

BY-LAWS

SUMMERFIELD AT RIVER HILL CONDOMINIUM ASSOCIATION, INC.

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BY-LAWS

SUMMERFIELD AT RIVER HILL CONDOMINIUM ASSOCIATION, INC.

ARTICLE I

Name, Location and Function

Section 1. Name and Location. The name of the Condominium is Summerfield at River Hill Condominium. The principal office and mailing address of the Council of Unit Owners is 8965 Guilford Road, Suite 290, Columbia, Maryland, 21046, or such other office and address as the Board of Directors shall periodically determine. Pursuant to the provisions of Paragraph 18 of the Declaration, and in accordance with the provisions of Section 11-109 of the Real Property Article of the Annotated Code of Maryland (hereinafter the "Maryland Condominium Act" or the "Act"), the affairs of the Condominium shall be governed and administered by Summerfield at River Hill Condominium Association, Inc., an entity incorporated as a non-stock corporation under the provisions of the Corporations and Associations Article of the Annotated Code of Maryland.

ARTICLE II

Definitions

Section 1. Declaration. "Declaration" as used herein means that certain Declaration made the 8 day of October, 2001, by Beazer Homes Corporation pursuant to Section 11-101 et seq., of the Act as amended, by which certain described property was submitted to a Condominium Regime (hereinafter called the "Regime") and which Declaration is recorded among the Land Records of Howard County, Maryland, immediately prior hereto.

Section 2. Mortgage, Mortgagee and Holder. As used throughout these By-Laws the term "Mortgage" shall include deed of trust and the term "Holder" or "Mortgagee" shall include the party secured by any deed of trust, any beneficiary thereof and the Trustees named therein, their successors and assigns.

Section 3. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration or in the Act.

ARTICLE III

Ownership

Section 1. Owners. Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, which owns a Condominium Unit within this Regime as the same is constituted from time to time, shall be a member of the Council of Unit Owners (hereinafter called the "Council"); provided, however, that any person, group of persons, general partnership, limited partnership, corporation, trust or other legal entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation shall not be deemed a Unit Owner.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Regime. The terms "Condominium Regime" or "Regime" as used herein shall include the land, as well as the improvements thereon. In construing these By-Laws, and the government of the Regime pursuant thereto, the provisions of the Corporations and Associations Article of the Annotated Code of Maryland pertaining to the government of non-stock corporations, shall be considered as governing to the extent not inconsistent with the provisions of the Act, the Declaration and these By-Laws.

ARTICLE IV

Meeting of Council of Unit Owners

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

Section 2. Annual Meetings. The Organizational and First Meeting of the Council of this Regime shall be held within sixty (60) days after the date on which fifty percent (50%) of the percentage interest in the Condominium have been conveyed to purchasers for value, but in no event later than December 31, 2005. Thereafter, annual meetings of the Council shall be held on the First Tuesday in March of each succeeding year or such other date as is hereafter determined by the Board of Directors. At such meeting there shall be elected by ballot of the Unit Owners, a Board of Directors in accordance with the requirements of Section 5 of Article V of these By-Laws. The Council may also transact such other business of the Regime as may properly come before it. All meetings of the Council shall be open except as otherwise provided by the Act.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Council as directed by resolution of the Board of Directors or upon a petition signed by Unit Owners representing at least twenty-five percent (25%) of the total votes of the Regime, as then constituted, having been presented to the Secretary. 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 or his agent to deliver or mail (by first class postage pre-paid) 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 Unit Owner of record, at his address as it appears in the permanent records of the Regime on the date of the notice, or if no such address appears, at his last known address. Notice shall be delivered or mailed not less than ten (10) nor more than ninety (90) days prior to such meeting, unless the Act provides for a shorter period of time, in which case the Act will control. Attendance by a Unit Owner at any meeting of the Council shall be a waiver of notice by such unit owner of the time, place and purpose of such meeting.

Section 5. Quorum. The presence, either in person or by proxy, of Owners representing at least twenty-five

percent (25%) of the total votes of the Regime, as then constituted, shall be requisite for and constitute a quorum for the transaction of business at all meetings of the Council. If the number of votes at a meeting drops below the quorum during the meeting, no business may thereafter be transacted.

Section 6. Voting. At every meeting of the Council, each Unit Owner shall have the right to cast the number of votes held by the Unit Owner under the provisions of the Declaration. The votes established in Paragraph 12 of the Declaration shall be determine voting rights of all Unit Owners. The majority vote of the Unit Owners present and voting, representing fifty-one percent (51%) of the votes at that meeting, shall decide the question presented, unless the question is one upon which, by express provision of the Act, the Declaration or these By-Laws, a different vote is required, in which case such express provision shall govern and control. No Unit Owner shall be eligible to vote at any annual or special meeting of the Council, or be elected to an office or to the Board of Directors against whom the Council has recorded a Statement of Condominium Lien on his Unit and the amount necessary to release the Lien has not been paid at the time of the meeting.

Section 7. Proxies. A Unit Owner may appoint any other Unit Owner, the Developer (as defined in the Declaration), management agent, mortgagee, attorney, lessee or any other person as his proxy. Any proxy must be in writing and filed with the Secretary, and is revocable at any time by the Unit Owner granting it. A proxy not appointed to vote as directed may only be appointed and used for purposes of meeting quorums and for voting on general matters of business before the Council, and not for purposes of election of officers and members of the Board. Only proxies containing a designation of candidates to be voted for may be used during an election of officers or members of the Board.

ARTICLE V

Directors

Section 1. Number and Qualification. The affairs of the Regime shall be governed by the Board of Directors (hereinafter called the "Board") composed of three (3) persons, which number may be increased by the Council. After the Organizational and First Meeting of the Council, a majority of the Board shall be Unit Owners.

Section 2. Initial Directors. The Initial Directors shall be selected by the Developer and need not be Unit Owners. The names of the Directors who shall act as such from the date upon which the Declaration is recorded among the Land Records of Howard County, Maryland until such time as their successors are duly chosen and qualified are as follows: Dan Gregory, Laurene McIsaac, and Joseph Fortino. These Directors shall serve until the Organizational and First Meeting of the Council, at which time the Unit Owners shall elect a Board, all as prescribed herein. Initial Directors may be removed and their successors appointed by the Developer, its successors and assigns, or any Trustees or Beneficiaries under Deeds of Trust, in possession.

