

Exhibit "B"

Bylaws

of the

Council of Unit Owners

of

Harbor East Tower Condominium

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Bylaws of the Council of Unit Owners

of

Harbor East Tower Condominium

ARTICLE 1

PLAN OF CONDOMINIUM OWNERSHIP

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

Section 1.2. Definitions. Words and phrases defined in the Declaration shall have the same meanings in these Bylaws unless otherwise apparent from the context or otherwise defined in these Bylaws.

Section 1.3. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Council of Unit Owners and to the Condominium. All present and future Unit Owners, lessees and occupants of Units, and any other persons who may use the Condominium or the facilities of the Condominium in any manner, are subject to these Bylaws, the Declaration and the Rules from time to time promulgated by the Board of Directors. The acceptance of a deed of conveyance or other transfer of legal or equitable interest to a Unit shall be deemed to constitute an agreement of acceptance, ratification and compliance with these Bylaws, the Rules and the provisions of the Declaration, as they may be amended from time to time.

ARTICLE 2

COUNCIL OF UNIT OWNERS

Section 2.1. Purpose and Status of Council of Unit Owners. The purpose of the Council of Unit Owners shall be to operate and maintain the Condominium for the benefit of the Unit Owners and to exercise the powers conferred upon it by the Maryland Condominium Act, the Master Condominium Governing Documents, the Declaration and these Bylaws. The Council of Unit Owners shall be an unincorporated entity; however, the Developer or the Board of Directors may incorporate the Council of Unit Owners if it determines that it would be in the best interest of the Council of Unit Owners to do so.

Section 2.2. Name and Mailing Address. The Council of Unit Owners hereby organized and formed for the purposes set forth above shall be known as the "Council of Unit Owners of Harbor East Tower Condominium". Unless changed from time to time by the Board of Directors, the office and mailing address of the Council of Unit Owners and the Board of

Directors shall be the same as the mailing address of the Managing Agent. The current mailing address for the Managing Agent is c/o _____.

Section 2.3. Powers of the Council of Unit Owners. The Council of Unit Owners shall have all of those powers enumerated in the Act, the Master Condominium Governing Documents, the Declaration and these Bylaws. All powers residing in the Council of Unit Owners, except for those that are in the Act, the Declaration or these Bylaws expressly reserved to the Council of Unit Owners, shall be delegated to and exercised by the Board of Directors and/or the Managing Agent.

Section 2.4. Members. The Council of Unit Owners shall have as its members every Unit Owner; *provided, however*, that any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who or which holds such interest solely as security for the performance of an obligation shall not be a member solely on account of such interest.

Section 2.5. Annual Meetings. Within sixty (60) days from the date that deeds to Units representing fifty percent (50%) of the votes in the Council of Unit Owners (based on the total number of anticipated Units in the Condominium) have been delivered by the Developer and title closed thereon, the Developer shall notify the Unit Owners and the first annual meeting of the Council of Unit Owners shall be held for the purpose of electing members to the Board of Directors. Notice of such meeting shall be given in accordance with the provisions of Section 2.8 below. Subsequent annual meetings of the Council of Unit Owners should be held on the same date of each year as the first annual meeting or such reasonably similar date as may be selected by the Board of Directors. Subsequent annual meetings of the Council of Unit Owners shall be held for the purpose of electing Directors to succeed those whose terms shall have expired as of the date of such annual meetings, and for the transaction of such other business as may come before the meeting.

Section 2.6. Special Meetings. It shall be the duty of the President of the Council of Unit Owners to call a special meeting of the Council of Unit Owners (a) if so directed by resolution of the Board of Directors, or (b) upon a petition signed and presented to the Secretary of the Council of Unit Owners by Unit Owners having not less than fifty percent (50%) of the total authorized votes of all Unit Owners except as otherwise expressly provided in the Declaration or these Bylaws. However, except by resolution of the Board of Directors or as may be called by the Developer, no special meetings shall be called prior to the first annual meeting of the Council of Unit Owners. No business shall be transacted at a special meeting of the Council of Unit Owners except such as shall have been stated in the notice thereof.

Section 2.7. Place of Meetings. Meetings of the Council of Unit Owners shall be held at the Condominium or at such other suitable place convenient to the greatest practicable number of Unit Owners as may be designated in the notice of meeting by the Secretary.

Section 2.8. Notice of Meetings. It shall be the duty of the Secretary to provide notice of each annual or special meeting of the Council of Unit Owners at least ten (10) days, but not more than ninety (90) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at his or her address shown on the

roster required to be kept pursuant to Section 11-109(c) of the Act (the "**Roster**"). If the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these Bylaws, the notice of meeting shall be given at least thirty (30) days prior to such meeting. The notice of meeting shall be given by mail, personal delivery, electronic transmission or any other method as may be authorized by the Act, as amended from time to time. If given by mail, notice shall be considered given as of the date of such mailing. If notice is given by personal delivery, it shall be delivered to a Unit Owner at his or her address as shown on the Roster. Service of notice by personal delivery shall be proven by affidavit of the person serving such notice. Notice given by electronic transmission shall comply with the procedures and requirements of the Act, as amended from time to time. Attendance by a Unit Owner at a meeting in person or by proxy shall constitute waiver of notice of the time, place and purposes of such meeting.

Section 2.9. Conduct of Meetings.

(a) The president, if present, shall act as the chairman of and shall preside over each meeting of the Council of Unit Owners. In the absence of the president, the meeting of the Council of Unit Owners shall be chaired by the vice-president, if president, or if not, by any other officer or any other person who is present and elected chairperson thereof by a plurality of the votes. The chairperson of each meeting shall preside over its conduct.

(b) Meetings of the Council of Unit Owners shall be conducted in accordance with the most current edition of *Roberts Rules of Order* to the extent not inconsistent with these Bylaws, the Declaration or the Act.

(c) The secretary, if present, shall act as the secretary of each meeting. In the absence of the secretary, any assistant secretary or other person appointed secretary by the chairman at the meeting, shall act as secretary at the meeting. The secretary at the meeting shall take the minutes or cause the minutes of the meeting to be taken and delivered promptly after the meeting to the secretary of the Council of Unit Owners. The secretary at the meeting shall determine and confirm that a quorum is achieved as required by these Bylaws. The secretary at the meeting shall also be responsible for judging the eligibility of any person to cast any votes at the meeting as provided in these Bylaws, including the eligibility of any proxy submitted as provided by these Bylaws and pursuant to the Act, and shall perform any other duty of the secretary as may be required under these Bylaws or the Act as part of the business of the meeting.

Section 2.10. Adjournment of Meeting. If any meeting of the Council of Unit Owners cannot be held because a quorum of members has not attended, a majority of the Unit Owners present may adjourn the meeting and call for an additional meeting provided at least fifteen (15) days' notice of the time, place and purpose of the additional meeting is given to all Unit Owners. Notwithstanding the foregoing, if a quorum is not obtained at the additional meeting, the Council of Unit Owners may proceed with the additional meeting in accordance with the requirements of Section 5-206 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended, so long as the notice of the additional meeting complies with the requirements of such statutory provision.

Section 2.11. Voting.

(a) Each Unit Owner or, subject to the proxy limitations set forth below, a person designated by such Unit Owner to act as proxy on his or her behalf (and who need not be a Unit Owner), shall be entitled to cast the vote appurtenant to his or her Unit at all meetings of the Council of Unit Owners. The designation of any such proxy shall be made in writing and filed with the Secretary, in a form approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Each proxy shall be revocable at any time by written notice to the Secretary by the Unit Owner who so designated the proxy, and shall automatically expire one hundred eighty (180) days following its issuance unless granted to a mortgagee or lessee. Proxies may be utilized to establish a quorum pursuant to Section 2.13 below and may be utilized to vote on any other matter at the meeting of the Council of Unit Owners; *provided, however*, that only a directed proxy may be used to vote on elections of members to the Board of Directors.

