

DECLARATION OF RESTRICTIONS  
OCEAN PINES  
THE MEADOWS AT MANKLIN CREEK CONDOMINIUM

756

THIS DECLARATION, made this 12<sup>th</sup> day of November, 1998, by MANKLIN CREEK, L.L.C., a Maryland limited liability company, herein referred to as "Declarant", WITNESSETH:

WHEREAS, Declarant is the owner of all the real property set forth and described on that certain series of plats entitled "THE MEADOWS AT MANKLIN CREEK CONDOMINIUM (PHASE ONE) Third Tax District, Worcester County, Maryland" (herein called "the Plats"), made by Frank G. Lynch, Jr. & Associates, Inc., dated August 26, 1998, revised September 16, 1998, and recorded or intended to be recorded among the Land Records of Worcester County, Maryland, and made a part hereof and incorporated herein by reference; and

WHEREAS, all of the real property described in the Plats comprises in the aggregate a part or section generally known as THE MEADOWS AT MANKLIN CREEK CONDOMINIUM (herein called "the Section") of the Ocean Pines general subdivision (herein called "the Subdivision"), Declarations of Restrictions imposing restrictions upon other sections of the Subdivision having previously been recorded among the aforesaid Land Records; and

WHEREAS, there are attached condominium units (herein called collectively "the Parcels") set forth and described in the Plats, which Declarant, its successors and assigns, intend to sell to the general public, the remaining property in the Section consisting of access areas and open spaces not intended to be sold to the general public; and

WHEREAS, Declarant is about to sell and convey the Parcels and, before doing so, desires to subject them to and impose upon them mutual and beneficial restrictions,

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covenants, conditions and charges, hereinafter collectively referred to as "Restrictions", under a general plan or scheme of Improvement for the benefit and complement of all of the Parcels in the Section and the Subdivision; and

WHEREAS, Declarant is the successor in interest to Manklin Meadows Development Corporation as the developer of the Section.

NOW, THEREFORE, Declarant hereby declares that all of the Parcels are held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved subject to the following Restrictions, all of which are declared and agreed to be in furtherance of a plan for the Subdivision and are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the property described in the Plats and of the Subdivision as a whole. All of the Restrictions shall run with the land and shall be binding upon Declarant and upon all parties having or acquiring any right, title or interest in and to the real property or any part or parts thereof subject to such Restrictions.

1. Applicability. These Restrictions shall apply to Parcels only and are specifically excluded from application to other property in the Section and depicted on the Plats as access areas, open spaces, etc.

2. Term.

A. These Restrictions shall affect and run with the land and shall exist and be binding upon all parties and all persons claiming under them until January 1, 2009, after which time the same shall be extended for successive periods of ten (10) years each, unless an instrument approved in writing by the Board of Directors of the Ocean Pines Association, Inc. (herein referred to as "the OPA"), a Maryland non-stock corporation, and signed by a majority of the voting members of the OPA has been recorded, agreeing to change the covenants in whole or in part.

B. Declarant reserves unto itself, its successors and assigns, the right to revoke at any time prior to the sale of any Parcel within the Section all or any of these Restrictions and further to vacate any or all of the access areas and any amenities shown on the Plats.

3. Mutuality of Benefit and Obligation. The Restrictions and agreements set forth herein are made for the mutual and reciprocal benefit of each and every Parcel in the Section and each and every Parcel and single-family detached numbered residential lot

(herein called "Lots") in the Subdivision and are intended to create mutual, equitable servitudes upon each of said Lots and Parcels in favor of each and all of the other Lots and Parcels therein; to create reciprocal rights between the respective owners of all of said Lots and Parcels; to create a privity of contract and estate between the grantees of said Parcels, their heirs, personal representatives, successors and assigns, and shall, as to the owners of each such Lot and Parcel, their heirs, personal representatives, successors and assigns, operate as covenants running with the land for the benefit of each and all other Lots and Parcels in the Section and Subdivision and their respective owners.

4. Limitations on Use.

A. Parcels shall be used for those purposes set forth herein, on the Plats or as provided by federal, state or local laws, rules or regulations, specifically including, without limitation, the Worcester County Zoning Ordinance and the Worcester County Subdivision Control Act. Nothing herein is intended to preclude the use of any dwelling on any Parcel for a home office or to preclude any Parcel from having an apartment or suite, with or without kitchen facilities, for occupancy by any immediate or extended family members of the family owning the Parcel or for occupancy by employees of the family owning the Parcel.

B. No Parcel in the Subdivision shall be used or developed as a time-share project as defined in Title 11A of the Real Property Article of the Annotated Code of Maryland as may, from time to time, be amended.

5. Ownership, Use and Enjoyment of Access Areas and Open Spaces. Declarant covenants for itself, its successors and assigns, that it will convey to a condominium association or council of unit owners to be created for The Meadows At Manklin Creek Condominium fee simple title to those tracts of land in this Section identified on the Plats as "access area", "open space", and "general common elements", for the exclusive use of the residents of The Meadows At Manklin Creek Condominium, together with stormwater easements, drainage easements and all other easements shown on the Plats or the deeds to such open space, etc., all as identified on the Plats or deeds. Such conveyance shall be subject to the easements of record, and subject to the express condition that the condominium association to be created for The Meadows At Manklin Creek Condominium will properly maintain all such property and easement areas.

6. The OPA.

A. Every person who acquired title, legal or equitable, to any Parcel in the Section shall become a member of the OPA, provided, however, that such membership is not intended to apply to those persons who hold an interest in any such property merely as security for the performance of an obligation to pay money, e.g., mortgages or deeds of trust. However, if such person should realize upon such security and become the real owner of a Parcel within the Section, such person will then be subject to all of the requirements and limitations imposed in these Restrictions on owners of Parcels within the Section and on members of the OPA, including those provisions with respect to alienation and the payment of an annual charge.

B. The general purpose of the OPA is to further and promote the community

welfare of property owners in the Subdivision.

C. The OPA shall be responsible for insect controls within the common elements of the Section and shall be responsible for providing fire and police protection for the residents of the Subdivision. The OPA shall also be the means for the promulgation and enforcement of all regulations necessary for the governing of the use and enjoyment of such streets and parks and such other properties within the Subdivision as it may from time to time own. In the event that the OPA at any time fails to provide adequate fire and police protection or insect controls within the common element of the Section, Declarant, its successors and assigns, may, in its sole discretion, adopt measures to provide fire and police protection or insect controls within the common elements of the Section and may charge the OPA for all such protection; provided, however, that Declarant shall under no circumstances be obligated to take any such action.

D. The OPA shall have all the powers that are set out in its Articles of Incorporation and all other powers that belong to it by operation of law, including (but not limited to) the power to levy against every member of the OPA an annual charge within the Section and Subdivision, the amount of said charge to be determined by the Board of Directors of the OPA after consideration of current maintenance needs and future needs of the OPA, for the purposes set forth in its Articles of Incorporation; provided, however, that the uniform annual charge for members of the OPA who are owners of all Parcels (improved by single-family attached condominium units) in The Meadows At Manklin Creek Condominium Section shall be the same as for non-waterfront single-family detached dwelling lots located in other Sections of the Subdivision.

(a) Every such charge so made shall be paid by the member of the OPA on or before the first day of May of each year, for the ensuing year. The Board of Directors of the OPA shall fix the amount of the annual charge per Lot and Parcel by the first day of April of each year, and written notice of the charge so fixed shall be sent to each member.

(b) If any such charge shall not be paid when due, it shall bear interest from the date of delinquency at the rate set by the Board of Directors of the OPA at an open board meeting held in February of each year. The OPA may publish the name of the delinquent member in a list of delinquent members, or by any other means of publication; and the OPA may file a notice that it is the owner of a lien to secure payment of the unpaid charge plus costs and reasonable attorneys' fees, which lien shall encumber the Lot or Lots or Parcel or Parcels in respect of which the charge shall have been made, and which notice shall be filed in the Office of the Clerk of the Circuit Court for Worcester County, Maryland. Every such lien may be established and enforced in accordance with the provisions of the Maryland Contract Lien Law, as set forth in the Real Property Article of the Annotated Code of Maryland, or any other law, rule or regulation relating to the establishment and enforcement of the same. In addition to the remedy of lien foreclosure, the OPA shall have the right to sue for such unpaid charges, interest, costs and reasonable attorneys' fees, in any court of competent jurisdiction as for a debt owed by the delinquent member or members of the OPA. Every person who shall become the owner of the title (legal or equitable) to any Lot or Parcel in the Section by any means is hereby notified that, by the act of acquiring such title, such person will be conclusively held to have covenanted to pay the OPA all charges that the OPA shall make pursuant to any paragraph or subparagraph of these Restrictions.

(c) The OPA shall, upon demand at any time, furnish a certificate in writing signed by an officer of the OPA certifying that the charges on a specified Lot or Parcel have been paid or that certain charges against said Lot or Parcel remain unpaid, as the case may be. A reasonable charge may be made by the Board of Directors of the OPA for the issuance of these certificates. Such certificate shall be conclusive evidence of payment of any charges therein stated to have been paid.

E. The fund accumulated as the result of the charges levied by the OPA shall be used exclusively for the purposes of promoting the recreation, health, safety and welfare of the members of the OPA and, in particular, for maintaining insect controls within the common elements of the Section and providing police and fire protection within the Section of the Subdivision, and those areas within the Subdivision designated as streets, parks, etc. which shall have been conveyed to the OPA.

F. The lien of a mortgage or deed of trust placed upon any Parcel, recorded in accordance with the laws of the State of Maryland, shall be superior from the date of recordation to any and all such liens provided for herein.

G. The Board of Directors of the OPA shall have the right to suspend the voting rights (if any) and the right to use of the streets in the Subdivision and the recreational facilities of the OPA of any member (or associate member):

(a) For any period during which any OPA charge (including the charges and the fines, if any, assessed under these Restrictions) owed by the member or associate member remains unpaid; and

(b) During the period of any continuing violation of the restrictive covenants for the Section and Subdivision, after the existence of the violation shall have been declared by the Board of Directors of the OPA.

H. The OPA has joined in the execution of this Declaration for the purpose of granting and imposing the rights, privileges, duties and obligations of membership in the OPA as set forth above.

## 7. Remedies.

A. The OPA or any party to whose benefit these Restrictions inure, including the Declarant, his heirs, personal representatives, successors and assigns, may proceed at law or in equity to prevent the occurrence, continuation or violation of any of these Restrictions; provided, however, that it is expressly understood that neither Declarant nor the OPA shall be liable for damages of any kind to any party for failing to either abide by, enforce or carry out any of these Restrictions.

B. In the event that the OPA shall bring any suit or action to enforce any provision herein contained or to collect any money due to it hereunder or to foreclose a lien, the losing party in such suit or action shall pay all costs and expenses which the prevailing party shall incur in connection with such suit or action, including such amount as the court may determine to be reasonable as attorneys' fees therein, including attorneys'

fees incurred in connection with any appeal or decision of the trial court or an appellate court.

C. No delay or failure on the part of an aggrieved party to invoke an available remedy set forth in Paragraph 7A above in respect to a violation of any of these Restrictions shall be held to be a waiver by that party of (or an estoppel of that party to assert) any right available to him upon the recurrence or continuation of said violation or the occurrence of a different violation.

8. Grantee's Acceptance.

A. The grantee of any Parcel subject to the coverage of this Declaration, by acceptance of a deed conveying title thereto or the execution of a contract for the purchase thereof, whether from Declarant or a subsequent owner of such Parcel, shall accept such deed or contract upon and subject to each and all of these Restrictions and the agreements herein contained, and also the jurisdiction, rights and powers of Declarant and of the OPA and, by such acceptance, shall for himself, his heirs, personal representatives, successors and assigns, covenant, consent and agree to and with Declarant, the OPA and to and with the grantees and subsequent owners of each of the Parcels within the Subdivision to keep, observe, comply with and perform said Restrictions and agreements.

B. Each such grantee also agrees, by such acceptance, to assume, as against Declarant, its successors or assigns, all the risks and hazards of ownership or occupancy attendant to such Parcel.

9. Severability. Every one of the Restrictions is hereby declared to be independent of and severable from the rest of the Restrictions and of and from every other one of the Restrictions and of and from every combination of the Restrictions. Therefore, if any of the Restrictions shall be held to be invalid or to be unenforceable or to lack the quality of running with the land, that holding shall be without effect upon the validity, enforceability or "running" quality of any other one of these Restrictions.

10. Captions. The underlined captions preceding the various paragraphs and subparagraphs of these Restrictions are for convenience of reference only, and none of them shall be used as an aid to the construction of any provision of the Restrictions. Wherever and whenever applicable, the singular form of any word shall be taken to mean or apply to the plural, and the masculine form shall be taken to mean and apply to the feminine or to the neuter.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed by itself, and Ocean Pines Association, Inc., a non-profit Maryland corporation, has joined in this Declaration for the purposes set forth in Paragraph 6H and has caused this Declaration to be executed on its behalf for such purposes by its proper officer, all as of the day and year first herein written.

ATTEST:

[Signature]

MANKLIN CREEK, L.L.C.

By: [Signature] (SEAL)  
SAMUEL R. ROTHBLUM  
Manager

ATTEST:

[Signature]

OCEAN PINES ASSOCIATION, INC.

By: [Signature] (SEAL)  
THOMAS A. CETOLA  
President

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STATE OF MARYLAND, COUNTY OF \_\_\_\_\_, TO WIT:

I HEREBY CERTIFY that on this 8<sup>th</sup> day of March, A.D. 1998, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared SAMUEL R. ROTHBLUM, known to me (or proven to me) to be the authorized Manager of Manklin Creek L.L.C., and on behalf of said limited liability company did acknowledge the foregoing instrument to be the act and deed of said limited liability company.

AS WITNESS my hand and Notarial seal.

My Commission Expires: 5-1-03

[Signature]  
NOTARY PUBLIC

STATE OF MARYLAND, COUNTY OF Worcester, TO WIT:

I HEREBY CERTIFY that on this 12<sup>th</sup> day of November, A.D. 1998, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared THOMAS A. CETOLA, known to me (or proven to me) to be the President of Ocean Pines Association, Inc. and, on behalf of said corporation, did acknowledge the foregoing instrument to be the act and deed of said corporation.

AS WITNESS my hand and Notarial seal.

My Commission Expires: 9-1-99

[Signature]  
NOTARY PUBLIC

RETURN TO  
HARRY S. GROTON, JR.  
Attorney At Law  
21 S. Main St., P.O. Box 338  
Berlin MD 21811

THIS AGREEMENT, made this 12<sup>th</sup> day of November, 1998, by and between OCEAN PINES ASSOCIATION, INC., a Maryland non-stock corporation (hereinafter called "Association"), and MANKLIN CREEK, L.L.C., a Maryland limited liability company (hereinafter called "Manklin" or "Declarant").

WHEREAS, Manklin is in the process of developing that property which is denoted on certain plats as "THE MEADOWS AT MANKLIN CREEK CONDOMINIUM" (PHASE ONE) Third Tax District, Worcester County, Maryland" (hereinafter called "Condominium Property"), which said condominium plats made by Frank G. Lynch, Jr. & Associates, Inc., dated August 26, 1998, revised September 16, 1998, are duly recorded among the Land Records of Worcester County, Maryland, in Plat Book S.V.H. No. 158, folio 18, et seq.; and

WHEREAS, said property is made subject to: (a) a certain Declaration of Covenants and Restrictions dated November 12, 1977, and recorded among the aforesaid Land Records in Liber F.W.H. No. 603, folio 203, et seq.; (b) Consent Agreement dated August 5, 1988, and recorded among the aforesaid Land Records in Liber R.H.O. No. 1474, folio 197, et seq.; (c) Amendatory Declaration and Assignment dated October 6, 1989, and recorded among the aforesaid Land Records in Liber R.H.O. No. 1598, folio 539, et seq.; (d) Declaration dated October 6, 1989, and recorded among the aforesaid Land Records in Liber R.H.O. No. 1598, folio 544, et seq.; and (e) Declaration of Restrictions, Ocean Pines, The Meadows at Manklin Creek Condominium, dated November 12, 1998, and recorded among the aforesaid Land Records in Liber S.V.H. No. 2671, folio 169, et seq. (hereinafter collectively called the "Restrictions"); and

WHEREAS, Association is a non-profit, non-stock Maryland corporation created and existing with the general purpose of furthering and promoting the community welfare of property owners in the subdivision known as "Ocean Pines" and with the responsibility of

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exercising the rights and privileges and performing the duties and obligations of the Association set forth in the Restrictions and In the Articles of Incorporation and By-Laws of the Association, as amended from time to time; and

WHEREAS, this Agreement establishes the procedure for such development concerning the Condominium Property.