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

(a) To provide for the care and upkeep of the Regime, as it is constituted from time to time, and its Common Elements, in a manner consistent with law and the provisions of these By-Laws and the Declaration;

(b) To grant easements, rights-of-way, licenses, leases in excess of one (1) year or similar interests for the provision of communication systems, sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, T.V. antennas, underground conduits and/or such other purposes related to the provision of

public utilities to the Regime; for any other purpose as may be considered necessary and appropriate by the Board for the orderly maintenance, reservation and enjoyment of the Common Elements; or for the preservation of the health, convenience and/or welfare of the Unit Owners and the Developer. Nothing in this Section shall enlarge the authority granted to the Board by the Act and all actions of the Board shall be in conformity with the Act;

(c) To establish and provide for the collection of assessments and fines from the Unit Owners, if levied, and for the assessment and/or enforcement of liens therefor in a manner consistent with the Act, the Maryland Contract Lien Act, and the provisions of these By-Laws and the Declaration;

(d) To designate, hire and/or dismiss personnel necessary for the good working order of the Regime and for the proper care of the Common Elements and to provide services for the Regime in a manner consistent with all applicable State, and local law, the Declaration and these By-Laws; and

(e) To promulgate and enforce such Rules, and such restrictions or requirements, as may be deemed necessary respecting the use, occupancy and maintenance of the Regime, the Units, and the General and Limited Common Elements, to prevent unreasonable interference with the use and occupancy of the Regime and of the General and Limited Common Elements by the Unit Owners, all of which shall be consistent with all applicable State and local law, the Declaration and these By-Laws.

Section 4. Management Agent. The Board of Directors shall employ for the Regime a professional Management Agent at a rate of compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not necessarily limited to, the duties set out in subsections (a) and (d) of Section 3 of this Article. The Council shall not undertake self-management or otherwise fail to employ a professional management agent.

Section 5. Elections and Terms of Office. The terms of the Directors named herein shall expire when their

successors have been elected at the Organizational and First Meeting of the Council and are duly qualified. At the Organizational First Meeting of the Council, the term of office of the Director receiving the greatest number of votes shall be fixed for two (2) years and the Directors receiving the second and third greatest number of votes shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

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

Section 7. Removal of Directors. At any duly called regular or special meeting, any Director may be removed with or without cause by the affirmative vote of the majority of the entire Council and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Council shall be given an opportunity to be heard at the meeting. The term of any Director who has a Statement of Lien recorded against the Unit owned by him shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 6 of this Article.

Section 8. Compensation. Except for those Directors named in Section 2 of this Article, and any of their successors elected prior to the Organizational and First Meeting of the Council, no remuneration shall be paid to any Director who is also a Unit Owner for services performed by him for the Regime in any other capacity, unless a resolution authorizing such remuneration shall have been adopted by the Board before the services are undertaken.

Section 9. Organization Meeting. The First Meeting of a newly elected Board 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 entire Board is present, provided that notice was given to the Unit Owners.

Section 10. Regular Meetings. At least annually, the Board shall send each Unit Owner notice of the dates of its meetings. All meetings of the Board shall be open, except as provided in the Act. Regular meetings of the Board 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 shall be given to each Director, personally or by mail or telephone, at least three (3) days prior to the day named for such meeting.

Section 11. Special Meetings. Special meetings of the Board may be called by the President on the giving of three (3) days notice to each Director and the Unit Owners, personally or by mail or telephone which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice upon the written request of at least two (2) Directors.

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

Section 13. Quorum. At all meetings of the Board, 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. If at any meeting of the Board there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting, following an adjourned meeting, any business which might

have been transacted at the meeting as originally called may be transacted without further notice.

Section 14. Fidelity Bonds. The Board shall require that all Management Agents, officers and employees of the Council handling or responsible for Council or trust funds shall furnish adequate fidelity bonds with a corporate surety satisfactory to the Board and in amounts equal to or in excess of the total of six (6) months assessments on all Units and the sum of the reserve fund established pursuant to Article IX, Section 3 of these By-Laws. The premiums on such bonds shall be paid by the Council, except that any fidelity bonds required to be provided by any Management Agent as a condition of employment for management of the Condominium may be required by the Board, in its discretion, to be paid by the Management Agent. The Council shall be named as obligee (or as an additional obligee in the case of a Management Agent's bond) under the bond. Any such fidelity bond must include a provision requiring ten days' written notice to the Council and each Mortgagee before cancellation or substantial modification.

Section 15. Nominations. At least sixty (60) days before each annual meeting of the Board, the President shall appoint a Nominating Committee of three (3) Unit Owners, at least one of whom shall not then be a Director. Such Nominating Committee, after considering the qualifications of respective nominees shall select one or more nominees for each directorship to be filled at such annual meeting, and shall present its nominations to the Secretary not later than fifteen (15) days before such annual meeting. Also, not less than forty-five (45) days prior to the delivery of the notice of meeting, a call for nominations shall be sent to all Unit Owners. Any Unit Owner may nominate a candidate for each directorship to be filled at any annual meeting by presenting such nomination to the Secretary in writing signed by such Unit Owners. By not later than fifteen (15) days before the date of such annual meeting, each Unit Owner and proxy holder shall be furnished a written list of all such nominees for directorships and shall be furnished with a ballot for the directorial election. A Unit Owner may nominate himself or any other Unit Owner to be a member of the

Board of Directors. Only nominations made at least fifteen (15) days before notice of an election shall be listed on the election ballot. Candidates shall be listed on the ballot in alphabetical order, with no indicated candidate preference. Nominations may be made from the floor of the meeting at which the election to the Board is held. Election materials prepared with funds of the Council of Unit Owners shall list the candidates in alphabetical order and may not indicate a candidate preference.

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Council shall be a President, a Vice President, and a Secretary/Treasurer, all of whom shall be elected by the Board. Officers elected by the initial Directors need not be Unit Owners. After the Organizational and First Meeting of the Council, the Board may elect officers who need not be Unit Owners, except that the President must always be a Unit Owner. The Directors may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary.

Section 2. Election of Officers. The officers of the Council shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office until their successors are duly elected and installed.

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

Section 4. President. The President shall be the chief executive officer of the Council and a member of the Board. He shall preside at all meetings of the Council and the Board. 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 Unit Owners, or other persons whom he feels are qualified, from time to time, as he may in his discretion decide is appropriate, to assist in the conduct of the affairs of the Council.

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

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board and the Council, and shall have charge of the permanent records of the Council and such other books and papers as the Board may direct; and shall, in general, perform all the duties incidental to the office of Secretary, including counting the votes at meetings of the Council. In the Secretary's absence, the President shall designate some other person to count such votes.

Section 7. Treasurer. The Treasurer shall have responsibility for Council funds and securities, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Council. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Council in such depositories as may from time to time be designated by the Board. The Board may delegate any or all of these duties to a Management Agent or banking institution.

Section 8. Compensation. The Board shall have the power to fix the compensation for all officers of the Council who are not Unit Owners but shall have the power to fix the compensation for all officers of the Council who are Unit Owners only with the approval of the Council.

ARTICLE VII

Liability and Indemnification of Officers and Directors

Section 1. Liability and Indemnification of Officers and Directors. The Council shall indemnify every officer and Director of the Council 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 to which he may be made a party by reason of being or having been, an officer or Director of the Council, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Council shall be liable to the Council and the Unit Owners for any negligence, including their own individual willful misconduct or bad faith, but shall not be liable for mistakes of judgment or otherwise if made in good faith. The officers and Directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council, except to the extent that such officers or Directors may also be Unit Owners, and the Council 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 Council, or former officer or Director of the Council, may be entitled by law or statute.