(i) In the case of a Unit that is owned by more than one person or entity, any or all of such owners may be present at any meeting of the Council of Unit Owners and (those constituting the group acting unanimously) may vote or take any other action as a Unit Owner, either in person or by proxy. Where title to a Unit is in more than one person or entity, such multiple owners shall be entitled to cast, in the aggregate and as a single block, the vote allocated to the Unit. If such multiple owners shall be unable to agree upon their vote upon any matter at any meeting, they shall either designate a third party to cast their vote or shall lose their right to vote on such subject. If one or more, but less than all of such multiple owners shall be present at a meeting, either in person or by proxy, the collective vote of the one or more present shall be the vote of all of the owners of the Unit.

(ii) A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity.

(iii) In the case of a Unit that is owned by a corporation, partnership, limited liability company, or other entity (i.e., a non-natural person), other than a Unit owned in a fiduciary capacity as addressed above, such entity shall file with the Council of Unit Owners a certificate identifying the authorized representative to serve as the voting member for the entity. Such authorized representative shall be authorized to vote on behalf of the entity and shall be authorized to execute a proxy on behalf of such entity for purposes of voting on Council of Unit Owner matters. The Council of Unit Owners may, but shall have no responsibility to, investigate the authenticity of the certificate. In the event that the entity shall fail to file the requisite certificate, the entity's president, vice president, secretary or managing member or other authorized representative may serve as the voting member on behalf of the entity, subject to reasonable evidence of such office as required by the Council of Unit Owners. The Council of Unit Owners shall have no obligation to investigate the authority of such representative.

(iv) Whenever the vote of the Unit Owners at a meeting is required or permitted to be taken in accordance with any provisions of the Act, the Declaration or by these Bylaws, the meeting and vote of Unit Owners may be dispensed with if all of the Unit Owners who would have been entitled to vote thereat upon the action, if such meeting were held, consent in writing to such action being taken.

(b) No Unit Owner shall be entitled to vote at a meeting of the Council of Unit Owners unless and until such Unit Owner shall have furnished the Council of Unit Owners with his or her name and current mailing address for listing on the Roster in accordance with Section 11-109(c) of the Act. Further, no Unit Owner shall be entitled to vote at a meeting of the Council of Unit Owners if the Council of Unit Owners has recorded a statement of condominium lien against the Unit Owner's Unit and the amount necessary to release the lien has not been paid at the time of the meeting.

Section 2.12. Open Meetings. All meetings of the Council of Unit Owners shall be open to all owners or occupants of Units or their agents and other interested parties in the discretion of the Board of Directors or as required by law. Meetings of the Council of Unit Owners may be held in closed session for the purposes set forth in Section 3.9(a) and in accordance with Section 3.9(b) of these Bylaws.

Section 2.13. Majority of the Unit Owners. As used in these Bylaws, the term "majority of the Unit Owners" shall mean those Unit Owners having more than fifty percent (50%) of the total authorized votes of all Unit Owners present, in person or by proxy, and voting at any meeting of the Council of Unit Owners.

Section 2.14. Quorum. Except as otherwise provided in these Bylaws or in the Maryland Condominium Act, the presence in person or by proxy of Unit Owners having at least twenty-five percent (25%) of the total authorized votes of all Unit Owners constitutes a quorum at all meetings of the Council of Unit Owners.

Section 2.15. Majority Vote. The vote of a majority of the Unit Owners present at a meeting at which a quorum is present shall be binding upon all Unit Owners for all purposes except for circumstances where the Maryland Condominium Act, the Declaration, or these Bylaws require a higher percentage vote.

Section 2.16. Limitation to Intervene in Unit Owner Claims. The Council of Unit Owners shall have no authority or standing whatsoever to sue, complain, intervene or defend with respect to any right, claim, action, cause of action or other matter of any nature whatsoever accruing to or for the benefit of, or otherwise exercisable by or on behalf of, any individual Unit Owner (a "Unit Owner Claim"), notwithstanding any purported delegation, assignment or transfer of such Unit Owner Claim by the Unit Owner, except to the extent that the Council of Unit Owners has otherwise been granted the specific authority or standing to pursue such Unit Owner Claim pursuant to these Bylaws, the Declaration or the Act.

ARTICLE 3

BOARD OF DIRECTORS

Section 3.1. Number and Qualification. The affairs of the Council of Unit Owners shall be governed by a Board of Directors acting on behalf of the Council of Unit Owners. Until the first annual meeting of the Council of Unit Owners as provided for in Section 2.5 of these Bylaws, and thereafter until their successors shall have been elected by the Unit Owners, the Board of Directors shall consist of three (3) Directors to be designated by the Developer. Thereafter, the Board of Directors shall be composed of an uneven number of not less than three

(3) or more than five (5) Directors, all of whom shall be elected by the Unit Owners. To qualify for election, Directors must either be Unit Owners, a spouse of a Unit Owner or if the Unit Owner is a non-natural person, then an authorized representative and designee or fiduciary of such Unit Owner, or designees of the Developer (for so long as the Developer shall be a Unit Owner). At any annual meeting of the Council of Unit Owners after the first annual meeting, the number of Directors may be changed by the vote of a majority of the Unit Owners, subject to the limitations stated in this Section, and provided that any change in the number of Directors shall not operate to curtail or extend the term of office of any incumbent Director.

Section 3.2. Powers and Duties. The Board of Directors shall have and shall exercise the powers and duties of the Council of Unit Owners as set forth in Section 2.3 of these Bylaws, and may do all such acts and things except as by law or by the Declaration or by these Bylaws may not be, or have not been, delegated to the Board of Directors by the Council of Unit Owners. Without limiting the generality of the foregoing, the Board of Directors' powers shall include the following:

(a) Operation, care, upkeep and maintenance of the Common Elements and any components of the Units for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws and the Declaration, including contracting for services for the same.

(b) Operation, care, upkeep and maintenance of those Shared Building Components for which the Council of Unit Owners has the responsibility to operate, maintain, repair and replace pursuant to these Bylaws and the Declaration, including contracting for services for the same.

(c) Determination of the Common Expenses required for the affairs of the Council of Unit Owners, which Common Expenses shall include, but may not be limited to, the Residential Alternative Expense Allocations, the Master Condominium Expenses, the Shared Building Expenses and the charges under the Energy Supply Sub-Agreement allocated to the Common Elements of the Condominium.

(d) Preparation and adoption of the annual operating and reserve budget for the Condominium.

(e) Charging and collection of Condominium assessments, including the Residential Alternative Expense Allocations, from the Unit Owners.

(f) Collection of Garage Expenses from Unit Owners that own Parking/Storage Space Easements and remittance of the same to the Garage Unit Owner as contemplated in the Garage Easement and the Parking/Storage Space Easements.

(g) Employment or contracting of management services to manage the Condominium.

(h) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements and those components of the Units for which the

Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws and the Declaration.

(i) Opening and management of bank accounts on behalf of the Council of Unit Owners and designating the signatories required therefor.

