these By-Laws. The members may also transact such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by at least twenty percent (20%) of the members, of each class, having been presented to the Secretary; provided, however, that no special meeting shall be called, except upon resolution of the Board of Directors, prior to the first annual meeting of members as hereinabove provided for. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

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

Section 5. Quorum. The presence, either in person or by proxy, of members representing at least fifty-one percent (51%) of the then members of record, shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of members. If the number of members at a meeting drops below the quorum and the question of a lack of a quorum is raised, no business may thereafter be transacted.

Section 6. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Voting. At every meeting of the members, each of the Class A members shall have the right to cast one vote for each Class A membership which he owns on each question. Each Class B member shall have the right to cast one vote for each Class B membership which he owns on each question. The vote of the members representing fifty-one percent (51%) of the total of the membership present at the meeting, in person or by proxy, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Articles of Incorporation, or of the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the members are unable to agree on the manner in which the vote for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question. In the event any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the president or any vice president of such corporation and attested by the secretary or an assistant secretary of such corporation and filed with the Secretary of the Association prior to the meeting. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protest by any other such trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Class A member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 8. Proxies. A member may appoint any other member or the Grantor or Management Agent as his proxy. In no case may any member (except the Grantor or the Management Agent) cast more than one vote by proxy in addition to his own vote. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors before the appointed time of each meeting. Unless limited by its terms, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the member; provided, however, that any such proxy shall be effective only for the meeting for which the same was given.

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

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

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

ARTICLE V

Directors

Section 1. Number and Qualifications. The affairs of the Association shall be governed by the Board of Directors composed of an uneven number of at least three (3) natural persons and not more than nine (9) natural persons, a majority of whom (after the lapse of all of the Class B memberships as provided in Article III of these By-Laws) shall be members of the Association.

Section 2. Initial Directors. The initial Directors shall be selected by the Grantor and need not be members of the Association. The names of the Directors who shall act as such until the first annual meeting of the members or until such time as their successors are duly chosen and qualified are as follows: Jerry Wolman, Jerold E. Williamson and Robert Hinton. Within the limitations set forth in Section 1 of this Article, the Board of Directors shall have the authority to increase the number of Directors. Such number shall be decreased only by a vote of a majority of the then members of the Association.

Section 3. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the members. The powers and duties of the Board of Directors shall include, but not be limited to, the following:

To provide for the

(a) care, upkeep and surveillance of the common areas and community facilities and in a manner consistent with law and the provisions of these By-Laws and the Declaration and such maintenance and repairs as the Association shall undertake to perform for or on behalf of the association of co-owners of any condominium which is or becomes part of the condominium project.

(b) establishment, collection, use and expenditure of assessments and/or carrying charges from the members and to provide for the assessment and/or enforcement of liens therefor in a manner consistent with law and the provisions of these By-Laws and the Declaration.

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

(d) promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the common areas and community facilities as are designated to prevent unreasonable interference with the use and occupancy of the common areas and community facilities by the members, all of which shall be consistent with law and the provisions of these By-Laws and the Declaration.

(e) authorization, in their discretion, of patronage refunds from residual receipts when and as reflected in the annual report.

Section 4. Management Agent. The Board of Directors shall employ for the Association a management agent (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. The Association shall not employ any new Management Agent without thirty (30) days' prior written notice to the institutional holders of all first mortgages on the condominium units and the Association shall not undertake "self-management" or otherwise fail to employ a professional management agent without the prior written approval of all of the institutional holders of such first mortgages.

Section 5. Election and Term of Office. The term of the Directors named herein and the Articles of Incorporation shall expire when their successors have been elected at the first annual meeting of members and are duly qualified. The election of Directors shall be held by ballot, unless balloting is dispensed with by the unanimous consent of the members present at any meeting, in person or by proxy. There shall be no cumulative voting. At the first annual meeting of the members, the term of office of the Director receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the Director receiving the second greatest number of votes shall be fixed at two (2) years and the term of office of the other Director or Directors shall be fixed at one (1) year. Directors shall hold office until their successors have been elected and hold their first meeting. In the alternative, the membership may, by resolution duly made and adopted at such first annual meeting, or at any subsequent annual meeting, elect to fix the term of each Director elected at such meeting at one (1) year. Unless the members shall resolve to fix the term of office of each Director at one (1) year, at the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years.