Section 2. Common or Interested Directors.

(a) The Directors shall exercise their powers and duties in good faith and with a view to the interest of the Council.

(b) For so long as the Developer elects one or more Directors to the Board, no contract or other transaction between the Council and one or more of its Directors, or

between the Council and any corporation, firm or association, including the Developer, in which one or more of the Directors 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, or any committee thereof, which authorizes or approves the contract or other 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:

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

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

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

(c) For so long as the Developer elects one or more Directors to the Board, common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board, or any committee thereof, which authorizes, approves or ratifies any contract or other transaction, and may vote thereat to authorize any contract or other 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 Board shall manage, operate and maintain the Regime and, for the benefit of the Units and the Unit Owners thereof,

shall enforce the provisions of these By-Laws and may pay out of the Common Expenses the following, which itemization shall not act as a limitation on the Board:

(a) The cost of providing water, sewer, garbage and trash collection, electrical and other necessary utility services for the Common Elements.

(b) The cost of fire and extended liability insurance on the Common Elements and Units and the cost of such other insurance as the Board or the Council may elect.

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

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

(e) The cost of maintaining, replacing, repairing and landscaping the Common Elements, including such furnishings and equipment for the General Common Elements as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same; provided, however, that nothing herein contained shall require the Council to paint, repair, or otherwise maintain any Unit or Limited Common Element or any fixtures or equipment located thereon or therein, except to the extent that such repair is a covered casualty under any insurance policies maintained by the Council.

(f) The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like which the Council is required to secure, to pay for by law, or otherwise, or which in the discretion of the Board shall be necessary or proper for the operation of the Common Elements; provided, however, that if any of the aforementioned are provided or paid for the benefit of a particular Unit or Units, the cost thereof shall be specially assessed to the Unit Owner or Owners thereof in the manner provided in Section 1(g) of this Article.

(g) The cost of the maintenance or repair of any Unit or Limited Common Element serving a unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board to protect the General and Limited Common Elements or to preserve the appearance or value of the Regime or is otherwise in the interest of the general welfare of all Unit Owners; provided, however, that, except in cases involving manifest danger to public safety or property, no such maintenance or repair shall be undertaken without a resolution by the Board and not without reasonable written notice to the Owner of the Unit or Limited Common Element serving the Unit proposed to be maintained or repaired; and, provided, further, that the cost thereof shall be assessed against the Unit on which such maintenance or repair is performed or against the Unit served by the Limited Common Elements on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the Owner of said Unit at which time the assessment shall become due and payable and a continuing lien and obligation of said Unit Owner as provided in Article IX of these By-Laws.

(h) Any amount necessary to discharge any lien or encumbrance levied against the Regime or any portion thereof, which may, in the opinion of the Board, constitute a lien against any of the General or Limited Common Elements rather than the interest of the Unit Owner of any individual Unit.

Section 2. Management Agent. The Board shall employ a professional Management Agent at a rate of compensation established by the Board. The Council shall not undertake self-management or otherwise fail to employ a professional Management Agent. The Board may delegate such of its duties, powers or functions to the Management Agent, as the Board shall authorize, provided that such delegation may be terminated by either party without cause or payment of a termination fee on a maximum of thirty (30) days written notice and any such contract shall have a maximum term of one (1) year.

Section 3. Duty to Maintain. Subject to the provisions of the Declaration, the Owner of each Unit shall, at his

own expense, maintain, repair and replace his Unit and any and all equipment, appliances or fixtures situated within the Unit, its other appurtenances and maintain, repair and replace Limited Common Elements serving his Unit in good order, condition and repair, in a clean and sanitary condition, and shall do all redecorating, painting, and the like which may at any time be necessary to maintain the good appearance of his Unit, such appurtenances and the Limited Common Elements serving his Unit. In addition to the foregoing, each Unit Owner shall, at his own expense, maintain, repair and replace those items referenced in Paragraphs 5 and 7 of the Declaration; and all Unit Owners shall, at their own expense, maintain, repair and replace any plumbing fixtures; heating and air conditioning equipment; lighting fixtures; refrigerators; freezers; dishwashers; washers and dryers; disposals; trash compactors; ranges and/or other equipment that may be in, or appurtenant to such Unit and which serve only that Unit.

Section 4. Right of Entry. Each Unit Owner shall and does hereby grant a right of entry to any person authorized by the Board in case of any emergency originating in, or threatening his Unit, whether the Unit Owner is present at the time or not and also for the purpose of maintaining said Unit or Limited Common Elements serving the unit as provided in Section 1(g) hereof. In addition, each Unit Owner shall and does hereby grant right of entry to any person authorized by the Board to provide extermination or other services or repairs necessary to maintain the Regime, including Units, in a clean and sanitary condition. Except in the event of emergency situations, the Board shall provide reasonable notice to Unit Owners prior to exercising such right of entry. Exercise of the right of entry shall not be a trespass by the Council, Board, Management Agent, contractors and/or employees.

ARTICLE IX

Condominium Assessments

Section 1. Annual Condominium Assessments.

(a) From and after the recordation of the Declaration and these By-Laws, each Unit Owner shall pay to the Council, monthly, in advance, a sum equal to one-twelfth (1/12) of the Unit Owner's proportionate share of the sum required by the Council pursuant to the Percentage Interests in Common Expenses and Common Profits as set forth in the Declaration (hereinafter called "Assessments"), to meet its annual budget, including, but in no way limited to, the following:

(1) The cost of all operating expenses of the Regime as the same may be constituted from time to time, and services furnished, including charges by the Council for facilities and services furnished by it;

(2) The cost of necessary management and administration, including fees paid to any Management Agent;

(3) The amount of all taxes and assessments levied against the Council or upon any property which it is otherwise required to pay, if any;

(4) The cost of public liability, fire and extended coverage insurance on the Common Elements and the cost of such other insurance as the Council or the Board may effect;

(5) The cost of furnishing water, electricity, heat, gas, garbage and trash collection and/or utilities, to the extent furnished by the Council;

(6) The cost of funding all reserves established by the Council, including, when appropriate, a general operating reserve and/or reserve for replacements;

(7) The estimated cost of repairs, maintenance and replacements of the Regime, including General Common Elements, to be made by the Council; and

(b) Each Unit Owner shall pay to the Council, monthly, the amount of any fine levied against him by the Board in accordance with the procedures in these By-Laws, and such fine shall be a lien in the same manner as if it were a Common Expense.

(c) The Board shall determine the amount of the assessment annually by preparation and adoption of an annual proposed budget as provided in Section 11-109.2 of the Act. A copy of the proposed budget shall be delivered to each Unit Owner at least thirty (30) days prior to its adoption. The budget shall be amended only in accordance with the Section of the Act aforesaid.