(j) Purchasing any Unit at foreclosure or other judicial sale or through a negotiated sale by the Board of Directors or its designee on behalf of the Council of Unit Owners, and borrowing funds secured by such Unit and/or mortgaging or otherwise encumbering such Unit to fund the purchase of such Unit and holding such Unit for use, renting such Unit (subject to such limitations as provided in these Bylaws), or selling such Unit as determined by the Board of Directors.

(k) Obtaining insurance for the Condominium as provided in these Bylaws, in the Declaration and in the Act and subject to any other requirements in the Master Condominium Governing Documents.

(l) Making repairs, additions, replacements and improvements to or alterations of the Common Elements and those components of the Units for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws or the Declaration and such other components of the Condominium and in accordance with the other provisions of these Bylaws or the Declaration after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

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

(n) Enacting and amending uniform Rules from time to time which govern the use and operation of the Condominium, as well as the conduct and the enjoyment of the Unit Owners; provided, however, that such Rules are adopted in accordance with the Act, the Master Condominium Governing Documents, the Declaration and Section 5.17 of these Bylaws and, provided further, that no such Rules shall be so construed so as to impair in any manner the lien of any mortgage or deed of trust with respect to any Unit and/or the Common Elements if such Rules are promulgated after the recordation of said mortgage or deed of trust.

(o) Enforcing obligations of Unit Owners, allocating Common Expenses, Residential Alternative Expense Allocations and common profits, if any, and doing anything and everything else necessary and proper for the sound management of the Condominium. In this connection, the Board of Directors shall have the power to enforce the provisions of the Act, the Master Condominium Governing Documents, the Declaration, these Bylaws and the Rules, including, without limitation, suspension of use by any Unit Owner and such Unit Owner's family members, guest and tenants of the Common Element amenities and suspension of any

special privileges and services afforded to such Unit Owners by the Council of Owners and by virtue of the relationship between the Council of Unit Owners and the Managing Agent and the Hotel Unit owner, for any failure by the Unit Owner to pay Common Expenses and/or Alternative Expense Allocation for a period in excess of thirty (30) days or for any violation of the Master Condominium Governing Documents after notice and an opportunity to be heard is given to the extent required by the Act. Such enforcement shall also include, but may not be limited to seeking injunctive relief against any Unit Owner, and, unless restricted by law, to levy reasonable fines against Unit Owners for violations of the same, after notice and an opportunity to be heard is given pursuant to the Act. Without limiting the generality of the foregoing, the Board may impose a separate fine for each day that a violation continues. Collection of fines may be enforced against the Unit Owner or Unit Owners involved as if the fines are part of the Common Expenses owed by the particular Unit Owner or Unit Owners. Where a Unit Owner persists in violating the Condominium Governing Documents, the Board of Directors may require the Unit Owner to post a bond, satisfactory to the Board, to secure future compliance with the Governing Documents.

(p) Controlling the use of all Common Elements.

(q) Establishing reasonable reserve funds for emergencies and unforeseen contingencies and for the repair and replacement of Common Elements and Shared Building Components and those components of the Units for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws or the Declaration.

(r) The Council of Unit Owners, by and through the Board of Directors, shall have authority and standing to initiate claims pursuant to Article 12 of these Bylaws and to sue, complain, intervene, defend, negotiate, compromise, settle and release any right, claim, action, cause of action or other matter of any nature whatsoever accruing to or for the benefit of, or otherwise exercisable by or on behalf of, any two or more Unit Owners with regard to the Common Elements and matters affecting the Condominium as provided in the Act, which are deemed to be only those components of Units (if any) for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws or the Declaration. Notwithstanding this authority and standing, the Council of Unit Owners shall have no authority or standing to take such actions with regard to Unit components other than those components of the Units for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws or the Declaration.

(s) Notwithstanding any provision of these Bylaws to the contrary, the Board of Directors is hereby irrevocably appointed as attorney-in-fact for all Unit Owners, and for each of them, to exercise the right in the Board's discretion to settle, compromise, waive, discharge, acquit and release any and all demands, claims, actions, causes of action, suits, litigations, proceedings, mediations, arbitrations, judgments, determinations, findings, orders and awards whatsoever, at law, in equity, or otherwise, relating to or arising out of matters affecting the Condominium and two or more Unit Owners, and with respect to which the Council of Unit Owners otherwise has the authority to sue, complain, intervene or defend pursuant to these Bylaws, the Declaration or applicable law, or related to or covered by insurance policies maintained by the Council of Unit Owners. The Board of Directors is hereby authorized to enter

into, execute, acknowledge, deliver and record all agreements, releases, consents, certificates, papers, documents and other instruments as may be deemed necessary or desirable by the Board of Directors to effectuate the foregoing, and to generally say, do, act, transact, negotiate, determine, commence, accomplish and finish all matters and things whatsoever relating to the foregoing, as fully, amply and effectually, to all intents and purposes, as each Unit Owner, if present, ought or might do personally. The Unit Owners hereby ratify, approve and confirm all and whatsoever the Board of Directors shall lawfully do or cause to be done, in and about the premises, by virtue of the foregoing power of attorney, which is hereby expressly declared and acknowledged to be coupled with an interest in the subject matter hereof, and the same shall run with the title to any and all Units and be binding upon the heirs, personal representatives, successors, transferees and assigns of any of the foregoing parties. Further, the foregoing power of attorney shall not be affected by the death or disability of any principal, and is intended to deliver all right, title and interest of the principal in and to such power of attorney.

(t) To delegate to the Master Condominium, with the consent of the Master Condominium, such powers and duties of the Council of Unit Owners as the Board of Directors from time to time deems appropriate with respect to the operation, maintenance and repair of the Common Elements and the Shared Building Components and the collection of Condominium assessments.

(u) Generally, to exercise the powers of the Council of Unit Owners as set forth in the Act, subject to the Master Condominium Governing Documents to the extent applicable, the Declaration and these Bylaws, and to do every other act not inconsistent with the law, which may be appropriate to promote and attain the purposes set forth in the Act, the Declaration and these Bylaws.

Section 3.3. Managing Agent. The Board of Directors shall employ for the Council of Unit Owners a professional managing agent (the "**Managing Agent**"). Four Seasons Hotels Limited shall be the initial Managing Agent for the Condominium. Compensation for the Managing Agent shall be established by the Board of Directors. Any management agreement entered into by the Council of Unit Owners while the Developer is in control of the Council of Unit Owners shall be terminable without cause on thirty (30) days written notice without a termination fee upon majority vote of the Unit Owners taken within three (3) years following the date on which Units have been granted by the Developer to Unit Owners having a majority of the votes in the Council of Unit Owners. The Board of Directors may delegate to the Managing Agent the responsibility and authority to carry out its duties and functions, under its direction except as may be limited by the Act, the Governing Documents, the Master Condominium Governing Documents and any management contract that may be entered into with such Managing Agent.

Section 3.4. Election and Term of Office. The Directors of the Council of Unit Owners designated by the Developer in accordance with Section 3.1 above shall hold office at the pleasure of the Developer until the first annual meeting of the Council of Unit Owners as provided for in Section 2.5 of these Bylaws. At the first annual meeting of the Council of Unit Owners, the members of the Board of Directors shall be elected by the Unit Owners. At such first annual meeting, the term of office of a majority of the total number of Directors elected at

such meeting shall be two (2) years and the term of office of the remaining number of Directors elected at such meeting shall be one (1) year in order to stagger the terms of Directors so that approximately one-half of the Board is elected each year. The term of office of each Director elected after the first annual meeting shall be for two (2) years. Any change in the term of office of Directors shall not operate to curtail or extend the term of office of any incumbent Director. Each Director shall hold office until the next meeting of the Board of Directors following the election of his or her successor. However, a member of the Board of Directors shall be deemed to have resigned whenever such Director, his or her spouse (if the Director is a spouse of a Unit Owner), firm, corporation or other entity he or she is associated with (if the Director is a designee of a non-natural person Unit Owner), sells the Unit which qualified such individual to become a member of the Board of Directors. All election materials prepared with Council of Unit Owners funds shall list candidates in alphabetical order and shall not suggest a preference among candidates. At each election of members to the Board of Directors the Unit Owners or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise pursuant to the provisions of the Declaration and these Bylaws.