NOW, THEREFORE, for and in consideration of the covenants and agreements to be performed by each of the parties as set forth herein, the parties hereby agree as follows:

1A. IMPOSITION OF DECLARATION OF COVENANTS AND RESTRICTIONS. Manklin agrees that it will comply with its general development obligations, if any, set forth in the Declaration of Covenants and Restrictions dated November 12, 1977, and recorded among the aforesaid Land Records in Liber F.W.H. No. 603, folio 203, et seq., the Consent Agreement dated August 5, 1988, and recorded among the aforesaid Land Records in Liber R.H.O. No. 1474, folio 197, et seq., the Amendatory Declaration and Assignment dated October 6, 1989, and recorded among the aforesaid Land Records in Liber R.H.O. No. 1598, folio 539, et seq., the Declaration dated October 6, 1989, and recorded among the aforesaid Land Records in Liber R.H.O. No. 1598, folio 544, et seq.; and the Declaration of Restrictions, Ocean Pines, The Meadows at Manklin Creek Condominium, dated \_\_\_\_\_, and recorded among the aforesaid Land Records in Liber R.H.O. No. \_\_\_\_\_, folio \_\_\_\_\_, et seq.

1B. CONDOMINIUM COUNCIL OF UNIT OWNERS. Manklin shall cause to be created a Condominium Council of Unit Owners for the benefit of the owners of the condominium units in "The Meadows At Manklin Creek Condominium", which said Council shall be responsible for the maintenance of those easement areas, access areas, stormwater management areas, open spaces, etc. created within the Condominium Property which are not to be turned over to Ocean Pines Association, Inc. and maintained thereby.

2. NEW ASSOCIATION MEMBERS. Within fifteen (15) days after the end of each fiscal year of the Association in which Manklin continues to hold condominium units for original sale in the Condominium Property, as subdivided, Manklin will furnish the Association with a list of the owners of all condominium units in the Condominium Property who initially acquired title thereto in the preceding fiscal year of the Association. Customers initially purchasing condominium units in the Condominium Property shall not be required to pay the Association dues in whole or in part for the fiscal year in which said condominium units are originally purchased and shall not be obligated to pay dues until the fiscal year commencing on the first day of May after such purchase is made. Manklin, as the developer of the Condominium Property, the successor in interest to Manklin Meadows Development Corporation, shall not be required to pay the Association dues on any condominium unit in the Condominium Property to which it holds title prior to the first sale thereof to any purchaser.

3. MANKLIN INDEMNIFICATION OF ASSOCIATION. Manklin hereby agrees to forever

Indemnify, defend and hold harmless the Association from any claims brought against the Association by any person based upon any alleged misrepresentation, promise or any other act or omission of any nature whatsoever of any Manklin salesman, agent or employee, whether within or without the scope of its employment.

4. REMEDIES OF PARTIES. All representations, warranties, covenants and agreements of both parties as set forth herein shall survive the execution of this Agreement and the execution and recordation of all deeds and other documents contemplated hereunder and shall not merge in the delivery of any such deeds or other documents. Each party and their respective successors and assigns shall have all the rights provided at law or in equity to seek damages for the breach of any such representation, warranty, covenant or agreement or to seek specific performance of the terms, conditions and requirements thereof.

5. MISCELLANEOUS.

A. Amendments. This Agreement shall be final and binding upon both parties. No amendment to any provision thereof shall be binding or effective unless in writing and executed by both parties.

B. Attorney's Fees. If legal action can be commenced to enforce or declare the effect of any provision of this Agreement, the Court, as part of its judgment, may award reasonable attorney's fees and costs to the prevailing party.

C. Construction. As used in this Agreement, the masculine, feminine or neuter gender and the singular or plural members shall be deemed to include the other wherever the context so indicates. This Agreement shall be construed as a whole or in accordance with its fair meaning, the captions being for convenience solely and not intended to fully describe or define the provisions in the portions of this Agreement to which they pertain.

D. Third Party Benefit. None of the terms and provisions of this Agreement are intended for nor shall they inure to the benefit of any third party not a party to this Agreement or a successor or assign thereof.

ATTEST:

*Araine E Baker*

OCEAN PINES ASSOCIATION, INC.

By: *Thomas A Cetola* (SEAL)  
THOMAS A. CETOLA  
President

*Samuel R Rothblum*

MANKLIN CREEK, L.L.C.

By: *Samuel R Rothblum* (SEAL)  
SAMUEL R. ROTHBLUM  
Manager

RETURN TO  
HARRY S. GROTON, JR.  
Attorney At Law  
21 S. Main St., P.O. Box 328  
Berlin, MD 21811

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CONDOMINIUM DECLARATIONTHE MEADOWS AT MANKLIN CREEK CONDOMINIUM

THIS CONDOMINIUM DECLARATION ("Declaration") is made this 8<sup>th</sup> day of March, A.D. 1999, by MANKLIN CREEK, L.L.C., a Maryland limited liability company (the "Declarant"), and DOUGLAS S. EWALT and HUNTER F. CALLOWAY, Trustees (the "Trustee"), and BANK OF MARYLAND, a Maryland banking corporation (the Beneficiary).

## WITNESSETH:

WHEREAS, the Declarant is the owner in fee simple of a parcel of land situated in Worcester County, Maryland, more particularly described in "Exhibit A" attached hereto and by reference made a part hereof (the "Property"), together with the improvements thereon and appurtenances thereto; and

WHEREAS, the Declarant desires to establish a Condominium pursuant to Real Property Article, Title 11, Section 11-101, et seq. of the Annotated Code of Maryland (1996), as amended (the "Act"), and it is the desire and intention of the Declarant to divide the Property into condominium units and to sell and convey the same subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens hereinafter set forth, each of which is for the benefit of the Property and the owners thereof from time to time; and

WHEREAS, the Declarant desires and intends to subject the Property to a condominium regime to be known as "The Meadows At Manklin Creek Condominium" (the "Condominium"); and

WHEREAS, the part of the Condominium to be located on the Property is sometimes hereinafter referred to as "Phase One"; and

WHEREAS, the Declarant also reserves the right to develop additional land situated in Worcester County, Maryland, described in "Exhibit B" attached hereto and by reference hereto made a part hereof (the "Expansion Land"); and

WHEREAS, the Declarant contemplates the possibility of submitting all or a portion or portions of the Expansion Land for future condominium regimes to be known as The Meadows At Manklin Creek Condominium, Phase II, et seq., and further contemplates the possibility of merging the various Phases so that all of the Property, Expansion Land and improvements thereon shall ultimately be part of the Condominium and governed by one Condominium Association or Council of Unit Owners, composed of the Unit Owners of all the Units which shall be located on the Property and the Expansion Land.

NOW, THEREFORE, THIS DECLARATION WITNESSETH:

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ARTICLE I

DECLARATION OF CONDOMINIUM REGIME

The Property and all appurtenances thereto shall be held, conveyed, divided, subdivided, leased, rented, occupied, improved, hypothecated and/or encumbered subject to the Maryland Condominium Act and the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens (hereinafter sometimes referred to as "Covenants and Restrictions") herein set forth, including the provisions of the Bylaws of the Council of Unit Owners of Manklin Creek Condominium (the "Bylaws"), a copy of which is attached hereto and made a part hereof as "Exhibit G", all of which are declared and agreed to be in aid of a plan for the division of the Property into a Condominium pursuant to the Act, and all of which shall be deemed to run with the land, and shall inure to the benefit of and be enforceable by the Declarant or by any person acquiring or owning an interest in the Property, including, without limitation, any person, group of persons, corporation, partnership, trust or other entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation; provided, however, that the Declarant shall inure to the benefit of and be enforceable by only those successors and assigns of the Declarant to whom any of the same have been specifically assigned or transferred in writing.

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

ARTICLE II

NAME

The name of the Condominium shall be "THE MEADOWS AT MANKLIN CREEK CONDOMINIUM".

ARTICLE III

DESCRIPTION OF CONDOMINIUM

The Condominium, both the land and the Improvements, is hereby divided into (a) Units, (b) General Common Elements, and (c) Limited Common Elements (the General

Common Elements and Limited Common Elements are sometimes collectively referred to herein as the "Common Elements") in the manner and to the extent depicted in the Condominium Plat prepared and certified by Frank G. Lynch, Jr. & Associates, Inc., engineers and surveyors licensed to practice in the State of Maryland, dated August 26, 1998, revised September 16, 1998 (the "Condominium Plat"), which Condominium Plat is intended to be recorded among the Land Records of Worcester County, Maryland, simultaneously herewith; said Condominium Plat being hereby incorporated by reference herein and made a part hereof as "Exhibit D".

#### ARTICLE IV

##### DESCRIPTION OF UNITS

The building comprising the Condominium is divided into a number of separate condominium units (each, individually, a "Unit"), the general description and number of each Unit (including its area, location and such other data as may be necessary or appropriate for its identification, is as shown on the Condominium Plat. Each Unit is capable of individual utilization having its own exit to the General Common Elements of the Condominium. Each Unit shall include the unrestricted right of ingress and egress to the Unit through and over the General Common Elements, which right shall be of a permanent character and shall be appurtenant to and pass with the particular Unit. The Units will be sold to one (1) or more Unit owners (each, individually, an "Owner"), each Owner obtaining a fee simple interest and exclusive property right in the Unit and an undivided fee simple interest in the Common Elements of the Condominium, all of the above in accordance with the Maryland Condominium Act. The Owners of all of the Units shall constitute the Council of Unit Owners (the "Council"), as more fully discussed in Article VII herein.

The dimensions, areas and locations of each Unit are shown graphically on the Condominium Plat; provided, however, that the existing physical boundaries of any Unit or Common Element constructed or reconstructed in substantial conformity to the Condominium Plat shall be conclusively presumed to be its boundaries, regardless of the shifting, settlement or lateral movement of the building and regardless of minor variations between the physical boundaries, as described herein or shown on the Condominium Plat, and the existing physical boundaries of any such Unit or Common Element.

There are eight (8) Units in Phase One of the Condominium to be developed on the Property. Except as otherwise provided herein, each Unit shall mean a three-dimensional area, as described below and as shown on the Condominium Plat, and includes all improvements contained within such area except such improvements as are expressly excluded in this Declaration or on the Condominium Plat. The lower boundary of any Unit situate upon a concrete slab or slabs is a horizontal plane or planes, the elevation of which coincides with the elevation of the upper surface of such concrete slab or slabs extended to intersect the lateral or parametrical boundaries thereof. The lower boundary of any Unit not situate upon a concrete slab is a horizontal plane or planes, the elevation of which coincides with the lower unexposed surface of the plywood floor or other sub-floor extended to intersect the lateral or parametrical boundaries thereof. The upper boundary of each Unit is a horizontal (or in some cases inclined) plane or planes, the elevation of which coincides with the upper unexposed surface of the unfinished wallboard of the uppermost

ceiling in the Unit, extended to intersect the lateral or parametrical boundaries thereof. The lateral or parametrical boundaries of any such Unit is vertical plane or planes which coincide with the outermost unexposed surfaces of the unfinished perimeter wallboard or gypsum board walls thereof, including the windows and doors thereof, extended to intersect the upper and lower horizontal boundaries thereof and to intersect the other lateral or parametrical boundaries of the Unit. Unless otherwise designated in this Declaration or on the Condominium Plat as a Common Element, (i) any mechanical equipment, fixtures and appurtenances located within or outside of any Unit and designated to serve only that Unit, such as pipes, wires, cables, conduits, electrical receptacles and outlets, ducts, flues (including, without limitation, fireplace flues), chutes, heat pumps, appliances and the like, and (ii) any balconies, decks, terraces and patios designated to serve on that Unit, shall be considered a part of the Unit. In those instances in which the walls, floors or ceilings are designated as boundaries of the Unit, all sheetrock, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting any part of the finished surfaces thereof are a part of the Unit. Any glass (windows, doors, etc.) are a part of the Unit.

## ARTICLE V

### DESCRIPTION OF COMMON ELEMENTS

The Common Elements include all of the Property (Condominium), except the Units. The Common Elements are divided into Limited Common Elements and General Common Elements.

a. Limited Common Elements. The Limited Common Elements include those designated as such on the Condominium Plat or in this Declaration. The areas designated on the Condominium Plat as a deck, balcony, terrace, attic, patio, storage facility, entrance walk, parking space, and any portions of the lawn areas, trees and shrubbery so designated thereon are Limited Common Elements, and such Limited Common Elements are reserved for the exclusive use of the Owner of the Unit to which they are appurtenant by appropriate designation on the Condominium Plat. The right of the Owner to whose Unit the Limited Common Elements are appurtenant to use and enjoy the same shall be subject to such reasonable rules and regulations (the "Rules and Regulations") as the Board of Directors of the Council of Unit Owners may from time to time enact, and are further subject to each Owner's responsibility to pay any charges imposed by the Board of Directors for the use and maintenance of such Limited Common Elements. Pursuant to the Act, the Council of Unit Owners may assess the costs incurred in maintaining or repairing any Limited Common Elements against the Unit to which such Limited Common Elements are appurtenant.

b. General Common Elements. The General Common Elements shall consist of all the Common Elements not described above as a part of the Limited Common Elements or which may be designated as such General Common Elements on the Condominium Plat, including, but not limited to, land, drives, roadways and curbs, sidewalks, parking areas, utility rooms, conduits, sewer and water mains, line outlets, hook-ups, portions of the lawn areas, trees, shrubbery and other appurtenances, storm water drains and other lines, oil tanks, exterior lighting, roofs, foundations, columns, girders, beams, supporters and all structural elements of the building, including walls and slabs (except to the extent that such items, locations or devices are part of the Unit as hereinabove set forth), trash container

area, and all other locations and devices rationally of common use and necessary for the existence, upkeep, use and safety of the building and the Common Elements. Any chute, flue, duct, wire, pipe, conduit or other fixture which serves more than one (1) Unit or any portion of the Common Elements is part of the General Common Elements. All Units which may hereafter be acquired and held by the Council of Unit Owners on behalf of all Unit Owners are part of the General Common Elements.

## ARTICLE VI

### PERCENTAGE INTERESTS ACQUIRED

- a. Interest in Common Elements. Each Owner shall have an undivided fee simple interest in the Common Elements of the Condominium, which interest in the Common Elements shall initially be the percentage as that set forth in "Exhibit E" attached hereto and incorporated by reference herein. The percentage interest of ownership shall be used to determine an Owner's share in the event of distribution of the funds from insurance or sale of the Condominium as provided in this Declaration, the Bylaws or the Maryland Condominium Act.
- b. Interest in Common Expenses and Profits. Each Owner shall have a percentage interest of common expenses and profits of the Condominium as from time to time constituted, which shall be equal to the Owner's percentage interest in Common Elements, as set forth in "Exhibit E".
- c. Permanent Character of Interests. The percentage interests provided for herein shall be of a permanent character and, except as provided herein, may not be changed without the written consent of all Owners and their mortgagees. Such percentage interests are appurtenant to and shall not be separated from the Unit to which they appertain and shall be deemed conveyed or encumbered with the Unit even though such interest may not be expressly mentioned or described in any conveyance or other instrument. Furthermore, the Common Elements shall remain undivided, and no Owner nor group of Owners nor anyone claiming by, through or under him or them shall bring any action for the partition or division of the co-ownership of the Common Elements.
- d. Percentage Interest After Expansion. From and after any expansion of the Condominium pursuant to the provisions of "Article XVI", each Owner's undivided percentage interest in the Common Element and each Owner's percentage interest in the common expenses and profits of the Condominium shall no longer equal the respective interest as set forth in "Exhibit E", but shall thereby automatically equal the percentage interest as that set forth in "Exhibit F" attached hereto and incorporated by reference herein. Upon each, if any, further such expansion, each Owner's percentage interest shall in like fashion in each instance automatically become and (until such further expansion) thereafter remain equal to the percentage as that set forth in "Exhibit F".

## ARTICLE VII

### ADMINISTRATION OF CONDOMINIUM AND VOTING

a. Administration. The administration of the Condominium shall be by the Council of Unit Owners, in accordance with this Declaration and the Bylaws and shall be in accordance with the laws of the State of Maryland. Every Owner shall automatically be a member of the Council subject to all rights and duties of Unit Owners under this Declaration and the Bylaws, and shall remain a member of said Council until such time as his ownership ceases for any reason, at which time his membership in the said Council shall automatically cease, other than as an incident to a lawful transfer of the title to a Unit, membership in the Council shall be nontransferable, and any attempted transfer shall be void.

b. Voting in General. Each Unit in the Condominium shall have one (1) vote at the meetings of the Council, as more fully provided in the Bylaws.

#### ARTICLE VIII

##### COMMON EXPENSES

All expenses for maintenance of the Common Elements, the Condominium contributions toward the operation, maintenance and repair of the Common Elements shall be assessed to all Units in proportion to the percentage interest as set forth in "Exhibit E". All such charges and assessments shall be levied in accordance with and governed by the Bylaws of the Condominium, attached hereto as "Exhibit G". If the Condominium is expanded as provided in "Article XVI", all expenses for maintenance of the Common Elements and for the operation of the Condominium shall be assessed to all Units as provided for in "Exhibit F". Assessments for each phase of the Condominium will be levied beginning on the date that this Declaration, Amended Declaration or Supplemental Declaration which subjects that phase to the Condominium Regime is recorded.