(d) The omission of the Board, before the expiration of any budgetary period, to adopt a budget hereunder for that or the next period, shall not be deemed a waiver or modification of the provisions of this Article or the Act, or a release of assessment installments for that or any subsequent budget period, but the budget fixed for the preceding period shall continue until a new budget is fixed. No Unit Owner may exempt himself from liability for assessments by a waiver of the use or enjoyment of any of the Common Elements, or by abandonment of any Unit belonging to him. Expenditures increasing the annual assessment in excess of fifteen percent (15%) during any singular fiscal year may only be levied as provided in the Act.

(e) The enumeration of the rights of the Council and Board contained in this Article IX is made in furtherance, and not in limitation, of the rights and remedies conferred by law upon the Council, or the Board, to collect the Common Expenses or enforce any lien against any Unit, and is not intended, by mention of any particular right or remedy, to limit or restrict the Council, or the Board, which shall have all powers and rights necessary or convenient for collection of the Common Expenses.

Section 2. Special Assessments. In addition to the regular assessment authorized by this Article, the Council may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the Regime, as then constituted, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board may consider appropriate, provided that any such assessment

shall have the assent of the owners representing fifty-one percent (51%) of the total votes of the Regime. A meeting of the Unit Owners shall be duly called for this purpose, written notice of which shall be sent to all owners at least ten (10) days, but not more than ninety (90) days, in advance of such meeting, which notice shall set forth the purpose of the meeting.

Section 3. Reserve for Replacements. The Council shall establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund of an amount to be designated, from time to time, by the Board and which shall not be less than five percent (5%) of the aggregate monthly installments levied pursuant to the provisions of this Article. Such fund shall be conclusively deemed to be a Common Expense. Such funds shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of the United States of America, or may, in the discretion of the Board, be invested in the obligations of, or fully guaranteed as to principal by, the United States of America, states, municipalities, or counties thereof. The reserve for replacements may be expended only for the purpose of effecting the repair and/or replacement of the Common Elements and equipment of the Regime and for operating contingencies of a non-recurring nature. The amounts required to be allocated to the reserve for replacements may be reduced, by appropriate resolution of the Board upon the accumulation in such reserve fund of a sum equal to twenty percent (20%) of the full replacement value of the Regime as full replacement value is annually determined by the Board for fire insurance purposes. The proportionate interest of any Unit Owner in any reserve for replacements shall be considered an appurtenance of his Unit and shall not be separately withdrawn, assigned, transferred or otherwise separated from the Unit to which it appertains, and shall be deemed to be transferred with such Unit.

Section 4. Non-Payment of Assessment.

(a) A Unit Owner shall be liable for all assessments, or installments thereof, and fines or other charges coming due while he is the owner of a Unit. In a voluntary grant the grantee shall be jointly and

severally liable with the grantor for all unpaid assessments, fines or other charges against the grantor for his share of the Common Expenses up to the time of the voluntary grant for which a Statement of Condominium Lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such assessments.

(b) All assessments, fines, or other charges, until paid, together with interest at the maximum rate permitted on them, actual costs of collection, reasonable attorneys' fees and late charges, at the maximum rate permitted in the Act, shall constitute a lien on the Units on which they are assessed. All Statements of Condominium Lien shall be prepared and established pursuant to the Act and all other statutory requirements now or hereafter in effect pertaining to the establishment and enforcement of statements of lien for condominium assessments in the State of Maryland, including but not limited to the Maryland Contract Lien Act. The lien shall be effective against a Unit from and after the time a Statement of Condominium Lien is recorded among the Land Records of Howard County, Maryland. The Statement of Condominium Lien shall be signed and verified by an officer or agent of the Council and then recorded. On full payment of the assessment or damages for which the lien is claimed, the Unit Owner shall be entitled to a recordable satisfaction of the lien.

(c) Any assessment or installment thereof, or damages (as that term is defined in the Maryland Contract Lien Act) not paid when due shall bear interest, from the date when due until paid, at the maximum permissible legal rate.

(d) The Council shall, upon demand, notify the holder of the first mortgage on any Unit for which any assessment levied pursuant to these By-Laws becomes delinquent for a period in excess of sixty (60) days, and in any other case, where the Unit Owner is in default with respect to the performance of any other obligation hereunder for a period in excess of sixty (60) days.

Section 5. Assessment Certificates. The Council shall, upon demand, furnish to any Unit Owners liable for any assessment or damages levied pursuant to the By-Laws (or to any other party legitimately interested in the same), a certificate in writing signed by an officer of the Council or its agent, setting forth the status of said assessment, (i.e., whether the same is paid or unpaid). Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed Twenty-Five Dollars (\$25.00) may be levied in advance by the Council for each certificate so delivered.

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

Section 7. Enforcement. The lien for unpaid assessments, fines, other charges and/or damages may be enforced and foreclosed by the Council or any other person specified in the By-Laws, in the same manner, and subject to the same requirements, as the foreclosure of mortgages or deeds of trusts on real property in the State of Maryland. Suit for any deficiency following foreclosure may be maintained in the same proceeding and suit to recover a money judgment for unpaid assessments may be maintained without waiving the lien securing the same. No action may be brought to foreclose the lien unless brought within three (3) years following the establishment of the Statement of Condominium Lien.

Section 8. Subordination and Mortgagee Protection.

(a) Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these By-Laws upon any Unit in the Regime shall be subordinate to, and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first mortgage, meaning a Mortgage with priority over other mortgages, made in good faith and for value received, provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Unit

pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser at such sale of the Unit from liability for any assessment thereafter becoming due, nor from the lien of any such subsequent assessment, which lien, if claimed, shall have the same effect, and be enforced in the same manner as provided herein.

(b) No amendment to these By-Laws shall affect the rights of the holder of any such mortgage, or the indebtedness secured thereby, recorded prior to recordation of such amendment, unless the holder thereof, or of the indebtedness secured thereby, shall join in the execution of such amendment.

(c) The Board may, in its sole and absolute discretion, extend the provisions of this Section to the holders of a mortgage, or the indebtedness secured thereby, not otherwise entitled thereto.

Section 9. Foreclosure of Assessment Lien. Foreclosure of the assessment lien shall not take place until after the mortgagee of that Unit is notified pursuant to Section 4(d) of this Article and the said mortgagee is given fifteen (15) days to obtain compliance by the Unit Owner with the assessment requirements herein before stated.

ARTICLE X

Use Restrictions

Section 1. Residential Use. All Units shall be used for residential purposes exclusively except for such temporary non-residential uses as may be permitted from time to time by the Board, by State and Local Laws, and except as otherwise provided in this Section. Nothing in these By-Laws shall be construed to prohibit the Developer from either using Units which Developer owns or leases from others for promotional or display purposes as models or from leasing any Unit or Units which developer owns subject, however, to the following:

(a) A real estate sales and/or construction office may be erected, maintained, and operated in any Unit

and/or on any part of the Regime during the period of original development, construction and sale, provided, however, that such offices are used and operated in connection with the construction of or the Developer's sale of the Condominium Units. At such time as the last Unit is conveyed to a purchaser for value, the real estate sales and/or construction office or offices shall be removed from the Regime, within sixty (60) days thereafter.