Section 3.5. Nominations. A call for nominations for candidates for the Board of Directors shall be sent to all Unit Owners not less than forty-five (45) days before notice of an election is sent. Only nominations made at least fifteen (15) days before notice of an election shall be listed on the election ballot. Nominations may also be made from the floor at the meeting at which the election of the members of the Board of Directors is held.

Section 3.6. Removal of Members of the Board of Directors. At any regular or special meeting of the Council of Unit Owners after the first annual meeting of the Council of Unit Owners, any one or more of the members of the Board of Directors elected by the Unit Owners may be removed, with or without cause, by Unit Owners having at least fifty-one percent (51%) of the total authorized votes of all Unit Owners; provided that prior to the first annual meeting of the Council of Unit Owners any Director appointed or elected by the Developer may be removed only with the consent of the Developer. Any member of the Board of Directors whose removal has been proposed by the Unit Owners shall be given an opportunity to be heard at the meeting. The term of office of any Director who becomes more than forty-five (45) days delinquent in the payment of common charges against the Unit of which he or she is the owner shall automatically terminate on the forty-sixth (46th) day, and his or her successor shall thereupon be appointed by the remaining Directors to fill out the unexpired portion of such Director's term. Prior to the first annual meeting of the Council of Unit Owners, the Developer may remove any member of the Board of Directors appointed or elected by the Developer, at any time, with or without cause, by written notification to the Board of Directors specifying the date of such removal and the name of the individual designated to succeed the Director so removed.

Section 3.7. Vacancies. Except with respect to Directors appointed or elected by the Developer prior to the first annual meeting of the Council of Unit Owners, vacancies on the Board of Directors shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the predecessor Director, and until a successor shall be elected at the

next annual meeting of the Council of Unit Owners at which the term of such predecessor Director was to have expired. Prior to the first annual meeting of the Council of Unit Owners, members of the Board of Directors appointed or elected by the Developer shall serve at the pleasure of and may be removed and/or replaced, with or without cause, solely by the Developer.

Section 3.8. Organization Meeting. The first regular meeting of the Board of Directors following an annual meeting of the Council of Unit Owners shall be held within ten (10) days thereafter, at such time and place as shall be fixed by a majority of the members of the Board of Directors, and no notice shall be necessary to the newly elected members of the Board of Directors in order to legally constitute such meeting, provided that a majority of the whole Board of Directors shall be present thereat. Unit Owners shall be provided with notice of such meeting in accordance with Section 3.9 of these Bylaws.

Section 3.9. Regular and Special Meetings; Closed Meetings.

(a) All regular meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods at such time and place as shall have been made known to all members in accordance with the procedures set forth below. All regular or special meetings of the Board of Directors or any committee created by the Board of Directors shall be open to all Unit Owners or their agents (and other interested parties in the discretion of the Board of Directors or as required by law), except that such meetings may be held in closed session for the following purposes (or as otherwise provided in accordance with Section 11-109.1 of the Act, as amended from time to time, or any successor statute):

- (i) Discussion of matters pertaining to employees and personnel;
- (ii) Protection of the privacy or reputation of individuals in matters not related to the business of the Council of Unit Owners;
- (iii) Consultation with legal counsel on legal matters;
- (iv) Consultation with staff personnel, consultants, attorneys, board members or other persons in connection with pending or potential litigation or other legal matters;
- (v) Investigative proceedings concerning possible or actual criminal misconduct;
- (vi) Consideration of the terms or conditions of a business transaction in the negotiation stage if the disclosure could adversely affect the economic interests of the Council of Unit Owners;
- (vii) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or
- (viii) Discussion of individual Unit Owners' assessment accounts.

(b) If a meeting is held in closed session pursuant to the procedures established above, (i) no action may be taken and no matter may be discussed other than those permitted above; and (ii) a statement of the time, place and purpose of any closed meeting, the record of the vote of each member of the Board of Directors (or committee, if applicable) by which any meeting was closed, and the authority under this Section for closing any meeting shall be included in the minutes of the next meeting of the Board of Directors (or committee, if applicable).

(c) The Secretary shall maintain a current roster of names and addresses of each Unit Owner to which notices of regular meetings of the Board of Directors or any committee created by the Board of Directors shall be sent at least annually. Special meetings of the Board of Directors shall be held whenever called by direction of the President or Vice President, and must be called by the President or the Secretary upon written request of a majority of the Board of Directors. Notice of special meetings of the Board of Directors or any committee created by the Board of Directors shall be given to each Unit Owner, by posting or otherwise, not less than seventy-two (72) hours nor more than ninety (90) days prior to the date of the special meeting, except upon the declaration of an emergency by the person calling the meeting, in which event such notice may be waived. Unless otherwise indicated in the notice thereof, any and all business may be transacted at any regular or special meeting of the Board of Directors. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held at places and times convenient to the greatest practicable number of Unit Owners. Directors and committee members may participate in such meetings by telephone or video conference so long as all participating members can hear each other simultaneously.

Section 3.10. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by such member of the time, place and purpose thereof.

Section 3.11. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors, except as may otherwise be provided in the Declaration or these Bylaws. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such meeting at which a quorum is present, any business which might have been transacted at the meeting originally called and adjourned may be transacted without further notice.

Section 3.12. Fidelity Insurance. Fidelity insurance shall be maintained by the Board of Directors for all officers, directors, committee members, managers, trustees, employees and volunteers of the Council of Unit Owners and all other persons handling or responsible for funds held or administered by the Council of Unit Owners, whether or not they receive compensation for their services, as required by Section 11-114.1 of the Act, as such provision may be amended from time to time. Fidelity insurance policies obtained by the Board of Directors on behalf of

the Council of Unit Owners shall name the Council of Unit Owners as the insured and should have their premiums paid as a Common Expense by the Council of Unit Owners. To the extent that the Managing Agent also obtains its own fidelity insurance, such fidelity insurance obtained by the Managing Agent shall name the Council of Unit Owners as an additional insured. The total amount of fidelity coverage required shall be sufficient to cover the maximum funds (including reserve funds) that will be in the custody of the Council of Unit Owners or the Managing Agent at any time while the fidelity insurance policy is in force, but must at least equal the sum of three (3) months gross aggregate assessments on all Units within the Condominium plus any reserves. Fidelity insurance policies shall contain waivers by the insurers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The fidelity insurance policies shall provide that they cannot be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Council of Unit Owners, any Insurance Trustee (as defined below), and all Eligible Mortgage Holders.

Section 3.13. Compensation. No member of the Board of Directors shall receive any compensation for acting as such, but a Director may be reimbursed for actual out-of-pocket expenses incurred by the Director in the proper performance of the Director's duties.

Section 3.14. Liability of the Board of Directors; Insurance and Indemnification.

(a) The members of the Board of Directors shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith.