#### ARTICLE IX

##### LIEN FOR ASSESSMENTS

Until paid, all sums assessed by the Council for common expenses or other assessment or fines made or levied pursuant to this Declaration or the Bylaws, together with interest, late charges, costs of collection and attorney's fees shall constitute a lien on the Unit assessed, subject to foreclosure and/or other legal remedies, all as more fully set forth in the Bylaws.

Any lien for delinquent common expense assessments or other assessments or fines made or levied pursuant to this Declaration or the Bylaws will subordinate to a first mortgage on the Unit, if the mortgage was recorded before a statement of lien is filed pursuant to the Maryland Contract Lien Act.

Each assessment against an Owner shall be a personal obligation of the Owner who owned the Unit at the time the assessment became due and shall not pass to successors in title unless such successor agreed to assume such obligation.



## ARTICLE X

UNITS SUBJECT TO DECLARATION, BYLAWS, RULES AND REGULATIONS,  
AND MASTER ASSOCIATION

All present and future Owners of Units, their tenants, occupants, licensees and invitees shall be subject to and shall comply with the provisions of this Declaration, the Bylaws, and any amendments thereto, and the Rules and Regulations of the Council as provided for in the Bylaws, as they may be amended from time to time. The acceptance of a deed of conveyance or the entering into a lease or the entering into occupancy of any Unit shall constitute an agreement between such Owner, tenant or occupant, and the Council, acknowledging that the provisions of this Declaration, the Bylaws and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such Owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof.

Master Association. The Condominium is also part of the subdivision known as "Ocean Pines" in that development (as such term is defined under Section 11B-101 of the Real Property Article of the Annotated Code of Maryland) known as Ocean Pines Association, Inc. (herein the "Master Association" or "the OPA"), and all of the Condominium Units and Common Elements are encumbered by and subject to all of the covenants, conditions, restrictions and easements set forth in a certain Declaration of Restrictions, Ocean Pines, The Meadows at Manklin Creek Condominium, made by Manklin Creek, L.L.C., dated November 12, 1998, and recorded or intended to be recorded among the Land Records of Worcester County, Maryland, prior hereto or simultaneously herewith (the "Master Declaration"). The Master Association is responsible for insect controls; for the maintenance, repair and upkeep of the private streets within the Ocean Pines subdivision; and for providing fire and police protection for the residents of the Ocean Pines subdivision. The Master Association shall also be the means for the promulgation and enforcement of all regulations necessary to the governing of the use and enjoyment of such streets, parks and such other amenities and properties within the Ocean Pines subdivision as it may from time to time own. Each Unit Owner is also a member of the Master Association and is entitled to exercise all of the rights of an Owner of a Lot or Parcel in the Master Declaration and the Articles of Incorporation and By-Laws of the Master Association. Membership in the Master Association shall subject each Unit Owner to certain charges and fees which may be levied by the Master Association as provided in the Master Declaration. These assessments and fees are in addition to any and all Assessments which may be levied by the Council of Unit Owners as provided herein and under the Act. The Condominium Units and the Common Elements are bound by and subject to all of the use regulations contained in the Master Declaration or in the rules and regulations from time to time promulgated by the Master Association. The use restrictions are in addition to those contained in this Condominium Declaration or in the Bylaws for the Condominium.

Failure to comply with any of the aforesaid provisions or rules shall be grounds for an action to recover sums due, for damages and/or for injunctive relief by either the Master Association, Council of Unit Owners or any aggrieved Owner.

ARTICLE XI

NO EXEMPTION FROM LIABILITY

No Owner of a Unit may exempt himself from liability for his contribution toward the common expenses by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

ARTICLE XII

GRANTOR/GRANTEE ELIGIBILITY

In a voluntary conveyance of a Unit, the grantee of the Unit shall be jointly and severally liable with the grantor for all unpaid assessments by the Council against the grantor for his share of the common expenses up to the time of the voluntary grant without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any contract purchaser of a Unit shall be entitled, on written request, to a statement in writing from the Council setting forth the amount of any unpaid assessments against the grantor due the Council, and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments made by the Council against the grantor or the Unit in excess of the amount therein set forth.

ARTICLE XIII

EASEMENTS

a. Repair. The Council and management agent, if any (the "Management Agent"), and their agents and employees, shall have an irrevocable right and easement to enter Units to make repairs to that Unit, other Units or Common Elements when repairs reasonably appear to be necessary for public safety or to prevent damage to property other than that Unit, and to restore, maintain and/or repair any part of the Condominium. Such entry to a Unit shall only be made after twenty-four (24) hours notice given to the Owner or occupant of the Unit, except in the event of an emergency, in which event entry may be made without prior notice. The aforesaid right of entry shall be exercised so as to cause a minimum amount of interference and inconvenience to an Owner to the extent reasonably practicable.

b. Support. No Owner nor any other person shall take any action whatsoever in, to or about any Unit or the Common Elements which would in any way adversely affect the support of any Unit, of the buildings, or of the Common Elements or which would in any way impair the structural integrity of any Unit, of any building, or of the Common Elements. Every portion of a Unit and every portion of the Common Elements which contribute to the structural support of any Unit, the building or the Common Elements shall be burdened with an easement of structural support for the benefit of the Unit or Units, the buildings and the Common Elements.

c. Encroachment. In the event any portion of the Common Elements encroaches upon any Unit, or in the event any Unit encroaches upon any other Unit or any Common Element, as a result of settlement, shifting, or the duly authorized construction or repair of any building, a valid easement for the encroachment and for the maintenance of the same shall and does hereby exist so long as such encroachment exists.

In the event any portion of the Condominium is partially or totally damaged or destroyed by fire or other casualty, or as a result of condemnation or eminent domain proceedings, and then repairs or reconstructed, encroachments of any portion of the Common Elements upon any Unit or of any Unit upon any other Unit or any portion of the Common Elements due to such repair or reconstruction shall be permitted, and valid easements for such encroachments and maintenance of the same shall exist so long as the building stands.

d. Declarant. There is hereby reserved to the Declarant and its agents, successors and assigns, a non-exclusive easement over all of the Common Elements of the Condominium for purposes of access, the storage of building supplies and materials and equipment and, without any limitation, for any and all purposes reasonably related to the completion of the Condominium, including, but not limited to, subsequent phases of the Condominium. Such easement shall expire after the last to occur of the following events: (1) final completion of all Units in the Condominium, including units in subsequent phases, or (2) conveyance of all Units in the Condominium to purchasers. In the event that the Declarant may at any time be required to perform any warranty work in the Condominium, the easement described in this paragraph shall automatically extend and exist for such period of time as may be reasonably necessary for the Declarant to complete such warranty work.

The Declarant also reserves the right to use the Common Elements and any Unit owned by Declarant for sales, promotional, administrative and/or other similar purposes for so long as shall be reasonably necessary for the above purposes. Prospective purchasers and/or prospective tenants of Units shall also have the right to use the Common Elements for ingress and egress to and from the sales office and model Unit, if any.

e. Easements Pass with Title. The grant or other disposition of a Unit shall include and grant, and be subject to, any easement mentioned in this Article without the necessity of specific or particular reference to such easement.

f. Other Easements.

(i) Declarant hereby subjects those General Common Elements of the Condominium located outside the exterior walls of buildings, to a perpetual non-exclusive easement, for use in common with the owners, licensees, tenants and invitees of all or any portion of the Property described in "Exhibit A" hereof, for purpose of ingress, egress, access, parking and discharge of storm water, and for purposes of connecting to, extending and maintaining utilities (including, but not limited to, telephone, storm drains, sanitary sewer, water, electric and gas hook-ups, lines and/or mains), which utilities may be used for the purpose of serving the land, structures and other Improvements which may be constructed on all or any portion of the Property described in "Exhibit A" hereof. The use

of the easement granted herein shall at all times be subject to the provisions of this Declaration and the Bylaws as same may from time to time exist. In the event that any portion of the land described in "Exhibit B" shall be annexed to the Condominium pursuant to the provisions of Article XVI hereof, upon the recordation of any such annexation instrument, the Common Elements of such annexed land shall also be automatically subject to the easement hereinabove described.

(ii) Declarant hereby subjects the land described in "Exhibit B" (excluding, however, any buildings and land underlying any buildings erected or which may be erected on subsequent phases as shown on the Condominium Plat) to a perpetual non-exclusive easement, for use in common with the Owners, licensees, tenants and invitees of all or any portion of the Property described in "Exhibit A" hereof, for purposes of pedestrian and vehicular ingress, egress, access, parking, and discharge of storm water, and for purposes of connecting to, extending and maintaining utilities (including, but not limited to, telephone, storm drains, sanitary sewer, water, electric and gas hook-ups, lines and/or mains), which utilities may be used for the purpose of serving the land, structures and other improvements which may be constructed on all or any portion of the land described in "Exhibit A" hereof. In the event that any portion of the land described in "Exhibit B" shall be annexed to the Condominium pursuant to the provisions of Article XVI hereof, upon the recordation of any such annexation instrument, the easement described in this subparagraph (ii) shall automatically terminate with respect to such annexed land, and the land described in "Exhibit B" shall be subject to the easement created in subparagraph (i) hereof.

(iii) Developer reserves the right to subject the General Common Elements to easements for use in common with others to whom the Declarant has or may in the future grant the use thereof, for purposes of ingress, egress, access and utilities, but no grant of such an easement shall take place more than ten (10) years following the date hereof, provided that Declarant maintains an ownership interest in any portion of the Condominium. For purposes of this subparagraph, the term "Declarant" shall mean Manklin Creek, L.L.C. any any successor in title to Manklin Creek, L.L.C. that is designated by the Declarant to be the "Declarant of Record" by an instrument duly recorded among the Land Records of Worcester County Maryland; except, however, the term "Declarant" shall not include the Council or any Owner of a Unit within the Condominium unless the Council or such Unit Owner is designated by Manklin Creek, L.L.C. to be the "Declarant of Record" in the manner aforesaid.

#### ARTICLE XIV

##### AUTHORITY FOR GRANT OF SPECIFIC EASEMENTS BY COUNCIL

The Council shall have the right, power and authority to grant any specific easement, right of way, license or other similar interest affecting the Common Elements of the Condominium, to the extent permitted by the Bylaws and the Maryland Condominium Act. The instrument by which any such easement, right of way, license or other similar interest is granted by the Council under or pursuant to the provisions of this Article shall expressly state that the grant was so approved by the Owners. Nothing contained in this Article shall limit the Declarant's right to grant easements as provided in Article XIII, Subparagraph f.

ARTICLE XV

DECLARANT'S RIGHT TO RENT OR SELL UNITS

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

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

ARTICLE XVI

EXPANSION OF CONDOMINIUM

Declarant reserves the right for a period not exceeding ten (10) years from the date of recording of this Declaration to add additional phases to the Condominium. As each additional portion of the Expansion Land is subjected to the condominium regime, the percentage interest in the Common Elements of the Owners in preceding phases shall be reduced, and appropriate percentage interests in the Common Elements of the added phases shall vest in the Owners in preceding phases, and appropriate percentage interests in the Common Elements of the preceding phases shall vest in Owners in the added phases in accordance with the percentages set forth in "Exhibit F". Nothing herein contained shall be in any way construed to require the Declarant to expand the Condominium or building additional Units, such events being solely within the Declarant's discretion.

The description of the additional phases that may be added to the Condominium, in whole or in part, is set forth in "Exhibit C" attached hereto and by reference made a part hereof. Although future additional phases have been designated by number, Declarant reserves the right to annex future phases in any order and/or to annex more than one (1) additional phase simultaneously. In no event shall the Declarant annex further phases of the Condominium until all improvements intended for such additional phases are complete.

In no event will more than forty (40) Units be added in future phases of the Condominium, so that the total number of Units in the entire Condominium will not exceed forty-eight (48) Units. All future improvements shall be consistent with the initial improvements in structure type and quality of construction. Each Owner or Owners will have one (1) vote per Unit at the meetings of the Council, as said Council is from time to time constituted, as additional phases are added to the condominium regime.

The percentage interest of each Unit in the Common Elements of the Condominium and in common profits and expenses shall be recalculated immediately after an additional phase has been added to the Condominium. The percentage ownership in the Common Elements shall be equal to the percentages as set forth in "Exhibit F".

#### ARTICLE XVII

##### TERMINATION OF CONDOMINIUM

Except in the case of a taking of all the Units by eminent domain, the Condominium shall not be terminated except by the agreement of eighty percent (80%) of the holders of first mortgages of Units. Termination of the Condominium shall be governed by the applicable provisions of the Maryland Condominium Act.

#### ARTICLE XVIII

##### NO DEDICATION FOR PUBLIC USE

Nothing contained herein shall be deemed or construed to dedicate to public use, or to create a general scheme of development in, or to vest rights and/or benefits with respect to this or any other property owned or hereafter acquired by the Declarant, its successors or assigns, nor shall anything herein contained be deemed to deny the right of Declarant to develop lands near or adjacent to the Condominium.

#### ARTICLE XIX

##### AMENDMENTS

a. Prior to the recordation among the Land Records of Worcester County, Maryland, of the first deed of a Unit to the Council, to an Owner or to any other person, or prior to the execution of the first Agreement of Sale to a bona fide buyer of a Unit, whichever shall first occur, the Declarant may amend any of the provisions of this Declaration, the Bylaws annexed hereto and/or the Condominium Plat by filing an amendment thereto among said Land Records. Such amendment need be signed and acknowledged only by the Declarant and need not be approved by the Council Owners or purchasers, lienors or mortgagees of Units (except a mortgage lender who has a lien on the entire Condominium or a mortgage lender who has a lien on the Unit or Units affected whose approval in advance in writing shall be required), whether or not elsewhere required for an amendment.

b. Except as otherwise provided in Paragraph a. of this Article XIX or the Maryland Condominium Act, this Declaration shall not be changed, modified, supplemented or rescinded without the written consent of eighty percent (80%) of the existing Units, and no change, modification, supplement or rescission of this Declaration shall take effect unless evidenced by an appropriate written instrument or instruments, executed by such percentage of Owners and mortgagees, and recorded among the aforesaid Land Records. The provisions of this paragraph, however, shall not apply to any change, modification, supplement or rescission of the Bylaws, which may be effected by the affirmative vote of Owners having sixty-six and two-thirds percent (66 2/3%) or more of the votes entitled to be cast at meetings of the Council, except as otherwise specifically provided in this Declaration or in the Bylaws. There shall be no amendment to any provision of the Declaration, Bylaws or Rules and Regulations which would in any way modify rights expressly reserved for the benefit of the Declarant, without the Declarant's prior written consent.

## ARTICLE XX

### RIGHTS OF MORTGAGEES, INSURERS AND GUARANTORS

The Council shall provide written notice to any holder, insurer or guarantor of the mortgage of any Unit within thirty (30) days upon the occurrence of any of the following event:

- a. any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing its mortgage;
- b. any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of any Unit on which it holds the mortgage;
- c. a lapse, cancellation or material modification of any insurance policy maintained by the Council; or
- d. any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

## ARTICLE XXI

### GENERAL PROVISIONS

a. Severability. It is the intention of the Declarant that the provisions of this Instrument are severable so that if any provision, condition, covenant or restriction thereof shall be invalid or void under any applicable Federal, State or local law, the remainder shall be unaffected thereby. In the event that any provision, condition, covenant or restriction thereof is at the time of recording this instrument, void, voidable or unenforceable as being contrary to any applicable Federal, State or local law, the Declarant and its successors and assigns covenant and agree that any future amendments or supplements to the said laws having the effect of removing said invalidity, voidability or unenforceability, shall be deemed to apply retrospectively to this instrument, thereby operating to validate the provisions of

this instrument which otherwise might be invalid, and it is covenanted and agreed that any such amendments and supplements to the said laws shall have the effect herein declared as fully as if they had been in effect at the time of the execution of this instrument.

b. Enforcement; Waiver. In addition to other methods of enforcement set forth in this Declaration, the Bylaws or the Maryland Condominium Act, enforcement of these covenants and restrictions and all of the provisions of the Bylaws attached hereto may be by proceeding at law or in equity, by the Council or by any individual Owner, against any person or persons violating or attempting to violate any covenant or restriction, including the Council, to restrain violation, to require specific performance and/or to recover damages; and against the land to enforce any lien created by these covenants; and failure by the Council or any Owner to enforce any covenant or restriction herein contained shall be in no event deemed a waiver of the right to do so thereafter, irrespective of the number of violations or breaches which may occur.

c. Perpetuities. If any of the covenants, restrictions or other provisions of this Declaration, the Bylaws or Condominium Plat shall be unlawfully void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

d. Number and Gender. Whenever the singular or plural number, or masculine, feminine or neuter gender is used herein, it shall equally include the other, and the use of any gender shall be applicable to all genders.

e. Exhibits. All exhibits attached to this Declaration are hereby incorporated in and made a part of this Declaration.

f. Council of Unit Owners. The Council of Unit Owners provided for in the Condominium Bylaws is hereby established.