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

Section 7. Removal of Directors. At a regular meeting, or special meeting duly called for such purpose, (but only after the first annual meeting of members, as hereinabove provided for) any Director may be removed with or without cause by the affirmative vote of the majority of the entire membership of record and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director who is a Class A member and who becomes more than sixty (60) days delinquent in payment of any assessments and/or carrying charges due the Association shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 6 of this Article.

Section 8. Compensation. No compensation shall be paid to Directors for their services as Directors. After the lapse of all of the Class B memberships as provided in Article III of these By-Laws, no remuneration shall be paid to any Director who is also a member of the Association for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before the services are undertaken.

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

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least six (6) days' prior to the day named for such meeting.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director given personally or by mail, telephone or telegraph, 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 on like notice on the written request of at least one-third (1/3) of the directors.

Section 12. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. 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.

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

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

Section 15. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association regularly handling or responsible for corporate or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. Prior to the lapse of all of the Class B memberships as provided in Article III of these By-Laws, the officers of the Association need not be members of the Association. Thereafter, except for the President, the officers of the Association need not be members of the Association. The Directors may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

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

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

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

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

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have custody of the seal of the Association; he shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

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

ARTICLE VII

Liability and Indemnification of Officers and Directors

Section 1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or director of the Association whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct, or bad faith. The officers and 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, and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such

contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Association, or former officer or director of the Association may be entitled.

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

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

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

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

ARTICLE VIII

Management

Section 1. Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage, operate and maintain the common areas and community facilities and, for the benefit of the members of the Association, shall enforce the provisions hereof and shall pay out of the common expense fund hereinelsewhere provided for, the following:

(a) The cost of providing water, sewer, garbage and trash collection, electrical, gas and other necessary utility services for the common areas and community facilities.

(b) The cost of fire and extended liability insurance on the common areas and community facilities and the cost of such other insurance as the Association may effect.

(c) The cost of the services of a person or firm to manage the common areas and community facilities to the extent deemed advisable by the Association consistent with the provisions of the Declaration and these By-Laws, together with the services of such other personnel as the Board of Directors of the Association shall consider necessary for the operation of the common areas and community facilities.

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

(e) The cost of painting, maintaining, replacing, repairing and landscaping the common areas and community facilities and such furnishings and equipment for the common areas and community facilities as the Board of Directors shall determine are necessary and proper, and the Board of Directors shall have the exclusive right and duty to acquire the same.

(f) The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Association is required to secure or pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the common areas or community facilities.

(g) Any amount necessary to discharge any lien or encumbrance levied against the common areas or community facilities; or any portion thereof.

Section 2. Management Agent. The Association may by contract in writing delegate any of its ministerial duties, powers or functions to the Management Agent. The Association and the Board of Directors shall not be liable for any omission or improper exercise by the Management Agent of any such duty, power or function so delegated.

Section 3. Easements for Utilities and Related Purposes. The Association is authorized and empowered to grant (and shall from time to time grant) such licenses, easements and/or rights-of-way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, underground conduits and/or such other purposes related to the provision of public utilities to the common areas and community facilities as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation and enjoyment of the common areas and community facilities and for the preservation of the health, safety, convenience and/or welfare of the members, the Grantor or the owners of condominium units in any condominium projects organized (or to be organized) as part of the condominium project.

Section 4. Limitation of Liability. The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the common areas or community facilities or from any wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any member for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common areas or community facilities. No diminution or abatement of assessments, as hereinelsewhere or in the Declaration provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common areas or community facilities, or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 5. House Rules. There shall be no violation of any rules for the use of the common areas or community facilities, or other "house rules", which may from time to time be adopted by the Board of Directors and promulgated among the membership by them in writing, and the Board of Directors is hereby and elsewhere in these By-Laws authorized to adopt such rules.