(b) If any Unit Owner shall lease his Unit for residential purposes, such lease shall first be submitted to the Board for its approval. No portion of any Unit (other than an entire Unit) shall be leased for any period. The Board shall approve or disapprove of any lease solely on the basis of whether such lease contains covenants obligating the Unit Owner's tenant to observe all Rules of the Board, as promulgated from time to time, and all restrictions and conditions imposed by the Declaration, By-Laws, and Rules in force at the time of signing said lease. If the Unit Owner fails to provide these documents, the Board may provide said documents, billing the reasonable cost of same to the Unit Owner. The Board shall have no right to disapprove a lease except as above provided. If the Unit Owner fails to comply with this subparagraph, such failure to comply shall be a violation of these By-Laws and enforceable at law or equity by the Board. The Board may adopt a standard lease for the use by the Unit Owners.

(c) A Unit may be used for the operation of a "Family Day Care Home" (as that term is defined under Title 5, Subtitle 5 of the Family Law Article, Annotated Code of Maryland) or a "No-Impact Home-Based Business" (as that term is defined under Section 11-111.1 of the Act. The provisions of Article XVI of these By-Laws and Section 11-104 of the Act notwithstanding, the Council may, at any time hereafter, enact an Amendment to these By-Laws expressly prohibiting the use of a Unit as a Family Day Care Home ("Home") or No-Impact Home-Based Business ("Business"). An Amendment to permit the use of a unit as a Home shall be proposed, voted upon, and enacted in accordance with the procedures set forth in Article XVI, Section 5 of the By-Laws, except that the Amendment shall be considered adopted and enacted upon

the affirmative vote of Unit Owners representing fifty-one (51%) percent of the total votes of the Regime at any meeting of the Council duly called for such purpose. Establishment and operation of a Home or Business shall be subject to the following requirements:

(a) The Unit Owner or Day Care Provider operating the Home from the Unit shall be registered with and have a license issued by the Department of Human Resources, in accordance with the registration and licensing provisions set forth in Title 5, Subtitle 5 of the Family Law Article. The Unit Owner shall provide a copy of the license to the Board of Directors prior to establishing and operating the Home.

(b) The Unit Owner or Day Care Provider shall obtain the liability insurance described in Sections 19-106 and 19-202 of the Insurance Article of the Annotated Code of Maryland, in at least the minimum amount described in those Sections. The Unit Owner or Day Care Provider may not operate the Home without the liability insurance described herein, and shall present proof of insurance to the Board of Directors before establishing and operating the Home. The Condominium may not require the Unit Owner or Day Care Provider to obtain insurance in an amount greater than the minimum amounts set forth in the Code Sections set forth above.

(c) The Unit Owner shall pay, on a pro-rata basis with other Homes then in operation, any increase in the Condominium's insurance costs attributable solely to the establishment and operation of the Home, upon presentation of a statement from the Board setting forth the increased costs and requesting payment of same. The increased insurance costs shall be considered an assessment against the Unit, and may be collected in the same manner as collection of annual and special assessments, as set forth in Article IX of these By-Laws.

(d) The Unit Owner operating the Home or Business shall be responsible for payment of a fee determined by the Board of Directors, for the Home or Business entitlement to use of the Common Elements of the Condominium. The Board shall establish the fee and shall advise all Unit Owners or operating Homes or

Businesses of the amount due on an annual basis. The fee shall not be in an amount in excess of Fifty and 00/100ths (\$50.00) Dollars. Upon presentation of a statement for the annual fee and demand for payment, the Unit Owner shall promptly remit payment to the Board of Directors. The fee shall be considered an assessment against the Unit, and may be collected in the same manner as collection of annual and special assessments, as set forth in Article IX of these By-Laws.

(e) The Board of Directors may regulate the number of Homes operating within the Condominium, provided that the number permitted may not be less than 7.5 percent of the total Units within the Condominium.

Section 2. Occupancy, Etc. The right to use or occupy any Unit within the Regime, reside therein permanently or otherwise, and the right to sell, lease or otherwise transfer or convey any Unit may be subject to such uniform objective standards relating to financial responsibility and/or character as may now or hereafter be set forth in these By-Laws. No such restriction shall be based upon age, race, religion, family composition, sex or place of national origin. The provisions of this subsection shall not apply to transfers made solely for the purpose of securing the performance of an obligation, transfers involving a foreclosure sale or other judicial sale or any transfer to a Mortgagee in lieu of foreclosure.

Section 3. Prohibited Uses and Nuisances.

(a) No noxious or offensive trade or activity shall be carried on within the Regime or within any Unit situate thereon, nor shall anything be done therein or thereon which may be or become an annoyance to the neighborhood or the other Unit Owners.

(b) There shall be no obstruction of any General Common Elements, except as herein provided. Nothing shall be stored upon any General Common Elements, except as herein provided, without the approval of the Board.

(c) Nothing shall be done or maintained in any Unit, or upon any General or Limited Common Elements, which will increase the rate of insurance on the Common

Elements, or result in the cancellation thereof, without the prior written approval of the Board. Nothing shall be done or maintained in any Unit or upon General or Limited Common Elements which would be in violation of any law. No waste shall be committed upon any General or Limited Common Elements.

(d) No structural alteration, construction, addition or removal of any Unit or General or Limited Common Elements shall be commenced or conducted except in strict accordance with the provisions of these By-Laws, State and Local Laws.

(e) The maintenance, keeping, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit, and upon any Common Element; except that this shall not prohibit the keeping of one dog and/or one cat as domestic pets, provided that they are not kept, bred or maintained for commercial purposes, and provided further that their keeping will not constitute such type of noxious or offensive activity as covered in Section 3(a) of this Article or constitute a threat to the health or safety of the other Unit Owners.

(f) Except for such signs as may be posted by the Developer for promotional purposes and signs of a directional nature, no signs of any character shall be erected, posted or displayed upon, in or from or about any General or Limited Common Elements. Any signs posted in accordance with the provisions of Section 11-111.2 of the Act shall be subject to all limitations and restrictions set forth in that Section.

(g) Except as herein elsewhere provided, no junk vehicle or other vehicle on which current registration plates are not displayed, trailer, truck (except pickup truck), camper, camp truck, house trailer, recreational vehicle, vehicle used solely for commercial purposes, boat, boat trailer or the like shall be kept or stored upon any Common Elements, nor shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon.

(h) Except as elsewhere provided in the Declaration and these By-Laws no part of the General or Limited

Common Elements shall be used for commercial activities of any character. This subsection shall not apply to the use of Units or Common Elements by the Developer for its sole display, promotional or sales purposes.