The Trustee and Beneficiary hereby join in the execution of this Declaration solely for the purpose, with respect to the operation of this Declaration, of complying with the Deed of Trust.



AS WITNESS the hands and seals of the Declarant herein, all as of the day and year first herein written.

ATTEST/WITNESS:

[Signature]

MANKLIN CREEK, L.L.C.  
a Maryland limited liability company

By: [Signature] (SEAL)  
SAMUEL R. ROTHBLUM  
Manager

STATE OF MARYLAND, COUNTY OF Baltimore, TO WIT:

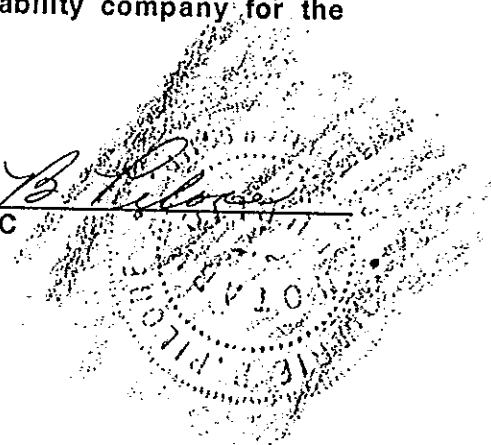
I HEREBY CERTIFY that on this 27th day of March, 1999, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared SAMUEL R. ROTHBLUM, known to me (or satisfactorily proven) to be the authorized Manager of Manklin Creek, L.L.C., a Maryland limited liability company, and that such authorized Manager, being authorized so to do, made oath in due form of law that he executed the foregoing instrument on behalf of the limited liability company for the purposes therein contained and in the capacity therein stated.

AS WITNESS my hand and Notarial Seal.

My Commission Expires:

5-1-02

[Signature]  
NOTARY PUBLIC



DECLARANT'S CERTIFICATION

I HEREBY AFFIRM under penalty of perjury that the notice requirements of Section 11-102.1 of the Real Property Article of the Annotated Code of Maryland, if applicable, have been fulfilled.

ATTEST/WITNESS:

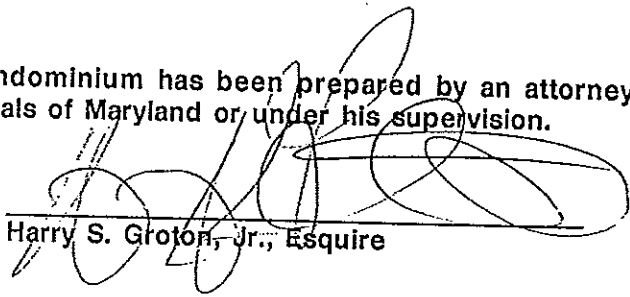
[Signature]

MANKLIN CREEK, L.L.C.  
a Maryland limited liability company

By: [Signature] (SEAL)  
SAMUEL R. ROTHBLUM  
Manager

ATTORNEY'S CERTIFICATION

The foregoing Declaration of Condominium has been prepared by an attorney admitted to practice before the Court of Appeals of Maryland or under his supervision.

  
\_\_\_\_\_  
Harry S. Groton, Jr., Esquire

CONSENT AND AGREEMENT OF TRUSTEES AND BENEFICIARY

DOUGLAS S. EWALT and HUNTER F. CALLOWAY, Trustees, and BANK OF MARYLAND, a Maryland banking corporation, who are respectively the Trustees and the Beneficiary under that certain Indemnity Deed of Trust dated November 25, 1998, and recorded among the Land Records of Worcester County, Maryland, in Liber S.V.H. No. 2650, folio 362, et seq., hereby join in the foregoing Condominium Declaration for the express purpose of subordinating all of their respective right, title and interest under such Deed of Trust in and to the real property described in the Deed of Trust to the operation and effect of such Condominium Declaration.

Nothing in the foregoing provisions of this Consent and Agreement of Trustees and Beneficiary shall be deemed in any way to create between the person named in such Condominium Declaration as "the Declarant" and any of the undersigned any relationship of partnership or joint venture, or to impose upon any of the undersigned any liability, duty or obligation whatsoever.

IN WITNESS WHEREOF, the said Trustees and Beneficiary have executed and sealed this Consent and Agreement of Trustees and Beneficiary or caused it to be executed and sealed on its behalf by its duly authorized representatives, this 9 day of March, 1999.

WITNESS/ATTEST:

[Signature]  
[Signature]

[Signature] (SEAL)  
DOUGLAS S. EWALT, Trustee

[Signature] (SEAL)  
HUNTER F. CALLOWAY, Trustee

Lisa Smica

BANK OF MARYLAND

By: H. Calloway (SEAL)

Beneficiary

STATE OF MARYLAND, COUNTY OF \_\_\_\_\_, TO WIT:

I HEREBY CERTIFY that on this 9 day of March, A.D. 1999, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared DOUGLAS S. EWALT, Trustee, known to me (or proven to me) to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he executed same as Trustee for the purposes therein set forth and that it is his act and deed.

AS WITNESS my hand and Notarial seal.

My Commission Expires: 8/1/00

Elizabeth A. Smith  
NOTARY PUBLIC

STATE OF MARYLAND, COUNTY OF \_\_\_\_\_, TO WIT:

I HEREBY CERTIFY that on this 9 day of March, A.D. 1999, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared HUNTER F. CALLOWAY, Trustee, known to me (or proven to me) to be the person whose name is subscribed to the foregoing instrument, who acknowledged that he executed same as Trustee for the purposes therein set forth and that it is his act and deed.

AS WITNESS my hand and Notarial seal.

My Commission Expires: 8/1/00

Elizabeth A. Smith  
NOTARY PUBLIC

STATE OF MARYLAND, COUNTY OF \_\_\_\_\_, TO WIT:

I HEREBY CERTIFY that on this 9 day of March, A.D. 1999, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared Hunter F. Calloway, known to me (or proven to me) to be the Beneficiary of BANK OF MARYLAND, a Maryland banking corporation, Beneficiary, and on behalf of said corporation did acknowledge the foregoing instrument to be the act and deed of said corporation.

AS WITNESS my hand and Notarial seal.

My Commission Expires:

8/1/00

Elizabeth A. Smith  
NOTARY PUBLIC



EXHIBIT A

Description of the Property

All that property lying and being situate in the Third Tax District of Worcester County, Maryland, within the area depicted as PARCEL 2, and more particularly designated as Phase 1 (One), as shown on those certain plats entitled " 'THE MEADOWS AT MANKLIN CREEK CONDOMINIUM' (PHASE ONE) Third Tax District, Worcester County, Maryland", made by Frank G. Lynch, Jr. & Associates, Inc., dated August 26, 1998, revised September 16, 1998, and recorded or intended to be recorded among the Land Records of Worcester County, Maryland, simultaneously herewith.

EXHIBIT B

Description of the Expansion Land

All that property lying and being situate in the Third Tax District of Worcester County, Maryland, within the area depicted as PARCEL 2, and more particularly designated as Phases 2 through and including 6, as shown on those certain plats entitled " 'THE MEADOWS AT MANKLIN CREEK CONDOMINIUM' (PHASE ONE) Third Tax District, Worcester County, Maryland", made by Frank G. Lynch, Jr. & Associates, Inc., dated August 26, 1998, revised September 16, 1998, and recorded or intended to be recorded among the Land Records of Worcester County, Maryland, simultaneously herewith.

EXHIBIT C

Description of Expansion Plans

Pursuant to Article XVI of the Declaration, the Declarant may annex to the Condominium all or portions of the land described in "Exhibit B" (the "Expansion Land"). These additional phases may be added, if at all, to the Condominium no later than ten (10) years after the recordation date of the Declaration.

The Declarant is contemplating, but is not obligated to perform, the expansion of the Condominium to include the Expansion Land, together with future improvements, if any, erected thereon. As depicted on the Condominium Plat, the Declarant contemplates the annexation of five (5) additional phases containing eight (8) units each.

Although the Declarant may annex all or any portion of the Expansion Land to the Condominium, the maximum number of Units that may be added to the Condominium is forty (40), so that the maximum number of Units in the Condominium will not exceed forty-eight (48) Units. The expansion provisions are set forth in their entirety in Article XVI herein.

In the event that the Declarant elects to expand the Condominium to include any or all of the Expansion Land, each Unit's percentage interest in the Common Elements and percentage interest in common profits and expenses would be reduced according to the interests set forth in "Exhibit F". Each Unit would continue to have one (1) vote appurtenant to each Unit.



EXHIBIT D

**Condominium Plat**

EXHIBIT E

Percentage Interest of Unit Owners

<u>Unit Designation</u>	<u>Percentage Interest</u>
Phase 1, Building F, Unit 1	12.5%
Phase 1, Building F, Unit 2	12.5%
Phase 1, Building F, Unit 3	12.5%
Phase 1, Building F, Unit 4	12.5%
Phase 1, Building F, Unit 5	12.5%
Phase 1, Building F, Unit 6	12.5%
Phase 1, Building F, Unit 7	12.5%
Phase 1, Building F, Unit 8	<u>12.5%</u>
	100%

EXHIBIT FPercentage Interest of Unit Owners after  
Expansion of Phase 2

<u>Unit Designation</u>	<u>Percentage Interest</u>
Phase 1, Building F, Unit 1	6.25%
Phase 1, Building F, Unit 2	6.25%
Phase 1, Building F, Unit 3	6.25%
Phase 1, Building F, Unit 4	6.25%
Phase 1, Building F, Unit 5	6.25%
Phase 1, Building F, Unit 6	6.25%
Phase 1, Building F, Unit 7	6.25%
Phase 1, Building F, Unit 8	6.25%
Phase 2, Building E, Unit 1	6.25%
Phase 2, Building E, Unit 2	6.25%
Phase 2, Building E, Unit 3	6.25%
Phase 2, Building E, Unit 4	6.25%
Phase 2, Building E, Unit 5	6.25%
Phase 2, Building E, Unit 6	6.25%
Phase 2, Building E, Unit 7	6.25%
Phase 2, Building E, Unit 8	<u>6.25%</u>
	100%

EXHIBIT FPercentage Interest of Unit Owners after  
Expansion of Phase 3

<u>Unit Designation</u>	<u>Percentage Interest</u>
Phase 1, Building F, Unit 1	4.167%
Phase 1, Building F, Unit 2	4.167%
Phase 1, Building F, Unit 3	4.167%
Phase 1, Building F, Unit 4	4.167%
Phase 1, Building F, Unit 5	4.167%
Phase 1, Building F, Unit 6	4.167%
Phase 1, Building F, Unit 7	4.167%
Phase 1, Building F, Unit 8	4.167%
Phase 2, Building E, Unit 1	4.167%
Phase 2, Building E, Unit 2	4.167%
Phase 2, Building E, Unit 3	4.167%
Phase 2, Building E, Unit 4	4.167%
Phase 2, Building E, Unit 5	4.167%
Phase 2, Building E, Unit 6	4.167%
Phase 2, Building E, Unit 7	4.167%
Phase 2, Building E, Unit 8	4.167%
Phase 3, Building D, Unit 1	4.167%
Phase 3, Building D, Unit 2	4.167%
Phase 3, Building D, Unit 3	4.167%
Phase 3, Building D, Unit 4	4.167%
Phase 3, Building D, Unit 5	4.167%
Phase 3, Building D, Unit 6	4.167%
Phase 3, Building D, Unit 7	4.167%
Phase 3, Building D, Unit 8	<u>4.167%</u>
	100%

EXHIBIT FPercentage Interest of Unit Owners after  
Expansion of Phase 4

<u>Unit Designation</u>	<u>Percentage Interest</u>
Phase 1, Building F, Unit 1	3.125%
Phase 1, Building F, Unit 2	3.125%
Phase 1, Building F, Unit 3	3.125%
Phase 1, Building F, Unit 4	3.125%
Phase 1, Building F, Unit 5	3.125%
Phase 1, Building F, Unit 6	3.125%
Phase 1, Building F, Unit 7	3.125%
Phase 1, Building F, Unit 8	3.125%
Phase 2, Building E, Unit 1	3.125%
Phase 2, Building E, Unit 2	3.125%
Phase 2, Building E, Unit 3	3.125%
Phase 2, Building E, Unit 4	3.125%
Phase 2, Building E, Unit 5	3.125%
Phase 2, Building E, Unit 6	3.125%
Phase 2, Building E, Unit 7	3.125%
Phase 2, Building E, Unit 8	3.125%
Phase 3, Building D, Unit 1	3.125%
Phase 3, Building D, Unit 2	3.125%
Phase 3, Building D, Unit 3	3.125%
Phase 3, Building D, Unit 4	3.125%
Phase 3, Building D, Unit 5	3.125%
Phase 3, Building D, Unit 6	3.125%
Phase 3, Building D, Unit 7	3.125%
Phase 3, Building D, Unit 8	3.125%
Phase 4, Building C, Unit 1	3.125%
Phase 4, Building C, Unit 2	3.125%
Phase 4, Building C, Unit 3	3.125%
Phase 4, Building C, Unit 4	3.125%
Phase 4, Building C, Unit 5	3.125%
Phase 4, Building C, Unit 6	3.125%
Phase 4, Building C, Unit 7	3.125%
Phase 4, Building C, Unit 8	<u>3.125%</u>

EXHIBIT FPercentage Interest of Unit Owners after  
Expansion of Phase 5

<u>Unit Designation</u>	<u>Percentage Interest</u>
Phase 1, Building F, Unit 1	2.5%
Phase 1, Building F, Unit 2	2.5%
Phase 1, Building F, Unit 3	2.5%
Phase 1, Building F, Unit 4	2.5%
Phase 1, Building F, Unit 5	2.5%
Phase 1, Building F, Unit 6	2.5%
Phase 1, Building F, Unit 7	2.5%
Phase 1, Building F, Unit 8	2.5%
Phase 2, Building E, Unit 1	2.5%
Phase 2, Building E, Unit 2	2.5%
Phase 2, Building E, Unit 3	2.5%
Phase 2, Building E, Unit 4	2.5%
Phase 2, Building E, Unit 5	2.5%
Phase 2, Building E, Unit 6	2.5%
Phase 2, Building E, Unit 7	2.5%
Phase 2, Building E, Unit 8	2.5%
Phase 3, Building D, Unit 1	2.5%
Phase 3, Building D, Unit 2	2.5%
Phase 3, Building D, Unit 3	2.5%
Phase 3, Building D, Unit 4	2.5%
Phase 3, Building D, Unit 5	2.5%
Phase 3, Building D, Unit 6	2.5%
Phase 3, Building D, Unit 7	2.5%
Phase 3, Building D, Unit 8	2.5%
Phase 4, Building C, Unit 1	2.5%
Phase 4, Building C, Unit 2	2.5%
Phase 4, Building C, Unit 3	2.5%
Phase 4, Building C, Unit 4	2.5%
Phase 4, Building C, Unit 5	2.5%
Phase 4, Building C, Unit 6	2.5%
Phase 4, Building C, Unit 7	2.5%
Phase 4, Building C, Unit 8	2.5%

Phase 5, Building B, Unit 1	2.5%
Phase 5, Building B, Unit 2	2.5%
Phase 5, Building B, Unit 3	2.5%
Phase 5, Building B, Unit 4	2.5%
Phase 5, Building B, Unit 5	2.5%
Phase 5, Building B, Unit 6	2.5%
Phase 5, Building B, Unit 7	2.5%
Phase 5, Building B, Unit 8	<u>2.5%</u>
	100%

EXHIBIT FPercentage Interest of Unit Owners after  
Final Expansion of Phase 6

<u>Unit Designation</u>	<u>Percentage Interest</u>
Phase 1, Building F, Unit 1	2.084%
Phase 1, Building F, Unit 2	2.084%
Phase 1, Building F, Unit 3	2.084%
Phase 1, Building F, Unit 4	2.084%
Phase 1, Building F, Unit 5	2.084%
Phase 1, Building F, Unit 6	2.084%
Phase 1, Building F, Unit 7	2.084%
Phase 1, Building F, Unit 8	2.084%
Phase 2, Building E, Unit 1	2.084%
Phase 2, Building E, Unit 2	2.084%
Phase 2, Building E, Unit 3	2.084%
Phase 2, Building E, Unit 4	2.084%
Phase 2, Building E, Unit 5	2.084%
Phase 2, Building E, Unit 6	2.084%
Phase 2, Building E, Unit 7	2.084%
Phase 2, Building E, Unit 8	2.084%
Phase 3, Building D, Unit 1	2.084%
Phase 3, Building D, Unit 2	2.084%
Phase 3, Building D, Unit 3	2.084%
Phase 3, Building D, Unit 4	2.084%
Phase 3, Building D, Unit 5	2.084%
Phase 3, Building D, Unit 6	2.084%
Phase 3, Building D, Unit 7	2.084%
Phase 3, Building D, Unit 8	2.084%
Phase 4, Building C, Unit 1	2.084%
Phase 4, Building C, Unit 2	2.084%
Phase 4, Building C, Unit 3	2.084%
Phase 4, Building C, Unit 4	2.084%
Phase 4, Building C, Unit 5	2.084%
Phase 4, Building C, Unit 6	2.084%
Phase 4, Building C, Unit 7	2.084%
Phase 4, Building C, Unit 8	2.084%



Phase 5, Building B, Unit 1	2.084%
Phase 5, Building B, Unit 2	2.084%
Phase 5, Building B, Unit 3	2.084%
Phase 5, Building B, Unit 4	2.084%
Phase 5, Building B, Unit 5	2.084%
Phase 5, Building B, Unit 6	2.084%
Phase 5, Building B, Unit 7	2.084%
Phase 5, Building B, Unit 8	2.084%
Phase 6, Building A, Unit 1	2.084%
Phase 6, Building A, Unit 2	2.084%
Phase 6, Building A, Unit 3	2.084%
Phase 6, Building A, Unit 4	2.084%
Phase 6, Building A, Unit 5	2.084%
Phase 6, Building A, Unit 6	2.084%
Phase 6, Building A, Unit 7	2.084%
Phase 6, Building A, Unit 8	<u>2.084%</u>
	100%

EXHIBIT G

THE MEADOWS AT MANKLIN CREEK CONDOMINIUM

BYLAWS

ARTICLE I

PLAN OF CONDOMINIUM OWNERSHIP

Section 1. Condominium Regime. The condominium project located in Worcester County, Maryland, which is subject to the provisions of the Maryland Condominium Act, Title 11 of the Real Property Article of the Annotated Code of Maryland, is named "THE MEADOWS AT MANKLIN MEADOWS CONDOMINIUM". The principal office and mailing address of The Meadows At Manklin Creek Condominium Council of Unit Owners, Inc. is c/o Manklin Creek, L.L.C., 212 Washington Avenue, Towson, Maryland 21204.