(b) The Council of Unit Owners shall indemnify every Director against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Council of Unit Owners) to which the Director may be made a party by reason of being or having been a Director of the Council of Unit Owners, whether or not such person is a Director at the time such expenses are incurred. The Board of Directors shall obtain adequate directors and officers insurance with coverages not less than those provided for under Section 5-406 of the Courts and Judicial Proceedings Article of the Annotated Code of Maryland, or any successor statute, as the same may be amended from time to time. The Directors of the Council of Unit Owners shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council of Unit Owners (except in their capacity as Unit Owners) and the Council of Unit Owners shall indemnify and forever hold each such Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Director of the Council of Unit Owners or former Director of the Council of Unit Owners may be entitled.

(c) The provisions of Sections 3.14(a) and 3.14(b) above shall also apply to each and every officer of the Council of Unit Owners and the members of any committee created by the Board of Directors.

Section 3.15. Executive Committee. The Board of Directors may, by resolution duly adopted, appoint an Executive Committee to consist of three (3) members of the Board of Directors. The Executive Committee shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Council of Unit Owners during the intervals between the meetings of the Board of Directors insofar as may be permitted by law, except that the Executive Committee shall not have power (a) to determine the Common Expenses required for the affairs of the Council of Unit Owners, or (b) to adopt or amend the Rules covering the details of the operation and use of the Condominium.

Section 3.16. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Council of Unit Owners and consistent with the purposes set forth in the Declaration. Provided Section 2-419 of the Corporations and Associations Article of the Annotated Code of Maryland (2007 Repl. Vol.), as amended, or its successor statute, is complied with, no contract or other transaction between the Council of Unit Owners and (i) one or more of its Directors or (ii) any corporation, firm, entity or association in which any Director is an officer or director or otherwise has a material financial interest shall be either void or voidable because such Director(s) are present at a meeting of the Board of Directors at which such contract or other transaction is approved, and the vote(s) of such Director(s) may be counted for such approval.

Section 3.17. Delegation of Power to Board. Except as may be provided otherwise by law or by the Declaration or these Bylaws, all of the powers and duties of the Council of Unit Owners are hereby delegated to the Board of Directors so as to permit the Board of Directors to fulfill all of its powers, functions and duties under the provisions of the Act, the Master Condominium Governing Documents, the Declaration and these Bylaws.

Section 3.18. Committees. The Board of Directors may appoint an Executive Committee, as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its powers and duties.

ARTICLE 4

OFFICERS

Section 4.1. Designation. The principal officers of the Council of Unit Owners shall be the President (who shall also act as chairman of the Board of Directors of the Council of Unit Owners), the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary or desirable. Except for officers appointed by the Developer, while the Developer is in control of the Board of Directors, all officers of the Council of Unit Owners shall be Unit Owners, spouses of Unit Owners or designees of the Unit Owner, if the Unit Owner is not a natural person. The President and Vice President must be members of the Board of Directors. All other officers may be Directors but shall not be required to be Directors. Except as may be limited by the Act, the Governing Documents, the Master Condominium Governing Documents or any contract with the Managing Agent, the officers of the Council of Unit Owners may delegate the functions assigned in this Article 4 to the Managing Agent, under their direction.

Section 4.2. Election of Officers. The officers of the Council of Unit Owners shall be elected annually by the Board of Directors and shall hold office at the pleasure of the Board of Directors.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his or her successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for such purpose.

Section 4.4. President. The President shall be the chief executive and operating officer of the Council of Unit Owners. The President shall preside at all meetings of the Council of Unit Owners. The President shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized and existing under the laws of the State of Maryland.

Section 4.5. Vice President. The Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in the place of the President on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon the Vice President by the Board of Directors or by the President.

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Council of Unit Owners (including copies of all resolutions adopted thereat), and of the Board of Directors; shall have charge of such books and papers as the Board of Directors may direct; shall maintain the roster of Unit Owners and shall, in general, perform all the duties incident to the office of secretary of a stock corporation organized and existing under the laws of the State of Maryland. The Secretary or its designee shall also count the votes at meetings of the Council of Unit Owners; provided, however, no such person shall count election ballots on which such person is a candidate or count votes when another conflict of interest exists.

Section 4.7. Treasurer. The Treasurer shall have the responsibility for funds and securities of the Council of Unit Owners and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name of the Council of Unit Owners in such depositories as may from time to time be designated by the Board of Directors, and the Treasurer shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized and existing under the laws of the State of Maryland.

Section 4.8. Compensation of Officers. No officer shall receive any compensation from the Council of Unit Owners for acting as such; provided, however, that an officer is entitled to reimbursement from the Council of Unit Owners for any bona fide expenses incurred by such officer in the performance of his or her duties pursuant to the Declaration or these Bylaws. The determination of a bona fide expense shall be at the sole discretion of the Board of Directors.

ARTICLE 5
OPERATION OF THE CONDOMINIUM

Section 5.1. Determination of Common Expenses, Residential Alternative Expense Allocations and Fixing of Assessments. Unless otherwise expressly provided herein, Common Expenses include, but are not limited to, the following:

- (a) Fees paid to the Managing Agent for management services;
- (b) Insurance premiums or to the extent that the insurance is obtained through the Master Condominium, the Condominium's proportionate share of the insurance premiums;
- (c) Real estate taxes (if any);
- (d) Service contracts and supplies for maintenance and repairs of the Common Elements and Shared Building Components;
- (e) Personnel salaries, benefits and other costs and such similar costs that may be the responsibility of the Council of Unit Owners pursuant to any management agreement;
- (f) Professional fees for attorneys, accountants, auditors, engineers and other professionals;
- (g) Office and administrative costs;
- (h) Reserves for replacements or other expenses of a non-recurring nature;
- (i) The Condominium's share of the Master Condominium Expenses and the Shared Building Expenses as provided in the Master Condominium Documents and such other agreements as may be entered into with the Hotel Unit Owner as contemplated in the Master Condominium Governing Documents;
- (j) Payment of utility bills and like expenses including, but not limited to, such utility charges imposed under the Energy Sub-Agreement with the Hotel Unit Owner for consumption of Hot and Chilled Water Service supplied for common use. As provided in the Declaration, the costs to the Council of Unit Owners under the Energy Sub-Agreement or any other similar agreement for capacity for the Hot and Chilled Water Service shall be charged as a Residential Alternative Expense Allocation in accordance with Exhibit D of the Declaration. Utilities, including the consumption of Hot and Chilled Water Service supplied to the individual Units, may be submetered and charged to the individual Unit directly based upon (i) an allocation for utilities consumed within the Unit, (ii) a share of utilities that serve the Common Elements, (iii) the administrative costs of levying and collecting utility assessments which may be delegated to a service provider that contracts with the Council of Unit Owners, and (iv) an allocation of any other charge typically incurred in connection with utility or submetering services. This subsection applies to all utilities on the Property other than those individually metered to the Units. In addition to utilities serving the Common Elements, this subsection applies to all utilities serving the Units that are billed to the Council of Unit Owners by the

utility provider and which may or may not be submetered, including, without limitation, water service. Commonly metered utilities may be assessed against the Units based upon usage rather than Percentage Interest, as determined by the Board of Directors in its sole discretion, and the Council of Unit Owners shall have the right, but not the obligation, to install submeters within the Property for purposes of determining such usage. The Board may from time to time change the method of allocating utility consumption provided the same allocation method is used for the same utility for all Units. If a Unit Owner defaults in the payment of any utility service to a third party service provider that contracts with the Council of Unit Owners for such utility service, the Council of Unit Owners shall have all collection and enforcement rights against such Unit Owner for such default as are afforded to the Council of Unit Owners with respect to assessments levied by the Board; and

(k) Such other expenses as shall be necessary or desirable in the judgment of the Board of Directors for the administration and operation of the Condominium, or which may be declared to be Common Expenses by the Act, the Master Condominium Governing Documents, the Declaration, these Bylaws or by resolution of the Council of Unit Owners.