(i) No burning of any trash, and no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or trash of any other kind shall be permitted within any Unit or upon any General or Limited Common Elements. Trash and garbage containers shall not be permitted to remain in public view, except within locations designated by the Board. This subsection shall not apply to the Developer during the period of construction of the Regime.

(j) No fence over forty-two inches in height or structure of a temporary character, trailer, tent, shack, shed, barn or other outbuilding shall be maintained upon any of the General or Limited Common Elements at any time except as approved in accordance with the provisions of Article XI of these By-Laws. Outdoor clothes dryers or clothes lines shall not be maintained upon the Common Elements at any time.

(k) No radio aerial, antenna or satellite or other signal receiving dish, or other aerial or antenna for reception or transmission, shall be placed or kept on any Unit or Common Element, except on the following terms:

(i) An Owner may install, maintain and use on its Unit or Limited Common Element one (or, if approved, more than one) Small Antenna (as hereinafter defined) in the rear yard at such location, and screened from view from adjacent Units in such a manner and using such trees, landscaping or other screening material, as are approved by the Architectural Review Committee, in accordance with this Declaration. Notwithstanding the foregoing terms of this subsection, (i) if the requirement that a Small Antenna installed in the rear yard would impair such Small Antenna's installation, maintenance or use, then it may be installed, maintained and used at another approved-location on the Unit or Limited Common Element where such installation, maintenance or use would not be impaired; (ii) if and to the extent that the requirement that such Small Antenna

be screened would result in any such impairment, such approval shall be on terms not requiring such screening; and (iii) if the prohibition against installing, maintaining and using more than one (1) Small Antenna would result in any such impairment, then such Owner may install additional Small Antenna as are needed to prevent such impairment (but such installation shall otherwise be made in accordance with this subsection).

(ii) In determining whether to grant any approval pursuant to this Section, neither Developer nor the Architectural Committee shall withhold such approval, or grant it subject to any condition, if and to the extent that doing so would result in an impairment.

(iii) As used herein, (i) "impair" has the meaning given it in 47 Code of Federal Regulations Part 1, section 1.4000, as hereafter amended; and (ii) "Small Antenna" means any antenna (and accompanying mast, if any) of a type, the impairment of the installation, maintenance or use of which is the subject of such regulation. Such antennae are currently defined thereunder as, generally, being one (1) meter or less in diameter or diagonal measurement and designed to receive certain types of broadcast or other distribution services or programming.

(iv) Notwithstanding the foregoing of this Subsection, it is the Developer's intention that to the extent permitted by applicable law, any antennae as described herein shall be placed in the least visible areas in order to be non-visible from all other Owners and from sight of roadways.

(1) Between 11:00 p.m. and 7:00 a.m., there shall be no loud or unusual noises; musical instruments, radios, televisions, stereos, and amplifiers shall be used in such manner as not to disturb other Unit Owners.

(m) Outdoor cooking is strictly prohibited on any of the Common Elements except Limited Common Element yard areas and as such other areas as shall be designated by the Board and/or permitted by applicable statute or ordinance.

(n) Without the prior written consent of the Board, the driveway Limited Common Elements shall be utilized solely and exclusively for the parking of motor vehicles, except for other temporary uses not exceeding eight (8) hours in duration. The garages forming part of the Units shall not be utilized as a storage or other facility to the extent that such usage inhibits the parking of a motor vehicle in the garages. Unit Owners, their tenants, residents and visitors shall park their vehicles in the garages and driveways before being entitled to park their vehicles upon the General Common Elements. The Board of Directors is specifically authorized to levy fines against Unit Owners violating this provision of the By-Laws.

(o) In addition to the restrictions set forth in the Declaration and these By-Laws, all Unit Owners, residents and guests shall be bound by all covenants, conditions, and restrictions set forth in the Village Covenants.

(p) There shall be no violation of any Rules, whether for the use of Units, the General or Limited Common Elements or for the governance of the Regime, which may from time to time be adopted by the Board and promulgated by said Board in writing; and the Board is hereby, and elsewhere in these By-Laws, authorized to adopt such Rules.

(q) The Board shall have the power to levy fines against Unit Owners for violation of these By-Laws or the Rules promulgated by the Board hereunder. Said power to levy fines is specifically subject to the provisions of Article XII hereof. The Board shall also have the right to enforce compliance by injunction or other legal means as the Board deems appropriate.

ARTICLE XI

Architectural Standards

Section 1. Creation. (a) There shall be an architectural committee (referred to as the "Architectural Committee" or "Committee") for the Regime. The Committee shall have a minimum of three (3)

members, each of whom shall (notwithstanding the expiration of the period referred to in the provisions of subsection (b) of this Section 1) serve as such until the earlier to occur of:

(i) his resignation from the Committee, or

(ii) his replacement pursuant to the following provisions of this Section by the Developer or the Board.

(b) The Developer shall have the exclusive right from time to time to designate and replace the members of the Committee until the later to occur of:

(i) the Organizational and First Meeting of the Council, or

(ii) the conveyance of record by the Developer to one or more persons of the title to at least fifty percent (50%) of the Units.

(c) Thereafter, the Board shall have the exclusive right to designate and replace the members of the Architectural Committee who will serve at the pleasures of the Board.

Section 2. Approval. (a) Except for the original condition of the Units and Common Elements established by the Developer and except as elsewhere permitted by provisions of the Act, the Declaration or By-Laws, no building, fence, wall, sign, fuel tank, deck, patio, shed, mailbox, planting, hedge, privacy screen, sidewalk, flue, chase, porch, steps, pool, hot-tub or clothes dryer, or other structure of any kind whatsoever (each of which is hereinafter referred to as an "Improvement") shall be constructed, reconstructed, placed, maintained or modified (except for interior painting or other modifications not visible from or affecting the exterior of the Unit) upon the Units or Common Elements, and no landscaping of Common Elements shall be altered, unless such action and such Improvement has been approved expressly and in writing by the Architectural Committee. The Architectural Committee shall have the absolute right to refuse to grant such approval for any aesthetic or other

reasonable cause, and to withhold such approval until plans and specifications, showing in reasonable detail the nature, kind, shape, height, materials, location and approximate cost of such Improvement, have been submitted to and approved by the Committee expressly and in writing. In considering whether to grant such approval, the Committee may consider the suitability of such proposed Improvement with relation to such Unit and to the other Units, and may base such consideration upon such information concerning the nature, kind, shape, heights, materials, location and approximate cost of such Improvement as is furnished to the Committee, as aforesaid, all to the end that the Improvement shall be in harmony with, and have no adverse affect upon, its immediate surroundings and the other Units and Common Elements.

(b) If any Unit Owner submits to the Committee a written application for approval of any Improvement, and if the Committee has not disapproved, in writing, said application within sixty (60) days of its receipt, such approval shall be deemed to have been given.

(c) The affirmative vote of a majority of the members of the Committee shall be required for it to take any action; provided, that such majority may designate one member to act for it.