Section 2. Bylaws and Applicability. The provisions of these Bylaws are applicable to the Condominium as from time to time constituted. (The term "Condominium" as used herein shall include the land, the buildings, and all improvements and structures thereon, as well as all easements, rights and appurtenances thereunto belonging.) All owners of any interest, all occupants or users of the premises, and the agents and servants of any of them are subject to the provisions of the Declaration, these Bylaws, and the applicable laws of the State of Maryland.

Section 3.. Personal Application. All present or future owners, tenants, future tenants, their guests, licensees, servants, agents or their employees, or any other person(s) that might use the facilities of the Condominium in any manner, are subject to the rules and regulations set forth in these Bylaws, and the rules and regulations issued by the Council of Unit Owners (the "Rules and Regulations") to govern the conduct of its members. The mere acquisition or rental of any of the units (the "Units") of the Condominium or the mere act of occupancy of any of said Units will signify conclusively that the Declaration, these Bylaws, and the provisions of the Rules and Regulations of the Council are accepted, ratified and will be complied with.

ARTICLE II

VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

Section 1. Constitution. There is hereby constituted the Council of Unit Owners (the "Council"), which shall be comprised of every person, firm or corporation which owns, severally or with others (the "Owners"), any Unit.

Section 2. Corporate Name, etc. The name of the Council shall be "The Meadows At Manklin Creek Condominium Council of Unit Owners, Inc.", and the Council shall be incorporated pursuant to the Corporations and Associations Article of the Annotated Code of Maryland. The principal place of business and the mailing address of the Council shall initially be located at 212 Washington Avenue, Towson, Maryland 21204, but may later be relocated as determined from time to time by the Board of Directors. The Council and its resident agent shall register with the Maryland State Department of Assessments and Taxation.

Section 3. Voting. Voting in person or by proxy shall be on a Unit basis, with each Unit being entitled to cast one (1) vote. Where a Unit is owned by more than one person, all the Owners thereof shall be collectively entitled to the vote assigned to such Unit, and such Owners shall, in writing, designate an individual who shall be entitled to cast the vote or votes on behalf of the Owners of such Unit of which he is a part. No Lessee, lienholder, mortgagee, pledgee or contract purchaser shall have any voting rights with respect to the affairs of the Condominium unless such person or entity has been granted such rights pursuant to a valid proxy.

Section 4. Majority for Decisions. Unless otherwise provided in the Declaration, these Bylaws or the Maryland Condominium Act, decisions of the Council will be made by a majority of votes of the Owners present and voting, in person or by proxy. A majority is hereby defined to be any percentage of votes in excess of fifty percent (50%).

Section 5. Quorum. Except as otherwise provided in the Declaration or these Bylaws, the presence in person or by proxy of Owners having fifty percent (50%) or more of the total authorized votes of all Owners as from time to time constituted shall constitute a quorum at any annual or special meeting of Owners. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners present, either in person or by proxy, may adjourn the meeting to a time not less than sixteen (16) days from the time the original meeting was called. In the event of any such adjourned meeting, the Owners present in person or by proxy shall constitute a quorum.

Section 6. Proxies. Votes may be cast either in person or by proxy. Proxies must be in writing and filed with the Secretary of the Council before the time appointed for each meeting in the notice thereof. A proxy shall be effective only for a maximum period of one hundred eighty (180) days following the issuance, unless granted to a mortgagee or lessee of a Unit. Except as stated on the face thereof, proxies may be revoked at any time. Proxies shall be in accordance with the Maryland Condominium Act.

### ARTICLE III

#### ADMINISTRATION

Section 1. Council Responsibilities and Powers. The Owners will constitute the Council which will have the responsibility for administering the Condominium, electing members of the Board of Directors, establishing assessments and arranging for the management of the Condominium, pursuant to an agreement containing provisions relating

to the duties, obligations, removal and compensation of the management agent. The Council shall have such powers as are provided by applicable law.

Section 2. Place of Meetings. Meetings of the Council shall be held at the principal office of the Condominium or such other suitable place convenient to the Council as may be designated by the Board of Directors.

Section 3. Annual Meeting. The first annual meeting of the Council shall be held at such time as the Board of Directors shall determine but, in any event, there shall be a meeting of the Council within sixty (60) days from the date that Units representing fifty percent (50%) of the votes of the Condominium have been conveyed by the Declarant to initial purchasers of Units, whichever first occurs. Thereafter, the annual meetings of the Council shall be held each fiscal year on such a date in March of each year as designated by the Board of Directors. In the event such date is a legal holiday, the meeting shall be held on the next day thereafter not a legal holiday. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of Section 5 of Article IV of these Bylaws. The Owners may also transact such other business of the Council as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President of the Council, elected in accordance with the provisions of Article V hereof, to call a special meeting of the Council as directed by resolution of the Board of Directors or upon a petition signed by a majority of the Owners and 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 5. Notice of Meetings. It shall be the duty of the Secretary of the Council, elected in accordance with the provisions of Article V hereof, to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held,, to each Owner of record, not less than ten (10) days nor more than ninety (90) days prior to such meeting. Such notice will be mailed to the address of the Owner as set forth in the current roster of Owners. Notices shall also be posted in such conspicuous areas as the Board shall determine.

Section 6. Adjourned Meetings. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than sixteen (16) days from the time the original meeting was called and may proceed as provided in Article II, Section 5, but notice of said adjourned meeting shall be mailed to each Owner at least fifteen (15) days prior thereto.

Section 7. Order of Business. The order of business at all meetings of the Owners shall be as follows:

- (a) Roll call and certification of proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Reports of Committees;

- (f) Election of directors, if applicable;
- (g) Unfinished business;
- (h) New business; and
- (i) With respect to a special meeting, items (a) through (e) above, and the items or matters which are the subject of the special meeting.

Section 8. List of Members. The Secretary, on behalf of the Council, shall compile and keep up-to-date at the principal office of the Council, a current roster of the Owners and their last known post office addresses. This roster shall be open to inspection by all Owners and other persons lawfully entitled to inspect the same at reasonable hours during regular business days. The Secretary shall keep current and retain custody of the minute book of the Council, containing the minutes of all annual and special meetings of the Council and all resolutions of the Council. The Secretary shall also keep an up-to-date record of the names and addresses of all mortgagees and trustees and beneficiaries who are secured by any Unit, which record shall indicate the Owner of such encumbered Unit.

Section 9. Voting Requirements. No Owner shall be entitled to vote at a meeting of the Council if (a) such Owner has failed to furnish the Council with his name and current address and the names and current addresses of all lessees and all mortgagees and trustees and beneficiaries of deeds of trust who are secured by the Owner's Unit, or (b) the Council has recorded a statement of condominium lien for unpaid assessments against the Owner's Unit and if the amount necessary to release the lien has not been paid at the time of the meeting.

Section 10. Rules of Order and Procedure. All annual and special meetings of the Council shall be conducted pursuant to the then current edition of Robert's Rules of Order, except to the extent that such rules conflict with the Declaration, these Bylaws or other rules hereafter adopted by the Directors or the Council for the conduct of meetings.

Section 11. Inspectors of Elections. The Board of Directors may, at or in advance of any annual or special meeting of the Council, appoint an uneven number of one (1) or more inspectors of election to act at the meeting and at any adjournment thereof. In the event inspectors are not so appointed, the Chairman of any annual or special meeting shall appoint such inspectors of election. No officer or director of the Council and no candidate for Director of the Council shall act as an inspector of election at any meeting of the Council if one of the purposes of such meeting is to elect Directors.

Section 12. Fiscal Year. The fiscal year of the Council shall be such as may from time to time be determined by the Board of Directors.

#### ARTICLE IV

##### BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Council shall be governed by a Board of Directors composed of three (3) persons who must be Owners of Units in the Condominium or authorized representatives of any entity which may be an Owner of a Unit in the Condominium. Notwithstanding the preceding sentence, the Board

shall initially be composed of the following three (3) individuals: (1) Samuel R. Rothblum, (2) Christopher Howell, and (3) John R. Talbott, Jr., who shall serve as Directors until they are removed as provided in Article IV, Section 7, until their successors are elected at an annual meeting of the Council, or until they shall resign. The Directors shall serve without compensation except that they shall be entitled to reimbursement for reasonable expenses incurred on behalf of the Council or while engaged in Council business.

Section 2. Power and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Council and the Condominium and may do all such acts and things as are not by law or by these Bylaws directed to be exercised and done by the Owners.

Section 3. Other Duties. In addition to duties imposed by these Bylaws or by resolution of the Council, the Board of Directors shall be responsible for the following:

- (a) Care and upkeep of the Condominium and its General Common Elements and services in a manner consistent with law and the provisions of these Bylaws and the Declaration;
- (b) Establishment, collection, use and expenditure of assessments and carrying charges from the Owners and for the assessments, the filing and enforcement of Statement of Condominium Liens therefor in a manner consistent with law and the provisions of these Bylaws and the Declaration;
- (c) Designation, hiring and dismissal of the personnel necessary for the good working order of the Condominium and for the proper care of the Common Elements and to provide services for the Condominium in a manner consistent with law and the provisions of these Bylaws and the Declaration;
- (d) Promulgation and enforcement of such rules and regulations (including assessments of fines) and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the Condominium and the use of the General and Limited Common Elements and as are designated to present unreasonable interference with the use and occupancy of the Condominium and of the General and Limited Common Elements by the Owners and others, all of which shall be consistent with law and the provisions of these Bylaws and the Declaration;
- (e) Entering into agreements whereby the Council acquires leaseholds, memberships and other possessory or use interests in real or person property for the purpose of promoting the enjoyment, recreation or welfare of the Owners and to declare expenses of the Council or the Board of Directors. Declarant will enter into no such contracts without the consent of a majority of the non-Declarant Owners;
- (f) Purchasing insurance upon the Condominium in the manner provided for in these Bylaws;
- (g) Repairing, restoring or reconstructing all or any part of the Condominium after any casualty loss in a manner consistent with law and the provisions of these Bylaws and the Declaration and otherwise improving the Condominium;

(h) Leasing, granting licenses, easements, rights of way and other rights of use in all or any part of the Common Elements of the Condominium; and

(i) Purchasing Condominium Units in the Condominium and leasing, mortgaging or conveying the same, subject to the provisions of these Bylaws and the Declaration.

Section 4. Management Agent. The Board of Directors shall employ for the Council a professional management agent (the "Management Agent") at a compensation approved by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, some or all of the duties listed in Section 3 of this Article. All first mortgagees of Units shall be given thirty (30) days notice of any contemplated change of the Management Agent upon such mortgagee's written request therefor. Any Management Contract shall be terminable for cause upon thirty (30) days notice, and no such contract shall be for a term in excess of three (3) years. A Management Agent who handles funds for the Council should be covered by its own fidelity bond, which must provide the same coverage as described in Section 1(f) of Article X of these Bylaws; the Council should be named as an additional obligee in the Management Agent's bond.

Section 5. Election and Term of Office. At the first annual meeting of the Council, three (3) members of the Board of Directors shall be elected by the Owners. Commencing with the first annual meeting of the Council, 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 received the second greatest number of votes shall be fixed for two (2) years, and the term of office of the Director receiving the third greatest number of votes shall be for one (1) year. At the expiration of the initial terms of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and have held their first meeting.

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 Council shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum of said Board, and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Council.

Section 7. Removal of Directors. At any regular meeting, any one (1) or more of the Directors may be removed with or without cause by a majority of the Owners, and a successor may then and there be elected to fill the vacancy thus created. The successor shall serve for the remainder of the term of the Director whom he has replaced. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

Section 8. Organizational 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 to legally constitute such meeting, providing a majority of the entire Board shall be present,

Section 9. 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 seven (7) day prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President upon three (3) days notice to each Director. Such notice shall be given personally or by mail, telephone or telegraph, and such notice shall state the time, place and purpose of meeting. Special meetings of the Board of Directors shall be called by the President or the Secretary in like manner and on like notice on the written request of at least two (2) Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof.

Section 12. Board of Directors' 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 13. Fidelity Bonds. The Board of Directors shall require that all officers, Directors and employees of the Council handling or responsible for funds shall obtain adequate fidelity bonds, provided that the original Directors shall not be required to obtain such bonds. The premiums on such bonds shall be paid by the Council.

Section 14. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interest of the Council and the Condominium. No contract or other transaction between the Council and any corporation, firm or association (including the Declarant) in which one or more of the Directors of the Council 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, if 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 of Directors authorizes, approves or ratifies such contract or transaction by a vote sufficient for the purpose; or

(b) the fact of the common directorate or interest is disclosed or known to



the Owners or a majority thereof, and they approve or ratify the contract or transaction by a vote sufficient for the purpose; or

(c) the contract or transaction is commercially reasonable to the Council 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.

Section 15. Character of Meetings.

(a) Open Meetings. Except as provided in subsection (b) of this Section, the meetings of the Board of Directors shall be "open" as such term is used in the Maryland Condominium Act and shall be held at a time and location as provided in the notice or by the Bylaws.

(b) Closed Meetings. A meeting of the Board of Directors may be held in closed session only for the following purposes:

- (i) discussion of matters pertaining to employees and personnel;
- (ii) protection of the privacy or reputation of individuals in matters not related to the Council's business;
- (iii) consultation with legal counsel;
- (iv) consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;
- (v) Investigative proceedings concerning possible or actual criminal misconduct;
- (vi) complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure;
- (vii) on an individually recorded affirmative vote of two-thirds (2/3) of the board members present, for some other exceptional reason so compelling as to override the general public policy in favor of open meeting.

If a meeting is held in closed session under this subsection (b) hereinabove: (1) an action may not be taken and a matter may not be discussed if it is not permitted by this subsection (b) hereinabove; and (2) a statement of the time, place and purpose of any closed meeting, the record of the vote of each Board member by which any meeting was closed, and the authority under this section for closing any meeting shall be included in the minutes of the next meeting of the Board of Directors.

(c) The Secretary shall maintain a current roster of names and addresses of each Owner to which notices of regular meetings of the Board of Directors shall be sent at least annually. Notice of special meetings of the Board of Directors shall be given to each Owner by posting or as otherwise provided herein.

ARTICLE V

OFFICERS

Section 1. Designation. The principal officers of the Council shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by and from the Board of Directors. The offices of Secretary and Treasurer may be held by the same person. The Directors may appoint assistants and such other officers as in their judgment may be necessary. Samuel R. Rothblum shall serve as President, John R. Talbott, Jr. shall serve as Vice President and Assistant Secretary, and Christopher Howell shall serve as Secretary-Treasurer until their successors are elected as herein provided, or until they resign.

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

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 may be elected at any regular meeting of the Board of Directors.