Section 5.2. Garage Expenses. In addition to the Common Expenses and Residential Alternative Expense Allocations, the Council of Unit Owners shall collect the Garage Expenses from those Unit Owners who have purchased Parking/Storage Space Easements from the Garage Unit Owner as contemplated in the Garage Easement and the individual Parking/Storage Space Easements and shall remit such Garage Expenses to the Garage Unit Owner.

Section 5.3. Preparation and Approval of Budget. Each year at least thirty (30) days before the adoption of a budget for the Condominium, the Board of Directors shall cause to be prepared and submitted to the Unit Owners a proposed annual budget for the next fiscal year of the Council of Unit Owners. The proposed annual budget shall contain, at a minimum, an estimate of the total amount of income the Council of Unit Owners expects to receive, as well as an estimate of expenses for administration, maintenance, utilities, general expenses, reserves and capital items that are expected for the next fiscal year. The budget shall be adopted at an open meeting of the Board of Directors and shall require the written approval of the Developer for so long as the Developer owns any Units. The Board of Directors shall thereafter send to each Unit Owner a copy of the approved budget which sets forth the amount of the Common Expenses and Residential Alternative Expense Allocation payable by each Unit Owner, on or before thirty (30) days preceding the beginning of the fiscal year to which the budget applies or as soon thereafter as is possible. Copies of any budget may be provided to Unit Owners by electronic transmission in accordance with and subject to the procedures and requirements of the Act, as amended from time to time. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses of the Condominium and such Unit Owner's Residential Alternative Expense Allocation. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his or her allocable share of the Common Expenses and the Residential Alternative Expense Allocations whenever the same shall be determined. In the event the Board of Directors fails to adopt a new annual budget prior to the commencement of the next fiscal year, unless otherwise determined by the Board of Directors, each Unit Owner shall continue to pay his or her allocable share of the Common Expenses and the Residential

Alternative Expense Allocations at the then existing rate established for the previous fiscal period, plus an amount equal to the CPI increase that shall be calculated by the Managing Agent until the new payment amount is established upon the adoption of an annual budget by the Board of Directors. The Board of Directors may determine, at its discretion, to round the Unit Owners' allocable share of the Common Expenses of the Council of Unit Owners and the Residential Alternative Expense Allocations to the nearest half dollar or whole dollar amount. All budget figures and other information set forth in any proposed annual budget prepared by the Managing Agent, including, without limitation, the estimated Common Expenses, Residential Alternative Expense Allocations, income and assessments, and the reserve analysis and projected life expectancy of reserve items, are based on estimates from one or more of the following sources: a) made by the Managing Agent, b) obtained from the Master Condominium council of unit owners and/or its management agents, c) obtained from consultants, and d) based upon industry publications regarding expenses. As a result, such budget estimates shall not be deemed to be part of any contract and such estimates shall not constitute the basis of the bargain between the Developer and/or the Managing Agent and any Unit purchaser, nor shall such budget figures or other information be deemed to give rise to or constitute any representation or warranty whatsoever, whether express or implied, regarding the level of assessments or any other matter and the Board of Directors, the Developer and the Managing Agent have not authorized any other party to make any such representation or warranty, and such other parties are without legal authority to make any such representation or warranty. All budget figures are, of course, good faith estimates and the Developer, the Managing Agent, the Master Condominium council of unit owners and its management agent and the Board of Directors cannot be certain and cannot guarantee that sufficient funds have been budgeted to cover all Common Expenses that may be incurred. Because actual expenditures may differ from estimated expenditures, due to possible changes in the future expenses of the Condominium and other variable factors, such good faith estimates are not intended nor shall they be considered as guarantees of any kind whatsoever. Notwithstanding anything contained herein or in any of the Condominium Governing Documents, until the Condominium has been expanded to include at least 46 Units, the Unit Owners shall be charged and pay for the Common Expenses and Residential Alternative Expense Allocations based upon the Unit's appurtenant Percentage Interest and Residential Alternative Expense Allocation not to exceed the amount applicable to such Unit upon the expansion of the Condominium to include at least 46 Units. To the extent there is an operating deficit prior to the expansion of the Condominium to include at least 46 Units, the Developer shall fund such operating deficit, based upon the actual expenses incurred by the Council of Unit Owners excluding budgeted reserve contributions, until the Condominium is expanded to include at least 46 Units. Such operating deficit shall be calculated after applying all assessments against Units annexed to the Condominium and the Initial Contributions collected from each Unit Owner at the closing on the purchase of the Unit. During such period that the Developer has agreed to fund the operating deficit and until at least 46 Units shall have been annexed to the Condominium, the Council or the Board of Directors of the Condominium shall not reduce assessments, substantively increase services to the Unit Owners or take any Extraordinary Actions (as such term is defined in Section 10.10 of the Declaration) without the prior written consent of the Developer. Additionally, during any period that the Developer is funding any operating deficits prior to the annexation of at least 46 Units to the Condominium, the Board of Directors of the Condominium shall consult with the Developer at least quarterly with respect to the operating expenses of the Council.

Section 5.4. Reserves.

(a) The annual budget shall include reserves for working capital and contingencies, and a reasonable reserve for substantial periodic repair and replacement of the Common Elements required to be repaired and/or replaced by the Council of Unit Owners and those components of the Units for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws or the Declaration, as well as the Council of Unit Owners' pro rata share of the reserves for the Shared Building Components. Insurance deductibles associated with insurance policies of the Council of Unit Owners should also be funded through the reserves maintained by the Council of Unit Owners if sufficient general funds are not available. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Board of Directors deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may, subject to the limitations of Section 5.4 below, levy a further assessment, which shall be assessed against the Unit Owners according to their Percentage Interests, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next regular payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment.

(b) The proportionate interest of any Unit Owner in any reserve fund shall be considered an appurtenance to his or her Unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Unit to which it is appurtenant, and shall be deemed to be transferred with such Unit.

Section 5.5. Amendment to Budget; Special Assessments. Any expenditure, including, without limitation any expenditure intended to be funded by a special assessment, which is deemed necessary by the Board of Directors (other than those required because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the Unit Owners or a significant risk of damage to the Condominium) that, if made, would result in an increase in the amount of assessments for the current fiscal year of the Condominium in excess of fifteen percent (15%) of the budgeted amount previously adopted shall be approved by the Board of Directors by an amendment to the budget adopted at a special meeting of the Board of Directors upon first providing at least ten (10) days prior written notice to the Unit Owners. Notwithstanding, any such amendment to the budget or any such special assessment shall be subject to such additional approvals as may be required in the Declaration or these Bylaws. Further, any expenditure for an Extraordinary Action, as such term is defined in Section 10.10 of the Declaration, shall require the prior approval of Unit Owners representing not less than sixty-seven percent (67%) of the votes entitled to be cast by Unit Owners present, in person or by proxy, and voting at a meeting of the Council of Unit Owners, as provided in the Declaration.

Section 5.6. Initial Contribution. An initial working capital fund equal to two (2) months regular assessments (the "**Initial Contribution**") shall be levied against each Unit

Owner upon purchase of a Unit from the Developer. The Initial Capital Contribution shall not be deemed to constitute advance payment of regular assessments. The Developer will deliver the funds so collected to the Board of Directors, who shall maintain the funds in a segregated account for the use and benefit of the Council of Unit Owners to provide the necessary working capital for the Council of Unit Owners. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, initial operating deficits or for any other purposes related to the expenses of the Council of Unit Owners, including the funding of operating expenses and reserves, as the Board of Directors may determine, from time to time.