(d) Any decision rendered by the Committee may be appealed by any Unit Owner to the Board within fifteen (15) days from the date the decision is rendered. The appeal shall be in writing and shall be decided by the Board within thirty (30) days from date of submission of the appeal.

ARTICLE XII

Hearing Procedures

Section 1. Statement of Purpose. It is the declared intention of the Council that Rules shall be freely adopted by the Board, and without the requirement of a vote of the Council as a requisite to their adoption. Each Rule adopted shall state that the Rule was adopted under the provisions of this Article and Section 11-111 of the Act. All Rules are intended to be adopted as

supplements to, and not in lieu of, legally required provisions of these By-Laws. Should any adopted rules contradict any provisions of these By-Laws, the provisions of these By-Laws shall take precedence.

Section 2. Rules. All Rules proposed by the Board or by any committee appointed by the Board to act on its behalf shall be dated as of the date of the meeting at which they were considered, and shall be communicated to the Council in writing within seven (7) days after said meeting date, and shall be put forward before the Council for consideration and review by the process of Hearing and Comment.

Section 3. Rule Adoption - Hearing and Comment.

(a) Any notice of hearing so required shall include a copy of the proposed rule, its proposed effective date, the date, time, location, and agenda of the hearing, and shall be communicated by the Board to the Council by published form, or by any reasonable manner. The notice must be given to the Council at least fifteen (15) days prior to the meeting date.

(b) A quorum of the Board shall be in attendance at all public hearings; if a quorum is not present, a new hearing shall be scheduled within seven (7) days.

(c) A member of the Board shall preside over any hearings so convened and shall limit discussions within parameters of the published agenda. Any Unit Owner may appear and speak at these hearings, or provide comment by written statement.

(d) After comment is held on the proposed rule at the hearing, the Board shall vote on its passage. The rule will be adopted upon a majority vote of those members of the Board present and voting.

(e) The rule will be considered enacted unless, within fifteen (15) days after the Board vote, a petition calling for a special meeting is filed with the Board. The petition must be signed by at least fifteen percent (15%) of the members of the Council of Unit Owners. Following the filing of a petition, the Board shall schedule a special meeting of the Council, to be held within thirty (30) days after the Board's receipt of the petition. Written notice of the meeting must be

given to each Unit Owner at least fifteen (15) days prior to the special meeting date.

(f) A quorum of the Council must be in attendance at the special meeting. If a quorum is not present, the rule will be considered final. If a quorum is present, and fifty percent (50%) of the Unit Owners present and voting disapprove the rule, the rule will be considered void; provided those Unit Owners voting to disapprove number at least thirty-three percent (33%) of the total votes of the Council.

Section 4. Right of Appeal.

(a) Each Unit Owner shall have a right to appeal to the Board for an individual exception to any rules adopted by the Board.

(b) The appeal period shall begin on the effective date of the rules, and shall run for a period of thirty (30) days.

(c) No appeals shall be considered, except by permission of the Board, if filed after the expiration of the appeal period.

(d) All appeals shall be in writing, shall be signed and dated by the Unit Owner or Owners making such appeal, and shall be delivered to a member of the Board. The Board shall consider all appeals and shall render a decision at its next regularly scheduled meeting. Said decision shall be in writing, and shall be addressed to the Unit Owner or Owners making the appeal. If the Board shall deny an appeal, there shall be no requirement of publication as to the denial.

(e) If the Board shall uphold an appeal, thus granting an individual exception to an adopted rule, the Board shall publish, or communicate in a reasonable manner, an explanation of the reasons for granting the exception.

Section 5. Effect of Rules. Any Rules, when adopted in accordance with the above procedures, shall have the same effect as if they were incorporated in these By-Laws by direct reference. Said Rules, upon proper adoption under the above procedures, shall be enforced

in the same manner as all other provisions of the By-Laws.

ARTICLE XIII

Insurance

Section 1. Insurance.

(a) The Board, acting on behalf of the Council, shall obtain and maintain to the extent reasonably available the following insurance, as a Condominium Master Insurance Policy which shall be an item of Common Expense:

(1) Property insurance on the Common Elements and Units, exclusive of improvements and betterments installed in Units by Unit Owners, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance may not be less than the full replacement cost of all insurable improvements within the Condominium; the policy may, however, contain a deductible provision, provided the total insurance after application of deductibles will not be less than eighty percent (80%) of the actual cash value of the insured property, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and

(2) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board of Directors but not less than One Million Dollars (\$1,000,000.00), covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements.

(b) The Council shall give notice to all Unit Owners of the termination of any insurance policy within ten (10) days of termination. The Council may carry any other insurance it deems appropriate to protect the Council of Unit Owners or the Unit Owners.

(c) Insurance policies carried pursuant to subsection (a) shall provide that:

(1) Each Unit Owner is an insured person under the policy with respect to liability arising out of his/her ownership of an undivided interest in the Common Elements or membership in the Council;

(2) The insurer waives its right to subrogation under the policy against any Unit Owner or members of his/her household;

(3) An act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Council of Unit Owners, does not void the policy and is not a condition to recovery under the policy; and

(4) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same property covered by the policy, the policy is primary insurance not contributing with the other insurance.

(d) Any loss covered by the property policy under subsection (a)(1) shall be adjusted with the Council, but the insurance proceeds for that loss shall be payable to any insurance Trustee designated for the purpose, or otherwise to the Council, and not to any Mortgagee. The insurance Trustee or the Council shall hold any insurance proceeds in trust for Unit Owners and lien holders as their interest may appear. Subject to the provisions of Article XIV, Section 1, the proceeds shall be disbursed first for the repair or restoration of the damaged Common Elements and Units, and Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Common Elements and Units have been completely repaired or restored, or the Condominium is terminated.

(e) An insurance policy issued to the Council does not prevent a Unit Owner from obtaining insurance for his own benefit.

(f) An insurer that has issued an insurance policy under this Section shall issue certificates or memoranda of insurance to the Council and, upon request, to any Unit Owner, Mortgagee, or beneficiary under a Deed of Trust. The insurance may not be canceled until thirty (30) days after the notice of the proposed cancellation

has been mailed to the Council of Unit Owners, each Unit Owner and each Mortgagee to whom certificates of insurance have been issued.

(g) It is recommended that each Unit Owner should obtain his own insurance policy on his Unit in the HO-6 form with an "improvements and betterments", "alterations and additions" or similar endorsement. NOTICE IS HEREBY GIVEN BY THE DEVELOPER THAT THE CONDOMINIUM MASTER POLICY REFERRED TO IN SECTION 1 OF THIS ARTICLE DOES NOT INSURE ANY ADDITIONS, ALTERATIONS, IMPROVEMENTS, BETTERMENTS OR MODIFICATIONS TO ANY UNIT AS SOLD BY THE DEVELOPER.

ARTICLE XIV

Casualty Damages

Section 1. Use of Insurance Proceeds.