Section 4. President. The President shall be the chief executive officer of the Council. He shall preside at all meetings of the Council. He shall have all of the general powers and duties which are usually vested in the office of the president of a council, including, but not limited to, the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate, to assist in the conduct of the affairs of the Council. He shall execute such deeds, contracts and other instruments, in the name and on behalf of the Council, except when such documents are required or permitted by law to be otherwise executed, and except when the signing and execution thereof shall be delegated by the Board of Directors to another office or agent 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 of Directors shall appoint a 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 assigned to him by the Board of Directors or the President.

Section 6. Secretary and Assistant Secretary. The Secretary shall attend all meetings of the Board of Directors and all meeting of the Council, and record all votes and the minutes of all meetings and proceedings, including resolutions, in a minute book to be kept for that purpose and shall perform like duties for any committees when required. He

shall have charge of the minute book and such records and papers as the Board shall direct, and perform all duties incident to the office of Secretary, including the sending of notices of meetings to the members, the Board of Directors and committees and such other duties as may be prescribed by these Bylaws or by the Board of Director or the President. One or more assistant secretaries may be elected, and they shall perform such duties as may be assigned to them by the President.

Unless inspectors of elections are appointed to count votes pursuant to Section 11 of Article III hereof, the votes at the meeting of the Council will be counted by the Secretary, but if the Secretary shall be a candidate for election to the Board of Directors, the President shall designate a person or persons not a candidate to count votes for such election.

Section 7. Treasurer. The Treasurer shall have responsibility for the Council funds and securities and shall keep full and accurate account of all receipts and disbursements in accordance with good accounting practices on a consistent basis in books belonging to the Council, and deposit all monies, checks and other valuable effects in the name, and to the credit, of the Council in such depositories as may from time to time be designated by the Board of Directors. He shall disburse the funds of the Council as may from time to time be ordered by the Board or by the President and Directors, at the regular meetings of the Board whenever they or either of them shall require, an account of his transactions as Treasurer and of the financial condition of the Council.

Section 8. Indemnification. Every Director and every Officer of the Council shall be indemnified by the Court to the maximum extent permitted by Maryland law against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director or Officer of the Council, or any settlement thereof, whether or not he is a Director or Officer of the Council at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Council. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

Section 9. Books and Records. Every record kept by the Council of Unit Owners or by the Directors or Officers shall be maintained at the principal place of business of the Council and shall be available for examination and copying by any Owner or his duly authorized agents or attorneys, at the expense of such Owner, during normal business hours and after reasonable notice. All books and records of the Council shall be kept in accordance with generally accepted accounting practices, on a consistent basis, and an independent audit shall be made at least once a year. The cost of such shall be a common expense.

## ARTICLE VI

### BUDGET, MANAGEMENT AND ASSESSMENTS

Section 1. Management and Common Expenses. The Board of Directors shall adopt, at a regular open meeting, a budget for each fiscal year. At least thirty (30) days prior to the adoption by the Board of Directors of a proposed annual budget, the Board shall cause such proposed annual budget to be mailed to each Owner of record. At a minimum, the budget shall contain estimates for the following items: income; administration; maintenance; utilities; general expenses; reserves; and capital items. Such budget shall also contain estimates of the costs to perform the functions of the Council, including, but not limited to, the following items:

(a) The cost of providing water, sewer, garbage and trash collection, electrical, gas and other necessary utility services for the Common Elements, including recreational facilities used by the Condominium or the Owners, and, to the extent that the same are not separately metered or billed, for the Units;

(b) The cost of fire and extended coverage, liability and other insurance on the Condominium and the cost of such other insurance as the Council may effect as hereafter provided;

(c) The cost of the services of the Management Agent to professionally manage the project together with the services of such other personnel as the Board of Directors of the Council shall consider necessary for the operation of the Condominium;

(d) The cost of providing such legal and accounting services as may be considered necessary to the operation of the Condominium;

(e) The cost of painting, landscaping, maintaining, repairing and snow removal of the Common Elements and such furnishings and equipment for the Common Elements as the Board of Directors shall determine are necessary and proper;

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

(g) The amounts necessary to establish and maintain the reserves required under Article XIV hereof;

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

(i) Any amount necessary for a contingency fund for emergencies and unforeseen expenses;

(j) Any amount for such other services and expenses as the Board shall deem necessary or proper;

(k) The cost of payments or contributions required for the maintenance, repair, upkeep, improvement, operation and replacement of recreational and community areas or facilities, roads and other areas, whether such payments or contributions are required by the Declaration, these Bylaws or any other instrument or agreement, whether recorded or unrecorded, imposing such obligation on the Council or directly on the Owners themselves;

(l) Such other expenses as shall be necessary or desirable in the judgment of the Board of Directors for the administration or operation of the Property, or which may be declared to be common expenses by the Act, the Declaration, these Bylaws or by resolution of the Board of Directors of the Owners; and

(m) Such other items as may be required by the Maryland Condominium Act.

Any expenditure made other than those made because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the Owners or a significant risk of damage to the Condominium, that would result in an increase in an amount of assessments for the current fiscal year of the Condominium in excess of fifteen percent (15%) of the budgeted amount previously adopted for such year, shall be approved by an amendment to the budget adopted at a meeting of the Board of Directors, upon not less than ten (10) days written notice to the Council.

The adoption of a budget shall not impair the authority of the Council to obligate the Council for expenditures for any purpose consistent with any provision of the Maryland Condominium Act, the Declaration or these Bylaws.

**Section 2. Assessments.** Each owner shall pay to the Council a sum (an "assessment") of the Owner's proportionate share of common expenses. The Owner's proportionate share of common expenses shall be the product of such Owner's percentage interest in common expense and profits multiplied by the total amount of estimated common area expenses, determined by the Board of Directors, necessary to meet the Council's annual expenses. Said assessment shall be paid on a monthly basis unless the Board of Directors shall decide on some other interval for such payments.

The Board of Directors of the Council shall make reasonable efforts to fix the amount of the assessment against each member for each fiscal year at least thirty (30) days in advance of each such date or period and shall, at that time, prepare a roster of the membership and assessments applicable thereto which shall be kept at the office upon reasonable notice to the Board. Written notice of the assessment shall thereupon be sent to the members. The omission of the Board of Directors, before the expiration of any assessment period, to fix an assessment for that period shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any member from the obligation to pay the assessment, or any installment thereof, for that or any subsequent assessment period, but the assessment fixed for the preceding period shall continue until a new assessment is fixed. No member may exempt himself from liability for

assessments by a waiver of the use or enjoying of any of the Common Elements or by abandonment of the Unit belonging to him.

Except as otherwise provided by law, the Board shall have the power to raise or lower the total amount of estimated common expense at any time during the fiscal year as the Board shall determine.

**Section 3. Special Assessments.** In addition to the regular assessments authorized by this Article, the Council may levy, in any fiscal year, a special assessment or assessments, to finance in whole or in part the cost of any construction or reconstruction, unexpected repair, replacement of a described capital improvement located upon the Condominium, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board of Directors may consider appropriate; provided that any such assessment shall have the assent of a majority of the members present and voting at a special meeting of the Council called for this purpose, written notice of which shall be sent to all members at least fifteen (15) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

Notwithstanding the above, the Board may impose a special assessment, without membership approval, in an amount sufficient to bring the Condominium into compliance with any law, rule, order or regulation of any governmental or quasi-governmental agency.

**Section 4. Non-Payment of Assessment.** Any assessment or any installment thereof, levied pursuant to these Bylaws, which is not paid on the date when due shall be delinquent and shall, together with interest at the rate of eighteen (18%) per annum, and together with the maximum late charge permitted to be imposed thereon by law, and together with the cost of collection thereof, including reasonable attorneys' fees, upon the taking of such action as may be required by the Maryland Contract Lien Act or other provisions of applicable law, becoming a continuing lien upon the Unit belonging to the member against whom such assessment is levied and shall bind such Unit in the hands of the then Owner. Such lien shall have preference over any other assessment, lien, judgment or charge of any nature whatsoever except (i) real estate taxes imposed by governmental authority, and (ii) any first mortgage covering the Unit recorded prior to the imposition of the assessment lien against the Unit. The obligation of an Owner to pay such assessment shall, however, remain the personal obligation of such Owner, and a suit to recover a money judgment for non-payment of any assessment or any installment thereof levied pursuant to these Bylaws, may be maintained without foreclosing or waiving the lien herein and by the aforesaid statute created to secure the same. Additionally, if any Owner fails to pay when due a monthly installment of the annual assessment, the Council may, upon fifteen (15) days written notice, demand payment of the remaining annual assessment may become a lien against the Owner's Unit and be subject to foreclosure as herein provided.

**Section 5. Foreclosure of Lien.** The lien may be enforced and foreclosed by the Council or any other person designated by the Board in the manner provided in the Maryland Condominium Act and/or the Maryland Contract Lien Act. Suit for any deficiency following foreclosure may be maintained without waiving the lien securing the same. An action may not be brought to foreclose the lien except after ten (10) days written notice to the Owner given by certified or registered mail, return receipt requested, to the address of the Owner shown on the books of the Council.

Section 6. Assessment Certificates. The Council shall upon demand at any time, furnish to any member liable for any assessment levied pursuant to these Bylaws (or any other party legitimately interested in the same), a certificate in writing signed by an officer of the Council, 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, and the Council may charge a reasonable fee for such certificate.

ARTICLE VII

MAINTENANCE AND REPAIR OF  
UNITS AND USE OF COMMON ELEMENTS

Section 1. Maintenance and Repair.

(a) The Owner of any Unit shall, at his own expense, maintain his Unit and shall keep same in good order, condition and repair, free and clear of ice and snow, and in a clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his Unit. Any maintenance, repair and/or replacement shall be done in conformity with the original architecture and decor of the Condominium.

(b) The Owner of any Unit shall, at his own expense, perform routine cleaning of all Limited Common Elements appurtenant to such Owner's Unit. The Council shall be responsible for the landscaping, maintenance, etc. of the General Common Elements.

(c) The Owner of any Unit shall, at his own expense, clean, maintain and replace as necessary all windows of such Unit and shall, at his own expense, clean, maintain and replace as necessary all entry doors of the Unit, including any door leading to any balcony, deck, terrace, fenced area, courtyard, patio or the like appurtenant to such Unit and designated herein or in the Declaration or the Condominium Plat as a Limited Common Element reserved for the exclusive use of the Owner of that particular Unit. Every Owner shall be expressly responsible for any damages and liabilities suffered by other Owners or the Council resulting from or caused by said Owner's failure to maintain or repair as herein provided.

(d) In the event that an Owner does not perform the repair and maintenance which is such Owner's responsibility, Directors may, after reasonable notice and opportunity to cure to the Owner, impose fines and/or decide to have said work performed at the expense of the Owner, and such Owner shall immediately pay to the Council the fines and/or costs for such work; upon failure of such Owner to pay the Council for the costs of such work, such costs shall be deemed part of the assessments a lien against such Unit and may be collected in the same manner as unpaid regular assessments as provided in the Declaration, these Bylaws and the Maryland Condominium Act. The persons performing such work shall have the right and easement to enter any Unit or Limited Common Elements for such purpose, and such entry shall not be deemed a

trespass.

Section 2. Use of Common Elements. Subject to the provisions hereof, the Declaration, all restrictions of record, and the laws of Maryland, each Owner shall have the right to reasonably enjoy the General Common Elements of the Condominium in accordance with the ordinary use and purposes for which they are intended and in common with all other Owners. The Board may adopt rules and regulations further limiting the use and enjoyment of the General Common Elements.

## ARTICLE VIII

### USE RESTRICTIONS

The following shall be restrictions on the use of the Units and the Common Elements which shall run with and bind the land:

Section 1. Residential Use. None of the Units shall be used for any purpose other than residential use, as permitted by Zoning Regulations and other applicable laws. No profession or home industry shall be conducted in or on any part of a Unit unless such use does not employ any person to work in the Unit other than a resident thereof, and such use is permitted by Zoning Regulations and other applicable laws. Notwithstanding anything contained herein to the contrary, no Unit nor any part of the Property shall be used for the establishment and operation of a "family day care home", as such term is defined in Section 11.111.1 of the Act, as amended from time to time. The foregoing prohibition against the use of a Unit as a Family Day Care Home may be eliminated and family day care homes may be approved by a simple majority of the total eligible voters of the Condominium under the voting procedure contained herein.

Nothing in these Bylaws shall be construed to prohibit the Declarant from either using Units which Declarant owns or leases from others for promotional or display purposes as models or from leasing any Unit or Units which Declarant owns; provided, however, that a sales and/or construction office, together with promotional signs, may be erected, maintained and operated by the Declarant or its assigns on any part of the Regime and/or in any building or structure now or hereafter permitted to be erected thereon during the period of original development and sale. At such time as the last Unit of the last expansion phase of the Regime is conveyed by the Declarant to a prospective Unit Owner, the sales office shall be removed from the Regime within sixty (60) days thereafter.

Each Unit Owner shall comply with any applicable provisions of the Master Declaration (as such term is defined in the Condominium Declaration), as well as any other governing documents for Ocean Pines Association, Inc.

No portion of any Unit (other than the entire Unit) shall be leased for any period. No Unit shall be leased for less than thirty (30) days. All leases shall be in writing. Any Owner of any Unit who shall lease such Unit shall, promptly following the execution of any lease, provide a statement notifying the Board of Directors of the current names and mailing addresses of both the Owner and the Unit lessee. Any such lease shall contain a provision to the effect that the rights of the tenant to use and occupy the Unit shall be



subject and subordinate in all respects to the provisions of the Declaration and these Bylaws and to such other reasonable rules and regulations relating to the use of the Common Elements, or other "house rules", as the Board of Directors may from time to time promulgate, and shall provide, further, that any failure by the tenant to comply with the provisions of such documents shall be a default under the lease and shall render both the tenant and the Owner liable to the Council for such non-compliance. The provisions of this subsection shall not apply to any institutional first mortgagee of any Unit who comes into possession of the Unit by reason of any remedies provided by law or in such mortgage or as a result of a foreclosure sale or other judicial sale or as a result of any proceeding, arrangement, assignment or deed in lieu of foreclosure.

**Section 2. Occupancy, Etc.** Each Unit Owner shall have the right to use or occupy his/her Unit within the Regime, reside therein permanently or otherwise, and the right to sell or otherwise transfer or convey his/her Unit notwithstanding any provision as may now or hereafter be set forth in these Bylaws. No such restriction shall be based upon age, race, color, religion, family composition, sex, handicap or place of national origin.

**Section 3. Prohibited Uses and Nuisances.**

(a) No noxious, offensive or illegal trades or activities shall be carried on within the Condominium Regime or within any Unit situate thereon, nor shall anything be done therein or thereon that shall be or become an unreasonable annoyance or nuisance to the neighborhood or the other Unit Owners.

(b) 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 any Unit or General or Limited Common Elements, or result in the cancellation thereof, without the prior written approval of the Board of Directors. 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 permitted upon any General or Common Elements.

(c) There shall be no obstruction of any General or Limited Common Elements, except as herein provided. Nothing shall be stored upon any General or Limited Common Elements, except as herein provided, without the prior written consent of the Board. Nothing shall be stored upon or hung on the outer side of any balcony, terrace or patio, nor shall the cooking or preparation of food be permitted upon any portion of the General Common Elements of the Condominium except for such areas as shall be designated for such use by the Board, without the prior written consent of the Board. Balconies, terraces and patios shall be maintained in a neat, safe and orderly manner. Vehicular parking upon General Common Elements shall be regulated by the Board.

(d) 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 Declarant or its designated agents for development, construction, sales and marketing of the improvements and other facilities which it intends to install or erect on the Property, and for any incidental use in connection therewith.

(e) No structural alteration, construction, addition or removal of any Unit or General or Limited Common Elements shall be commenced or conducted except with the

prior written consent of the Board in strict accordance with the provisions of these Bylaws, State and local laws.

(f) The maintenance, keeping, breeding, boarding and/or raising of animals, livestock or poultry of any kind, regardless of number, shall be and is hereby prohibited except that this shall not prohibit Unit Owners from the keeping of a maximum of two (2) dogs or two (2) cats or two (2) cages birds (or in combination) as domestic pets in a Unit, provided that they are not kept or maintained for commercial purposes or for breeding. Pets shall not be permitted on the Common Elements unless they are leashed and accompanied by a Unit Owner, and any and all applicable laws shall be complied with at all times. Any Unit Owner who keeps or maintains any pet shall be deemed to have indemnified and agreed to hold harmless the Council, each of the Owners and the Declarant from any loss, claim or liability of any kind or character whatsoever arising by reason of keeping or maintaining such pet. All pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors shall have the right to order any person whose pet is a nuisance to remove such pet from the Property, and the Board of Directors will have the exclusive authority to declare any pet a nuisance.

(g) No Owner shall engage or direct any employee of the Council or the Management Agent on any private business of the Owner during the hours such employee is employed by the Council or the Management Agent, nor shall any member direct, supervise or in any manner attempt control over any such employee.