Section 5.7. Payment of Common Expenses and Residential Alternative Expense Allocations; Lien.

(a) Each Unit Owner shall be obligated to pay, in advance, the Common Expenses and Residential Alternative Expense Allocations assessed by the Board of Directors against his or her Unit. The amount levied and assessed against each Unit for Common Expenses and Residential Alternative Expense Allocations shall constitute a lien against said Unit from the date of assessment until the date of full payment, provided that the requirements of the Maryland Contract Lien Act have been fulfilled. All assessments and charges levied against a Unit by the Board of Directors shall also be the personal obligation of the Unit Owner of such Unit. At the option of the Board of Directors, the Common Expenses and Residential Alternative Expense Allocations may be payable in annual, quarterly, monthly or other convenient installments, to the Board of Directors or to such person or entity who or which the Board of Directors shall designate.

(b) No Unit Owner may be exempted from liability for the assessment of Common Expenses and Residential Alternative Expense Allocations by waiver of the use or enjoyment of any of the Common Elements or Shared Building Components or any portion of the Master Condominium or by abandonment of his or her Unit or as a result of any suspension of special privileges imposed by the Board of Directors in accordance with these Bylaws and the Condominium Governing Documents. No Unit Owner shall be liable for the payment of any part of the Common Expenses and Residential Alternative Expense Allocations assessed against his or her Unit subsequent to the date of recordation of a conveyance in fee of such Unit. Prior to or at the time of such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable, in accordance with the Act, with the selling Unit Owner for all unpaid assessments against the selling Unit Owner for the selling Unit Owner's proportionate share of the Common Expenses and Residential Alternative Expense Allocations up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that no purchaser from a selling Unit Owner other than the Developer shall be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments greater than the amount set forth in any resale certificate provided by the Council of Unit Owners or the Managing Agent. The conveyance of a Unit shall not affect any lien established by the Council of Unit Owners against such Unit. Notwithstanding anything contained herein to the contrary, except as provided by the Act, any mortgagee who comes into possession of a Unit by virtue of foreclosure of a deed of trust or mortgage or a deed or other conveyance in lieu of foreclosure shall take the Unit free of any liens or claims for unpaid

assessments or charges against such Unit which accrue prior to the time such mortgagee comes into possession thereof except for liens or claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Units, including the Unit of such mortgagee. The sale or transfer of a Unit by virtue of foreclosure of a deed of trust or mortgage or a deed or other conveyance in lieu of foreclosure shall not relieve such mortgagee, the purchaser at such sale or transfer, or any subsequent Unit Owner from liability for any assessments thereafter coming due, nor from the lien of such subsequent assessments, which lien, if any, shall have the same effect and may be enforced in the same manner as provided herein. Notwithstanding anything herein to the contrary, the lien for Council of Unit Owners assessments against any Unit shall be subordinate to the then existing First Mortgage against such Unit, except to the extent otherwise provided by law.

(c) All taxes, assessments, and charges which may become liens prior to any First Mortgage shall relate only to the individual Unit and not to the Condominium as a whole.

(d) No amendment to this Section 5.6 shall affect the rights of the holder of any such mortgage (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or the indebtedness secured thereby) shall join in the execution of such amendment.

Section 5.8. Collection of Assessments. The Board of Directors shall take prompt action to collect any Common Expenses and Residential Alternative Expense Allocations due from any Unit Owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. The Board of Directors shall notify any Eligible Mortgage Holder who holds a mortgage upon a Unit to which there exists a delinquency in the payment of Common Expenses and Residential Alternative Expense Allocations, which delinquency has existed for sixty (60) days or more. Upon default in the payment of any one or more installments of any annual assessment of Common Expenses and Residential Alternative Expense Allocations levied pursuant to the Declaration and/or these Bylaws and notice to the defaulting Unit Owner in accordance with the Act, the entire balance of said annual assessment may be accelerated at the option of the Board of Directors and be declared due and payable, in full, together with interest thereon at the maximum rate permitted by law at the time the assessment became due.

Except as may be otherwise required by Applicable Law, amounts collected for past due assessments and related costs shall be applied in the following order:

- (i) To payment of attorneys' fees and other legal and collection costs;
- (ii) To payment of late fees;
- (iii) To payment of any interest accrued on the delinquent assessments;
- (iv) To payment of delinquent assessments.

Section 5.9. Default in Payment of Assessments.

(a) The lien for any unpaid Condominium assessments may be enforced and foreclosed in such manner as may from time to time be provided in the Act and the Maryland Contract Lien Act. Any assessment, until paid, may at the election of the Board of Directors bear interest up to the maximum rate permitted by law at the time the assessment became due. In addition, the Board of Directors may impose late charges and/or the costs of collection (including reasonable attorneys' fees), if any, with respect to any assessment which has not been fully paid when due. Such late charges and other costs shall not exceed the permissible amounts provided for in the Act, and shall otherwise comply therewith. All such interest, late charges and other costs shall constitute a lien upon the Unit until fully paid as provided in Section 5.6 above.

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

(c) No suit or other proceeding may be brought by the Council of Unit Owners to foreclose the lien for any assessments levied pursuant to the Declaration or these Bylaws except after ten (10) days written notice to each Eligible Mortgage Holder which has a lien on the Unit that is the subject matter of the proceeding.

(d) If a Unit Owner shall fail to pay any Condominium Common Expenses or Residential Alternative Expense Allocations for a period in excess of thirty (30) days from the due date, the Board of Directors may suspend use by such Unit Owner and such Unit Owner's family members, tenants and guests of the Common Element amenities of the Condominium and the use of any special privileges and services afforded the Unit Owners and building occupants by the Council of Unit Owners and by virtue of the relationship between the Council of Unit Owners and the Managing Agent and the Hotel Unit owner.

Section 5.10. Statement of Common Expenses; Resale Certificate.

(a) Any owner, First Mortgagee or any purchaser in connection with any sale or conveyance of a Unit, shall be entitled to a statement furnished by the Board of Directors setting forth in detail the amount of any unpaid assessments owed by the Unit Owner, and such party shall be entitled to rely on such statement and shall have no liability for, nor shall the Unit be encumbered with, an amount of unpaid assessments accruing prior to the date of such statement which are greater than that shown on such statement. The Board may impose a reasonable fee to furnish this information.

(b) Upon written request by a Unit Owner and receipt of a reasonable fee therefor, the Board of Directors shall furnish a certificate containing the information required by Section 11-135(a) of the Act, as such provision may be amended from time to time.

Section 5.11. Master Insurance.

(a) The Council of Unit Owners shall be required to comply with the insurance requirements of the Maryland Condominium Act and the costs of the same shall be charged as Common Expenses. Notwithstanding, pursuant to Article 6 of the Master Condominium Bylaws, the Units and Common Elements of the Condominium may be insured under the property insurance policies of the Master Condominium as set forth in Article 6, Section 6.2 of the Master Condominium Bylaws and the cost of such insurance shall be charged as part of the Master Condominium Expenses or, alternatively, the Hotel Unit Owner may elect to obtain such insurance on behalf of the Hotel Tower, pursuant to Article 6, Section 6.6 of the Master Condominium Bylaws, and charge the Council of Unit Owners its pro rata share of the cost of such insurance as part of the Shared Building Expenses. The Council of Unit Owners shall also obtain insurance coverage for the Condominium for the following, either through its own policy obtained pursuant to Article 6, Section 6.5 of the Master Condominium Bylaws, the costs of which shall be part of the Common Expenses or through insurance obtained on its behalf by the Hotel Unit Owner pursuant to Article 6, Section 6.6 of the Master Condominium Bylaws and charged to the Council of Unit Owners as part of the Shared Building Expenses:

(i) Property insurance to cover the replacement value of any improvements and betterments to the Common Elements.