(a) Any portion of the Condominium damaged or destroyed shall be repaired or replaced promptly by the Council of Unit Owners unless:

(1) The Condominium is terminated;

(2) Repair or replacement would be illegal under any State or local health or safety statute or ordinance; or

(3) Eighty percent (80%) of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild.

(b) The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.

(c) If the damaged or destroyed portion of Condominium is not repaired or replaced:

(1) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium;

(2) The insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of the Units to which those Limited Common Elements were assigned; and

(3) The remainder of the proceeds of insurance covering the Common Elements shall be distributed to all the Unit Owners in proportion to their Common Element interest.

(d) If the Unit Owners vote not to rebuild any Unit, that Unit's entire Common Element interest, votes in the Council of Unit Owners, and Common Expense liability shall be automatically reallocated upon the vote as if the Unit had been condemned and the provisions of the Declaration shall govern, and the Council promptly shall prepare, execute, and record an amendment to the Declaration reflecting the reallocations. Notwithstanding the provisions of this subsection, the Act governs the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE XV

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Council shall begin on the first day of January every year and end on the 31st day of December, except that the first year of the Council shall begin on the date of the recording of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board in its discretion.

Section 2. Books and Accounts. Books and accounts of the Council shall be kept under the direction of the Treasurer in accordance with good accounting practices. The same shall include books with detailed account, in chronological order, of the receipts and expenditures affecting the Regime and its administration and shall specify the maintenance and repair expenses of the General Common Elements and services and any other expenses incurred. The amount of any assessment required for payment on any capital expenditures of the Council shall be credited upon the books of the Council to the "Paid-in-Surplus" account as a capital contribution by the Unit Owners.

Section 3. Auditing. At the close of each fiscal year, the books and records of the Regime shall be audited and if such audit is by an independent Certified Public Accountant, his report shall be prepared, and may be certified, in accordance with generally accepted auditing standards. Based upon such audit or report, the Council shall furnish the Unit Owners with an annual financial statement, including the income and disbursements of the Council.

Section 4. Inspection of Books. The books and accounts of the Council and vouchers accrediting the entries made thereupon, shall be available for examination by the Unit Owners and/or their duly authorized agents, attorneys and mortgagees, during normal business hours, after reasonable notice of a request for inspection is given to the custodian of the records.

ARTICLE XVI

Amendments

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of Unit Owners representing sixty-six and two-thirds percent (66-2/3%) of the total votes of the Regime at any meeting of the Council duly called for such purposes in accordance with the provisions of the Act. Amendments may be proposed by the Board or by a Petition signed by Unit Owners representing at least twenty percent (20%) of the total votes of the Regime. A description of the proposed amendment shall accompany the notice of the regular or special meeting at which such proposed amendment is to be voted upon, and said notice shall also be given to the holders of all first mortgages in the Regime. Any amendment adopted by the Council shall be effective only upon recordation among the Land Records of Howard County, Maryland. The recorded amendment shall set out the Sections of these By-Laws being amended and the applicable provisions of the Act. The provisions of this Article are subject to the rights of the Developer and Eligible Mortgages as set forth in the Declaration.

ARTICLE XVII

Notice to Council

Section 1. Books and Records. The Secretary of the Council or the management agent, if so designated, shall maintain the permanent books and records of the Council, which shall include a current roster of names and addresses of each Unit Owner to which notice of meetings of the Council shall be sent and each Unit Owner shall furnish the Council with this information. No Unit Owner may vote at meetings of the Council until this information and that required in Section 2 of this Article is furnished.

Section 2. Mortgages. A Unit Owner who mortgages his Unit shall notify the Secretary of the Council or its agents of the name and address of his mortgagee and the Council shall maintain such information in a book entitled "Mortgagees of Units".

ARTICLE XVIII

Mortgagees

Section 1. Change in Percentage Interest in Common Elements. The consent of all mortgagees, obtained in advance in writing, is mandatory if the Council should adopt any change in the pro-rata interest of the Unit Owners in the Common Elements of the Regime.

Section 2. Right to Inspect Books. All mortgagees shall have the right to inspect the books of the Regime, obtain financial statements, and review budgets of the Regime.

Section 3. Notice of Meetings. All mortgagees, upon request, shall have the right to notification of and attendance at all general and special meetings of the Council and shall be permitted to express any views at such meetings as they may wish to convey to the Council.

Section 4. Rental by Mortgagee. All mortgagees shall have the right, notwithstanding any provision herein to the contrary, to rent any Units which such mortgagee or

mortgagees may own through foreclosure sale or voluntary sale, free from any restriction herein against leasing.

Section 5. Notice of Loss or Taking. The Board shall notify Mortgagees, the Federal Home Loan Mortgage Corporation and Federal National Mortgage Association, if applicable, in writing if any loss or taking of the Common Elements exceeds Ten Thousand Dollars (\$10,000.00) or if damage to a Unit exceeds One Thousand Dollars (\$1,000.00).

ARTICLE XIX

Compliance-Interpretation-Miscellaneous

Section 1. Compliance. These By-Laws are set forth in compliance with the requirements of the Act and all applicable State and local laws and ordinances notwithstanding anything in these By-Laws to the contrary, whether expressed or implied.

Section 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration or the Act. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control; in the event of any conflict between the By-Laws and the applicable Sections of the Act, the provisions of the Act control.

Section 3. Resident Agent. Bruce D. Brown, 2 East Fayette Street, Suite 600, Baltimore, Maryland, 21202, a resident of Maryland is designated as the person authorized to accept service of process in any action relating to the Regime or to the General or Limited Common Elements, as authorized under the Act. The Board may, at its discretion, substitute another Resident Agent for the purpose of accepting such service of process as set forth above, provided that proper notification of such change be promptly filed with the Maryland State Department of Assessments and Taxation.

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 provisions 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 and Table of Contents. The captions and table of contents contained in these By-Laws are for convenience and ease of use only, and are not 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 required, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

gth WITNESS, the hand and seal of the Developer, this day of October, 2001.

WITNESS:

BEAZER HOMES CORP.

Julia Miller

By: Robert Gentry (SEAL)
Robert G. Gentry
Attorney-in-Fact

STATE OF MARYLAND, County Howard OF ~~BALTIMORE~~, to wit:

I HEREBY CERTIFY that on this 8 day of October, 2001, before me, a Notary Public of the State aforesaid, personally appeared Robert G. Gentry, who acknowledged himself to be the Attorney-in-Fact of Beazer Homes Corp., a Tennessee corporation, and that he, as such Attorney-in-Fact, being authorized so to do, executed the foregoing By-Laws for the purposes therein contained, by signing the name of the Corporation by himself as Attorney-in-Fact, as its act.

AS WITNESS, my hand and Notarial Seal.

Lauren Nickle
Notary Public

My Commission Expires: _____

LAURENE NICKLE
NOTARY PUBLIC STATE OF MARYLAND
My Commission Expires May 1, 2003

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