(h) There shall be no violation of any rules for the use of the Condominium, or other "house rules" which may from time to time be adopted by the Board of Directors and promulgated among the Owners by them in writing, and the Board of Directors is hereby and elsewhere in these Bylaws authorized to adopt and promulgate such rules.

(i) Except for such signs as may be posted by the Declarant or its designated agents for promotional purposes and signs of a directional nature as provided herein, no signs of any kind shall be erected or displayed to the public view upon, in or from, or about any Unit or the General or Limited Common Elements.

(j) Excepting noise arising from activities of the Declarant, there shall be no loud or unusual noises, and musical instruments, radios, televisions, record players, amplifiers, etc. shall be used in such manner as not to disturb other Unit Owners. No exterior speakers, horns, whistles, bells or other sound devices except security devices used exclusively for security purposes shall be placed or used in any Unit or any Common Element without the prior written consent of the Board of Directors.

(k) Other than private passenger vehicles and light utility (pickup) trucks and/or light utility vans without signage of any kind, no other motor vehicles or inoperable, unlicensed, junk or junked cars or other similar machinery or equipment or any kind or nature shall be kept on the Property or repaired on any portions of the Property, except in the event of emergencies. For the purposes hereof, a vehicle shall be deemed inoperable unless it is licensed, contains all parts and equipment, including properly inflated tires, and is in such good condition and repair as may be necessary for any person to drive the same

on a public highway.

No commercial vehicles over three-quarters (3/4) ton rated capacity ("Commercial Vehicles") shall be left parked on any part of the Property longer than is necessary to perform the business function of such vehicle in the area; it being the express intention of this restriction to prevent the parking of Commercial vehicles upon the Property for a time greater than that which is necessary to accomplish the aforesaid business purpose.

Trailers, boats, buses, campers or tractors shall not be parked, stored, maintained or repaired on the Property, except in areas, if any, specifically designated by the Board or its Architectural Standards Committee for such parking.

The decision of the Board or its Architectural Committee as to whether the parking or storage of a particular vehicle is prohibited shall be final.

Notwithstanding the above, during construction of the Units or other portions of the Property, the Declarant may maintain Commercial Vehicles and trailers on the Property for purposes of construction and for use as a field or sales office.

(l) No satellite dish with a diameter in excess of eighteen inches (18"), nor any exterior television or radio antenna or other aerial for reception or transmission of any kind shall be maintained upon any Unit or any part of the Condominium after such time as a central television system has been made available to the Condominium at rates commensurate with those prevailing in the area, without the prior written consent of the Board.

(m) No burning of any trash or no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or trash of any 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, and shall be made of metal or rubber. This subsection does not apply to the Declarant during the sales period.

(n) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any of the General or Limited Common Elements at any time, except as permitted by written consent of the Board. This subsection shall not apply to the Declarant, its employees, agents, etc. which relate to the construction and/or maintenance of the Units, General and/or Limited Common Elements.

(o) Outdoor clothes dryers or clothes lines shall not be maintained upon the Common Elements at any time.

(p) All Common Elements may be used for, and only for, recreational purposes, parking, trash storage and collection within locations designated by the Board, ingress and egress, and for utilities, including, but not limited to, storm water and sanitary sewers, telephone, water, gas, electricity and cable TV and for such other purposes authorized by the Council or its Board of Director, subject to the provisions of this Declaration. This subsection shall not apply to the Declarant during the sales period.

(q) The rights and duties with respect to sanitary and water, cable TV, electricity, gas and telephone lines and facilities shall be governed by the following:

(i) Whenever water, sanitary sewer, electricity, gas, cable TV or telephone connections, lines, cables or any portion thereof are or have been installed within the Property, an Owner or the Council shall have the right, and are hereby granted an easement to the extent necessary therefor, to enter upon or have a utility company enter upon any portion of the Property in which said installations lie, to repair, replace and generally maintain said installations;

(ii) The right granted in subparagraph (i) above shall be only to the extent necessary to entitle the Owner or the Council serviced by said installation to its full reasonable use and enjoyment, and provided further that anyone exercising said right shall be responsible for restoring the surface of the easement area so used to its condition prior to such use; and

(iii) In the event of a dispute between Owners with respect to the repair or rebuilding of said installations, or with respect to sharing the cost thereof, upon written request of one of such Owners addressed to the Council, the matter shall be submitted to its Board of Directors who shall decide the dispute, and the decision of the Board shall be final and conclusive on the parties.

(r) The Declarant reserves the right to place electric and/or utility meters on the exterior of any improvement which may be located on any Unit which may be located within the Property. Said meters may serve the improvements to which they are attached and made serve other improvements located within the Property. A perpetual easement running with each Unit shall exist for the placement of such electric and other utility meters on the exterior of the improvements located on said Units.

(s) In addition to the restrictions set forth in this Article VIII, all Owners must also comply with the following instruments of record: (a) a certain Declaration of Covenants and Restrictions dated November 12, 1977, and recorded among the aforesaid Land Records in Liber F.W.H. No. 603, folio 203, et seq.; (b) Consent Agreement dated August 5, 1988, and recorded among the aforesaid Land Records in Liber R.H.O. No. 1474, folio 197, et seq.; (c) Amendatory Declaration and Assignment dated October 6, 1989, and recorded among the aforesaid Land Records in Liber R.H.O. No. 1598, folio 539, et seq.; (d) Declaration dated October 6, 1989, and recorded among the aforesaid Land Records in Liber R.H.O. No. 1598, folio 544, et seq.; and (e) Declaration of Restrictions, Ocean Pines, The Meadows at Manklin Creek Condominium, dated November 12, 1998, and recorded among the aforesaid Land Records in Liber S.V.H. No. 2671, folio 169, et seq. (hereinafter collectively called the "Restrictions").

(t) The Board shall have the power to levy fines against Unit Owners for violation of these Bylaws or the rules and regulations promulgated by the Board hereunder. The power to levy fines is specifically subject to Article VI hereof.

#### ARTICLE IX

ARCHITECTURAL STANDARDS COMMITTEE

Except for the original construction of the Units situate within the Property and any improvements to any Unit or to the General or Limited Common Elements accomplished concurrently with the sale of Units by the Declarant or its nominee, and except for purposes of proper maintenance and repair, or as otherwise in these Bylaws provided, it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any light, screens, awnings, balcony/terrace/patio covers, decorations, fences, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, balconies, patios, porches, halls, or any structure(s), or to make any change or otherwise alter, including any alteration in color, in any manner whatsoever, to the exterior of any Unit or upon any of the General or Limited Common Elements within the Property until the complete plans and specification, showing the location, nature, shape, height, material, color, type of construction and/or other proposed form of change, including, without limitation, any other information specified by the Board (or its designated Committee), shall have been submitted to and approved in writing by the Board, or by an Architectural Standards Committee ("Architectural Standards Committee" or "Committee") designated by such Board.

In the event the Board or its designated Committee fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, then the Owner shall resubmit the plans and specifications to the Board or Committee by certified mail. The Board or Committee shall then be provided an additional thirty (30) days within which to approve or disapprove such plans and specifications; provided, however, that in the event the Board or Committee fails to approve or disapprove the plans and specifications within the additional thirty (30) day period, then the approval will be deemed denied. If plans and specifications are not submitted, any and all alterations and/or changes shall be deemed violations of this Article.

## ARTICLE X

HEARING PROCEDURES

Section 1. Statement of Purposes. It is the declared intention of the Council that rules and regulations shall be adopted freely by the Board, and without the requirement of a vote of the Council as a requisite to their adoption, provided that the rules and regulations shall be adopted in accordance with the requirements of the Act. All rules and regulations are intended to be adopted as supplements to, and not in lieu of, legally required provisions of these Bylaws. Should any adopted rules or regulations contradict any provisions of these Bylaws, as amended, such provisions of these Bylaws shall take precedence.

Section 2. Rules and Regulations. All rules and regulations may be proposed by the Board, provided that:

- (a) Each Unit Owner shall be mailed or delivered:
  - (1) a copy of the proposed rules and regulations;

(2) notice that Unit Owners are allowed to submit written comments on the proposed rules and regulations; and

(3) notice of the proposed effective date of the proposed rules and regulations.

(b) Before a vote is taken on a proposed rule, an open meeting is held to allow each Unit Owner or tenant to comment on the proposed rule and regulation.

Section 3. Hearing and Comment.

(a) The meeting held may not be held unless each Unit Owner receives written notice at least fifteen (15) days before the meeting, a quorum of the Board is present, and after notice has been given to the Unit Owners the proposed rule and regulation is passed at a regular or special meeting by a majority vote of the Board.

(b) The vote on the proposed rule and regulation shall be final unless:

(1) Within fifteen (15) days after the vote to adopt the proposed rule and regulation, fifteen percent (15%) of the Council of Unit Owners sign and file a petition with the Board, calling for a special meeting;

(2) A quorum of the Council of Unit Owners attends the meeting;  
and

(3) At the meeting, fifty percent (50%) of the Unit Owners present and voting disapprove the proposed rule and regulation, and the Unit Owners voting to disapprove the proposed rule and regulation are more than thirty-three percent (33%) of the total votes in the Condominium.

(i) During the special meetings held under paragraph (b) of this subsection, Unit Owners, tenants and Mortgagees may comment on the proposed rule.

(ii) A special meeting held under paragraph (b) of this subsection shall be held:

a. After the Unit Owners and any Mortgagees have at least fifteen (15) days' written notice of the meeting; and

b. Within thirty (30) days after the day the petition is received by the Board.

(c) Each Unit Owner or tenant may request an individual exception to a rule and regulation adopted while the individual was the Unit Owner or tenant of the Condominium.

(1) The request for an individual exception under paragraph (c) of this subsection shall be:

- (i) Written;
- (ii) Filed with the Board that voted to adopt the proposed rule and regulation; and
- (iii) Filed within thirty (30) days after the effective date of the rule and regulation.

(d) Each rule and regulation adopted under this Section shall state that the rule and regulation was adopted under the provisions of Section 11-111 of the Act.

**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 and regulations adopted by the Board.

(b) The appeal period shall begin on the effective date of the rules and regulations 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 and regulation, the Board shall publish or communicate in a reasonable manner to the Council an explanation of the reasons for granting the exception.

**ARTICLE XI**

**INSURANCE**

**Section 1. Insurance.** Commencing not later than the time of the first conveyance of a Unit to a person other than the Declarant the Council shall obtain and maintain to the extent reasonably available at reasonable rates at least the following insurance coverages:

(a) Casualty, physical damage or multi-peril type policy covering the entire Condominium providing as a minimum fire and extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction location and use, in an amount equal to the full replacement value (i.e., 100% of "replacement cost" exclusive of land, foundation and excavation) of the

Common Elements and Units exclusive of improvements and betterments installed in Units by Owners and all property of the Council (including all fixtures, building service equipment, common personal property and supplies belonging to the Council and the like) within "Agreed Amount and Inflation Guard Endorsement" or its equivalent, and a "Loss of Maintenance Fee Endorsement", or its equivalent, without deduction or allowance for depreciation, as determined annually by the Council with the assistance of the insurance company affording such coverage, such coverage to be at least those perils insured by the standard "all risk" and "extended coverage"; provided that, at the option of the Council, such policy may contain a "deductible" provision in an amount determined by the Council. If applicable construction codes require changes to undamaged portions of structures where only part of a structure is damaged, the coverage shall have applicable construction code endorsements;

(b) Comprehensive general liability insurance including medical payments insurance insuring each Owner, the Council and each Director, officer, agent and employee of the Council with a "Severability of Interest Endorsement" or its equivalent in such amounts and in such forms as may be considered appropriate by the Council (but not less than One Million Dollars (\$1,000,000.00), covering all claims for death, bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, water damage liability, legal liability, hired automobile liability non-owned automobile liability, liability for property of others, garage keeper's liability and such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including any and all other liability incident to the ownership, use and maintenance of the Condominium or any portion thereof;

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

(d) Directors' and Officers' liability Policy including a "Legal Expense Indemnity Endorsement" or its equivalent, affording protection for the Officers and Directors of the Council 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;

(e) If there is a steam boiler in operation in connection with the Condominium, there must be in force boiler explosion insurance evidenced by the standard form of boiler and machinery insurance policy and providing as a minimum One Hundred Thousand Dollars (\$100,000.00) per accident per location. If the Condominium is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, a "blanket" policy of flood insurance on the Condominium must be maintained in the amount of the aggregate of the outstanding principal balances of the mortgage loans on the Units comprising the Condominium or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less;

(f) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as are or shall hereafter be considered appropriate by the Council. The Council shall maintain adequate fidelity coverage to protect against dishonest acts on the part of Officers and Directors of the Council, trustees for the Council and such employees and agents of the Council who handle or are responsible for



the handling of funds of the Council, including, but not limited to, employees or principals of the Management Agent. Such fidelity coverage shall meet the following requirements:

(i) all such fidelity bonds and policies of insurance shall name the Council as obligee or named insured, as the circumstances may require;

(ii) all such fidelity bonds and policies of insurance shall be written in an amount equal to at least the greater of (a) three (3) months assessments on all Units in the Condominium, or (b) the maximum amount of funds that will be in the custody of the Council or its Management Agent at any time while the bond is in force;

(iii) all such fidelity bonds and policies of insurance shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and

(iv) all such fidelity bonds and insurance shall provide that they may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to any and all obligees and insureds named thereon and to any mortgagee of any Unit who requests such notice in writing; and

(g) Such other insurance as may be required by the Maryland Condominium Act.

The Council shall give notice to all Owners of the termination of any insurance policy named in Section 1 of this Article XI within ten (10) days of any such termination. The Council shall maintain and make available for inspection to all Owners a copy of all insurance policies maintained by the Council.

Except to the extent inconsistent with applicable law, each Owner is deemed to appoint the Council, acting through its Board of Directors, or any Insurance Trustee designated by the Council, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: (1) the collection and appropriate disposition of the proceeds thereof; (2) the negotiation of losses and execution of releases of liability; and (3) the execution of all documents and the performance of all other acts necessary to accomplish such purpose. The Council, acting through its Board of Directors or insurance Trustee shall receive, hold or otherwise properly dispose of any proceeds of insurance in trust for the Owners and their first mortgage holders, as their respective interests may appear.

Section 2. Policy Provisions. Insurance policies carried pursuant to these Bylaws shall provide that:

(a) each Owner, and the Council for the use and benefit of the Owners, shall be an insured person under the policy with respect to liability arising out of his ownership of an undivided interest in the Common Elements or membership in the Council; the "loss payable" clause should show the Council or the Insurance Trustee as a trustee for each owner and mortgagee, as their interests may appear;

(b) the insurer waives its right to subrogation under the policy against any

Owner of the Condominium or members of his household;

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

(d) if, at the time of the loss under the policy, there is other insurance in the name of the owner covering the same property covered by this policy, the policy is primary insurance not contributing with the other insurance;

(e) all policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of "A" or better in the current edition of Best's Insurance Guide, if available;

(f) exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Council, as a trustee for the Owners, or its authorized representative, including any trustee with which the Council may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be hereinelsewhere referred to as the "Insurance Trustee";

(g) all policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all insured named thereon, including any and all Owners and mortgagees of the Units.

(h) all policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors (or any Insurance Trustee) or when in conflict with the provisions of any Insurance Trust Agreement to which the Council may be a party, these Bylaws or the provisions of the Maryland Condominium Act; and

(i) all policies of casualty insurance shall contain the standard mortgagee clause naming any mortgagee who requests it (and the Federal National Mortgage Association ["FNMA"] or the servicers for the mortgages FNMA holds on Units in the Condominium, if the mortgages for any Units in the Condominium are purchased by FNMA) as a named insured, including its successors and assigns, except that any loss or losses payable to named mortgagees shall be payable in the manner set forth in these Bylaws. Such mortgagee clause shall provide for notice in writing to the mortgagee of any loss paid as aforesaid.

**Section 3. Insurance to be Maintained by Unit Owners.** Each Owner (including the holder of any mortgage thereon) may obtain additional insurance at this own expense, affording coverage against (a) damage to or destruction of his Unit or any of his personal property which is located anywhere upon or within the Condominium, and (b) personal liability incurred by such Owner and arising out of the use of such Owner's Unit by any person. Such insurance shall be written pursuant to this Article or shall provide that it shall be without subrogation provision as that set forth in Section 2(b) of this Article.

The Owners shall notify the Board of Directors in writing of any and all improvements and betterments made to the Unit at the expense of such Unit Owner, the value of which is in excess of One Thousand Dollars (\$1,000.00). The Board shall have the right to change this amount by resolution without the need for a Bylaw amendment.

Section 4. Endorsements, etc. The Board of Directors, at the request of any Owner in the Condominium or at the request of the mortgagee of any Unit, shall promptly obtain and forward to such Owner or mortgagee (a) an endorsement to any of the policies aforementioned in this Article showing the interest of such Owner or mortgagee as it may appear; (b) certificates of insurance relating to any of such policies; and (c) copies of any such policies, duly certified by the insurer or its duly authorized agent.