Insurance

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

(a) Casualty or physical damage insurance in an amount equal to the full replacement value (i.e., 100% of "replacement cost" exclusive of land, foundation and excavation) of the common areas and community facilities (including all building service equipment and the like) with an "agreed amount" endorsement, if reasonably available, without deduction or allowance for depreciation, (as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

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

(b) Public liability insurance, with a "severability of interest" endorsement, in such amounts and in such forms as may be considered appropriate by the Board of Directors including, but not limited to, water damage, legal liability, hired automobile, non-owned automobile, liability for property of others, and any and all other liability incident to the ownership and/or use of the common areas and community facilities or any portion thereof; and

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

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

(e) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by Section 15 of Article V of these By-Laws, as are or shall hereafter be considered appropriate by the Board of Directors.

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

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

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors or its authorized representative.

(c) All policies shall provide that such policies may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to any and all insureds named thereon, including any and all mortgagees of the condominium units who request such notice from the carrier.

(d) All policies shall contain a waiver of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

ARTICLE X

Fiscal Management

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

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures of the Association and its administration and shall specify the maintenance and repair expenses of the common areas and community facilities and services and any other expenses incurred. That amount of any assessment required for payment of any capital expenditures or reserves of the Association shall be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution by the members.

Section 3. Auditing. At the close of each fiscal year, the books and records of the Association shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards. Based upon such report, the Association shall furnish its members with an annual financial statement, including the income and disbursements of the Association. Copies of such statement shall also be furnished to any mortgagee requesting the same.

Section 4. Inspection of Books. The books and accounts of the Corporation, and vouchers accrediting the entries made thereupon, shall be available for examination by the members of the Association, and/or their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any condominium unit and/or its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests.

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

Section 6. Seal. The Board of Directors shall provide a suitable corporate seal containing the name of the Association, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE XI

Amendment

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of members representing a majority of the then members of record, at any meeting of the members duly called for such purpose, but only after thirty (30) days' prior written notice to the institutional holders of all first mortgages on the condominium units in the project. Amendments may be proposed by the Board of Directors or by petition signed by members representing at least thirty percent (30%) of the total membership. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

ARTICLE XII

Mortgages - Notice

Section 1. Notice to Board of Directors. Any member who mortgages the condominium unit to which his membership is appurtenant shall promptly notify the Board of Directors of the name and address of his mortgagee and, if requested so to do, shall file a conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain suitable records pertaining to such mortgages.

Section 2. Consents. Any other provision of these By-Laws or of the Declaration to the contrary notwithstanding, the Association shall not, and neither the members nor the Board of Directors shall institute any proceeding, without the prior written consent of all institutional first mortgagees of record, to take any of the following actions:

- (a) abandon or terminate the Declaration; or
- (b) modify or amend the provisions of these By-Laws or of the Declaration; or
- (c) modify the method of determining and collecting common expense assessments and/or other assessments as provided in the Declaration; or
- (d) mortgage, partition, subdivide, transfer or otherwise dispose of any of the common areas or community facilities; or
- (e) resolve to use the proceeds of casualty insurance for any purpose other than the repair or restoration of the common areas and community facilities.

Section 3. Definition. As used in this Article, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees and the term "mortgage" shall include a deed of trust. As used generally in these By-Laws, the term "institutional holder" or "institutional mortgagee" shall include banks, trust companies, insurance companies, savings and loan associations, pension funds, FNMA, FHLMC, and any corporation, including a corporation of, or affiliated with, the United States Government, or any agency thereof.

ARTICLE XIII

Interpretation - Miscellaneous

Section 1. Conflict. These By-Laws are subordinate and subject in all respects to the provisions of the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control.

Section 2. Committees. The Board of Directors may, from time to time, appoint such committees as it considers necessary or appropriate from the membership of the Association, each of which shall consist of a chairman and at least two (2) other members. Any committee so appointed shall serve at the pleasure of the Board of Directors.

Section 3. Notices. Unless another type of notice is hereinelsewhere specifically provided for, any and all notices called for in the Declaration and in these By-Laws shall be given in writing.

Section 4. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 5. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 6. Captions. The captions contained in these By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

Section 7. Gender, etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.