Section 5. Insurance Trustee. In the event of fire or other casualty, subsequent to which the Condominium is to be reconstructed as provided in Section 11-114 of the Maryland Condominium Act, and if the cost of reconstruction or repair (as estimated by the Board of Directors) shall exceed an amount equal to fifty percent (50%) of the full replacement value of the building, as estimated by the Board of Directors, all proceeds of insurance shall be paid over to a trust company, bank or the Board of Directors (the "Insurance Trustee") having trust powers and authorized to engage in trust business in Worcester County where the Condominium is located, and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement satisfactory in form and substance to the Mortgagee and which shall contain inter alia, the following provisions:

(a) The reconstruction or repair shall be in the charge of an architect or engineer (the "Architect").

(b) Prior to the commencement of the reconstruction or repair, other than such work as may be necessary to protect the Condominium from further damage, the Mortgagee shall have approved the plans and specifications for such reconstruction or repair, which shall not be unreasonably withheld or delayed.

(c) Unless otherwise required by the Mortgagee, each request for any advance of the proceeds of insurance shall be made to the Mortgagee at least ten (10) days prior to delivery to the Insurance Trustee and shall be accompanied by a certificate from the Architect to the effect that (i) all work then completed has been performed in accordance with the plans and specifications and all building codes or similar governmental requirements; and (ii) the amount requested to be advanced is required to reimburse the Council for payments previously made by the Council or is due to the contractor responsible for the restoration or repair, or to subcontractors, materialmen, laborers, engineers, architects or to other persons responsible for services or materials in connection with such restoration or repair, or for fees or the like necessarily incurred in connection with the same; and (iii) when added to amounts previously advanced by the Insurance Trustee, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials delivered to the date of such request.

(d) Each request for an advance of the proceeds of insurance shall, if required by the Mortgagee, be accompanied by satisfactory waivers of liens covering that

portion of the repair or reconstruction for which payment or reimbursement is being requested, together with appropriate evidence from a title insurance company or the like to the effect that there has not been filed with respect to the Condominium any mechanic's or other lien, which has not been dismissed, satisfied of record or released.

(e) The fees and expenses of the Insurance Trustee, as agreed upon by the Board of Directors and the Insurance Trustee, shall be paid by the Council as a common expense, and such fees and expenses may be deducted from any Insurance proceeds in the hands of the Insurance Trustee, prorated as the reconstruction or repair progresses.

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

Upon completion of the reconstruction or repair and payment in full of all amounts due on account thereof, any proceeds of insurance then in the hands of the Insurance Trustee shall be paid to the Council and shall be considered as one fund and shall be divided among all of the Owners in the same proportion as their interest in Common Elements.

In the event there is more than one Mortgagee as defined in this Section 5, all of said Mortgagees shall promptly designate one Mortgagee to act in said capacity pursuant to this Section 5, and if they fail to agree as to the designation of the Mortgagee, the Board shall designate a Mortgagee to act in said capacity.

Section 6. Decision Not to Reconstruct. In the event of fire or other casualty, subsequent to which the Condominium is not to be reconstructed as provided in Section 11-114 of the Maryland Condominium Act and provided that such decision not to reconstruct is in accordance with the provisions of Maryland law and of the Declaration and Bylaws of the Condominium, then any insurance proceeds received by the Board of Directors or the Council as a result of such fire or casualty shall be distributed in accordance with the provisions of the Maryland Condominium Act.

Section 7. Annual Review of All Insurance. The Board of Directors at least annually shall review all insurance policies and the insurance needs of the Council and shall, if necessary, purchase additional or supplementary insurance or shall terminate unnecessary insurance, but no insurance required by these Bylaws or by applicable law shall be terminated.

## ARTICLE XII

### MORTGAGEES

Section 1. Definitions. As used in this Article, the term "Mortgagee" shall mean any mortgagee or trustee under a deed of trust which is a lien upon a Unit or the party secured or beneficiary of any recorded deed of trust, and shall not be limited to institutional mortgagees; and the term "Mortgage" shall include a deed of trust. As used generally in these Bylaws, the term "Institutional Holder" or "Institutional Mortgagee" shall include banks, mortgage insurance companies, mortgage companies, credit unions, savings and loan

associations, pension funds, FNMA, GNMA, FHLMC, and any corporation, including a corporation of, or affiliated with, the United States Government, or any agency thereof. "First Mortgage" shall mean a mortgage with priority over all other mortgages.

Section 2. Notice to Board of Directors. Any Owner who mortgages his Unit shall, in writing, notify the Board of Directors of the name and address of his Mortgagee and shall file a conformed copy of the note and Mortgage with the Board of Directors. The Board of Directors, or such person as the Board may designate, shall maintain such information in a book entitled "Mortgagees of Units".

Section 3. Notice of Action. Upon written request to the Council, identifying the name and address of the holder, insurer or guarantor of a Mortgage on a Unit and the Unit number or address, any such holder, insurer or guarantor will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Condominium or any Unit on which there is a mortgage held, insured or guaranteed by such mortgage holder, insurer or guarantor, as applicable;

(b) Any delinquency in the payment of assessments or charges owned by an Owner of a Unit subject to a First Mortgage held, insured or guaranteed by such holder, insurer or guarantor, or any other default by such Owner in performance of an obligation under the Declaration or these Bylaws, which delinquency or default remains uncured for a period of sixty (60) days;

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

(d) Any proposed action which would require the consent of a specified percentage of mortgage holders as herein specified.

Section 4. Rights of Mortgagees. Any Institutional Mortgagee of any Unit in the Condominium who desires notice of the annual and special meetings of the Council and the Board of Directors shall notify the Secretary to that effect by registered or certified mail, return receipt requested. Any such notice shall contain the name and post office address of such Institutional Mortgagee and the name of the person to whom notice of the annual and special meetings should be addressed. The Secretary of the Council shall maintain a roster of all institutional mortgagees from whom such notices are received, and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting, as aforesaid, to each such Institutional Mortgagee, in the same manner and subject to the same requirements and limitations as are provided for with respect to notice of such meetings to the Owners or the Board of Directors, as the case may be. Any such Institutional Mortgagee shall be entitled to designate a representative to attend any such annual or special meeting, and such representative may participate in the discussion to any such meeting and may, upon his request made to the chairman of the meeting in advance of the meeting, address the Owners or the Board of Directors, as the case may be, present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to a copy of the minutes of all meetings of the Council and the Board of Directors upon request made in writing to the Secretary.

Section 5. Mortgagees in Possession; Limitations. Any Holder of the Mortgage on any Unit which comes into possession of the Unit pursuant to the remedies provided in the Mortgage, by foreclosure of the Mortgage or deed in lieu of foreclosure, shall take the Unit free of any claims for unpaid assessments or charges against the mortgaged Unit which accrued prior to the time that such Mortgage Holder comes into possession of the Unit.

Section 6. Consents. Notwithstanding any other provision of these Bylaws, unless otherwise provided to the contrary by statute or in case of condemnation or insurable loss to the Units and/or Common Elements of the Condominium, neither the Council nor the Board of Directors shall take any of the following actions:

- (a) by act or omission, seek to abandon or terminate the Condominium project unless at least one hundred percent (100%) of the Owners and sixty-seven percent (67%) of the First Mortgagees have given their prior written approval;
- (b) change the pro-rata interest or obligations of any Unit unless all of the First Mortgagees and all Owners of the Units have given their prior written approval;
- (c) partition or subdivide any Unit, unless at least fifty-one percent (51%) of the First Mortgagees (based upon one vote for each First Mortgage owned), and Owners representing sixty-seven percent (67%) of the votes in the Council have given their prior written approval;
- (d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements, unless at least fifty-one percent (51%) of the First Mortgagees (based upon one vote for each First Mortgage owned), and Owners representing sixty-seven percent (67%) of the vote in the Council have given their prior written approval (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Council or its Board of Directors shall not be deemed a transfer within the meaning of this clause);
- (e) use hazard insurance proceeds for losses to any part of the Condominium (whether to Units or to Common Elements) for other than repair, replacement or reconstruction of such Condominium in accordance with this Declaration and the original plans and specifications, unless at least fifty-one percent (51%) of the First Mortgagees (based upon one vote for each First Mortgage owned), and sixty-seven percent (67%) of the Owners of the Units have given their prior written approval;
- (f) provided that any Unit is then encumbered by a deed of trust or mortgage which is insured by the Federal Housing Administration, guaranteed by the Veterans Administration, or purchased by the Federal National Mortgage Association, amend or merge the condominium regime with a successor Condominium regime without prior written approval of the Federal Housing Administration and the Administrator of the Veterans Administration or the Federal National mortgage Association, as the case may be;
- (g) Except as otherwise specifically provided for to the contrary in the Declaration and these Bylaws, in addition to and not in lieu of other provisions of the Declaration and these Bylaws which may require various acts to receive the prior approval

of a specified percentage of Owners and/or of holders of First Mortgages on Units, unless the consent of the Owners to which at least sixty-seven percent (67%) of the votes in the Council are allocated and approval of Eligible Mortgage Holders holding mortgages on Unit which have at least fifty-one percent (51%) of the votes of Units subject to Mortgages or deeds of trust held by Eligible Mortgage Holders is obtained, materially change provisions of the constituent documents (i.e., the Declaration and Bylaws) of the Condominium, which establish, provide for, govern or regulate: voting rights; assessments, assessment liens, or subordination of assessment liens; reserves for maintenance, repair and replacement of Common Elements; responsibility for maintenance and repairs; reallocation of interests in the General or Limited Common Elements, or rights to their use; boundaries of any Unit; convertibility of Units into Common Elements or vice versa; expansion or contraction of the project, or the addition, annexation or withdrawal of property to or from the project; insurance or fidelity bonds; leasing of Units; imposition of any restrictions on an Owner's right to sell or transfer his Unit; a decision by the Owner's association or council to establish self-management when professional management had been required previously by an eligible Mortgage Holder; restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the Bylaws; any action to terminate the legal status of the project after substantial destruction or condemnation occurs; or any provisions that expressly benefit mortgage holders, insurers or guarantors.

As used in this Subparagraph (g), the term "Eligible Mortgage Holder" means a holder of a First Mortgage on a Unit who has requested notice from the Council of amendments to the Condominium documents or other significant matters which would affect the interests of such Mortgagee.

Nothing herein contained, however, shall be construed to grant to the holders of mortgage liens any right or power prohibited or not granted by the Declaration, these Bylaws or applicable law.

Section 7. Right to Inspect Records. Any First Mortgagee may examine the books and records of the Council during reasonable business hours, and may require submission of an audited annual report on the First Mortgagee's written request.

### ARTICLE XIII

#### PARKING SPACES

Parking Spaces which are appurtenant to a Unit are depicted as Limited Common Elements of the appertaining Unit. Except as depicted as Limited Common Elements on the Condominium Plat, exterior parking spaces within the Common Elements of the Condominium are hereby unassigned and designated for general use, unless otherwise posted (i.e., handicapped parking), to be used, unless otherwise designated by the Board of Directors, on a "first come, first served" basis. No vehicle belonging to any Owner or to any guest or employee of any Owner shall be parked in a manner which unreasonably interferes with or impedes ready vehicular access to any adjoining parking space.

Each Owner shall comply in all respects with such supplementary Rules and Regulations which are not inconsistent with the provisions of these Bylaws which the Board

of Director may from time to time adopt and promulgate with respect to parking and traffic control within the Property, and the Board of Directors is hereby, and elsewhere in these Bylaws, authorized to adopt such Rules and Regulations. The location of any exterior parking space within the Common Elements, if any, which may be assigned to any Owner or as may be designated for visitor parking may be changed by the Board of Directors, at any time and from time to time, upon reasonable notice thereof in writing.

ARTICLE XIV

RESERVES

Section 1. Reserves for Replacement and Contingencies. The Council shall establish and maintain a reserve fund for replacement by the allocation and payment monthly to such reserve fund of any amount to be designated from time to time by the Board of Directors. The reserve for replacements may be expended only for the purpose of effecting the replacement of the Common Elements and equipment of the Condominium, for start-up costs, funding any deductible amounts under the Council's insurance policies, and operation contingencies of a non-recurring nature.

Section 2. Working Capital Funds. The Council shall establish and maintain a working capital fund for the initial months of operation of the Condominium, equal to a minimum of two (2) monthly estimated assessments for each Unit in the Condominium as initially constituted. The contributions to the working capital fund shall be made by each Owner at the settlement at which such owner acquires legal title to the Unit. The Board of Directors may transfer the contents of said fund to the reserve for replacements, but such transfer shall not be made until one hundred eighty (180) days after the recording of the Declaration establishing the Condominium. The Declarant shall not use working capital funds to defray its expenses, reserve contributions or construction costs, or to make up budget deficits.

ARTICLE XV

CONDEMNATION

The Council is hereby designated as the representative and attorney-in-fact for all Owners in proceedings, negotiations, settlements or agreements relating to condemnation of all or any part of the Condominium. Any proceeds from any such proceedings, settlements or agreement shall be payable to the Council for the benefit of the Owners and their mortgage holders. Any distribution of any such proceeds will be made in accordance with the Owners' and their mortgage holders' prior interests in law and equity. Except as otherwise specifically provided herein, condemnation of all or any part of the Condominium shall be governed by the provisions of the Maryland Condominium Act.

ARTICLE XVI

RULES AND REGULATIONS



The Board of Directors may freely adopt reasonable rules and regulations (the "Rules and Regulations") for the peaceful and orderly use and enjoyment of the Condominium. The provisions of Section 11-111 of the Maryland Condominium Act shall be applicable to the adoption of such rules and regulations.

ARTICLE XVII

AMENDMENT OF BYLAWS

Except as otherwise provided by applicable law, the Declaration or the provisions of these Bylaws, and subject to mortgagee approval as may be required, these Bylaws may be amended by the affirmative vote of unit owners having sixty-six and two-thirds percent (66 2/3%) or more of the votes. Each particular set forth in Section 11-104 of the Maryland Condominium Act shall be expressed in the Bylaws as amended. The person counting the votes at the meeting of the Council at which such amendment was approved shall certify such approval by at least sixty-six and two-thirds percent (66 2/3%) of the votes, and the amendment shall thereafter be immediately recorded among the Land Records of Worcester County, Maryland, accompanied by such certificate.

ARTICLE XVIII

COMPLIANCE AND MISCELLANEOUS

Section 1. Compliance with Laws. These Bylaws are set forth to comply with the requirements of the laws of the State of Maryland. In case any of the Bylaws are in conflict with the provisions of said laws, the provisions of the laws will apply. If any of the provisions of these Bylaws or any section, sentence, clause, phrase or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end, the provisions hereof are declared to be severable.

Section 2. Conflict. These Bylaws are subordinate and subject to all provisions of the Condominium 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, and the provisions of the Declaration shall control; in the event of any conflict between the Bylaws and the applicable sections of the Act, the provisions of the Act control.

Section 3. Rights of Action. The Council and any aggrieved Unit Owner shall have the right of action against Unit Owners who fail to comply with the provisions of the Declaration or Bylaws or the decisions made by the Council. Unit Owners have similar rights of action against the Council.

Section 4. Severability. In the event any provision or provisions of these Bylaws 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 Bylaws 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 Bylaws are for convenience and ease of use only and are not part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

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

AS WITNESS the hands and seals of the Declarant herein, this 8 day of March, 1999.

ATTEST/WITNESS:

*[Signature]*

MANKLIN CREEK, L.L.C.  
a Maryland limited liability company

By: *[Signature]* (SEAL)  
SAMUEL R. ROTHBLUM  
Manager

STATE OF MARYLAND, COUNTY OF Baltimore, TO WIT:

I HEREBY CERTIFY that on this 8<sup>th</sup> day of March, 1999, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared SAMUEL R. ROTHBLUM, known to me (or satisfactorily proven) to be the authorized Manager of Manklin Creek, L.L.C., a Maryland limited liability company, and that such authorized Manager, being authorized so to do, made oath in due form of law that he executed the foregoing instrument on behalf of the limited liability company for the purposes therein contained and in the capacity therein stated.

AS WITNESS my hand and Notarial Seal.

My Commission Expires:

5-1-02

*[Signature]*  
NOTARY PUBLIC

RETURN TO

HARRY S. GROTON, JR.  
Attorney At Law  
21 S. Main St., P.O.Box 338  
Berlin, MD 21811

IMP FD SURF \$ 2.00  
RECORDING FEE 75.00  
TOTAL 77.00  
Rec'd 1002 Rec'd # 48925  
SVH 3673 BIR # 211  
Apr 8 1999 04:02 PM

Plat recorded Liber S.V.H. 158, Folios 18 thru 22

APR 5 1999  
The foregoing instrument  
filed for record and is accordingly recorded  
among the land records of Worcester County,  
Maryland.

*[Signature]*  
Clerk