(ii) A commercial general liability policy of insurance covering all of the Common Elements, public ways and any other areas of the Condominium for which the Council of Unit Owners has maintenance responsibilities. The policy should provide coverage for bodily injury (including death) and property damage that results from the operation, maintenance or use of the Common Elements and any legal liability that results from law suits related to employment contracts in which the Council of Unit Owners is a party. Supplemental coverage to protect against additional risks should also be obtained, if required by a mortgagee. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Council of Unit Owners or other Unit Owners. Liability coverage shall be at least One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury and property damage, unless higher amounts of coverage are required by a mortgagee. The liability policy must provide that the insurance carrier shall notify the Council of Unit Owners at least thirty (30) days before it cancels or substantially modifies such coverage.

(iii) Insurance on the furniture, furnishings, and all other personal property owned by the Council of Unit Owners.

(iv) Directors and officers insurance pursuant to Section 3.14(b) above.

(b) The named insured under all insurance policies obtained by or on behalf of the Council of Unit Owners shall be the Council of Unit Owners of Harbor East Tower Condominium, for the use and benefit of each Unit Owner. Each Unit Owner and each Unit Owner's mortgagee, if any, shall be beneficiaries of the policies to the extent of the Unit Owner's Percentage Interest in the common profits and Common Expenses of the Council of Unit Owners. Liability policies of the Condominium shall name the council of unit owners for the Master Condominium as an additional insured. Upon request, certificates of insurance shall be

issued to any Unit Owner, mortgagee and the council of unit owners for the Master Condominium.

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

(d) Except to the extent inconsistent with Applicable Law or the Master Condominium Declaration, each Unit Owner is deemed to appoint the Council of Unit Owners, the council of unit owners of the Master Condominium, and any insurance trustee or substitute insurance trustee designated by the Council of Unit Owners or the council of unit owners for the Master Condominium, or the Hotel Unit Owner, as applicable, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: (i) the collection and appropriate disposition of the proceeds thereof; (ii) the negotiation of losses and execution of releases of liability; and (iii) the execution of all documents and the performance of all other acts necessary to accomplish such purpose.

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

(f) Pursuant to Section 6.1(f) of the Master Condominium Declaration, if the cause of any damage to or destruction of any portion of the Condominium covered by the insurance policies of the Master Condominium originates from any Unit, the Unit Owner shall reimburse the council of unit owners of the Master Condominium upon demand for the cost of any property insurance deductible in an amount not to exceed that permitted under the Condominium Act and such sum shall be collectible to the same extent as any other assessment of the Master Condominium. Similarly, if the cause of any damage to or destruction of any portion of the Condominium covered by insurance policies obtained by or on behalf of the Council of Unit Owners pursuant to Section 5.11 of these Bylaws originates from any Unit, the Unit Owner shall reimburse the Council of Unit Owners upon demand for the cost of any property insurance deductible in an amount not to exceed that permitted under the Condominium Act and such sum shall be collectible by the Council of Unit Owners against the Unit Owner to the same extent and in the same manner as any other assessment levied by the Council of Unit Owners.

Section 5.12. Unit Owner Insurance. Each Unit Owner is solely responsible for obtaining and maintaining a personal home insurance policy of Type HO-6 or an equivalent policy that provides customary coverage for liability and for the Unit Owner's personal property,

improvements and betterments, and other items within the Unit that are not covered under the master insurance policy obtained by the Council of Unit Owners. Neither the master insurance policy obtained by the Council of Unit Owners for the Condominium pursuant to Section 5.10 above of these Bylaws nor a Type HO-6 policy provides flood insurance for a Unit Owner's personal property, improvements and betterments, and other items within Units, storage spaces or other portions of the Condominium. Therefore, each Unit Owner is solely responsible for obtaining and maintaining any flood insurance with respect to such items if such flood insurance is desired by the Unit Owner.

Section 5.13. Repair or Reconstruction After Fire or Other Casualty.

(a) In the event of damage to or destruction of the Condominium as a result of fire or other casualty, to the extent such losses are covered by the insurance policies of the Master Condominium, the board of directors for the Master Condominium shall arrange for the repair and restoration thereof in accordance with the Master Condominium Declaration unless agreement is reached with the Master Condominium board of directors authorizing the Board of Directors to dispose of the insurance claim with respect to the Condominium. If the damage is only to improvements insured by the Council of Unit Owners, then the Board of Directors shall arrange for the repair and restoration as provided herein. Similarly, to the extent that there are damages to the Hotel Tower, including the Condominium, covered by the insurance policies obtained by the Hotel Unit Owner pursuant to Article 6, Section 6.6 of the Master Condominium Bylaws, pursuant to Article 7, Section 7.5 of the Master Condominium Bylaws, the Hotel Unit Owner, unless agreement is reached with such Hotel Unit Owner authorizing the Board of Directors to dispose of the insurance claim with respect to the Condominium, shall arrange for and supervise the repair and restoration of the Hotel Tower, including the Condominium. However, in such case if the only damage relates to the Condominium, then the Board of Directors shall supervise the repair and restoration.

(b) If damage is only to improvements and betterments installed in a Unit by the Unit Owner, then the Unit Owner shall be responsible for the reconstruction and repair after a casualty and shall be entitled to apply the applicable insurance proceeds thereto. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the council of unit owners for the Master Condominium, the Council of Unit Owners for the Condominium, and/or the Hotel Unit Owner, as applicable.

(c) To the extent consistent with the Master Condominium Declaration and the authority of the board of directors for the Master Condominium, in the event of reconstruction or repair of the Condominium (as estimated by the Board of Directors) which shall exceed One Hundred Thousand Dollars (\$100,000.00), all proceeds of insurance, including proceeds under any policy obtained by the Hotel Unit Owner on behalf of the Council of Unit Owners, shall be paid over to a trust company or bank having trust powers and authorized to engage in the trust business in the State of Maryland (the "**Insurance Trustee**"), selected by the Board of Directors and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement and which contains, inter alia, the following provisions:

(i) The reconstruction or repair shall be in the charge of an architect or engineer, who may be an employee of the Council of Unit Owners, and hereinafter called the "**Architect**";

(ii) Any restoration or repair of the project shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by at least fifty-one percent (51%) of the Eligible Mortgage Holders (based upon one vote for each First Mortgage owned), and two-thirds (2/3) of the owners (other than the sponsor, developer or builder) of the individual condominium units;

(iii) Each request for an advance of the proceeds of insurance shall be made to the Insurance Trustee and shall be accompanied by a certificate from the Architect and Board of Directors to the effect that (A) all work then completed has been performed in accordance with the plans and specifications; and (B) the amount requested to be advanced is required to reimburse the Board of Directors for payments previously made by the Board of Directors or is due to the contractor responsible for the restoration or repair, or to subcontractors, 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 (C) 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;

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

(v) 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 of Unit Owners as a common expense, and such fees and expenses may be deducted from any insurance proceeds in the hands of the Insurance Trustee, pro rata, as the reconstruction or repair progresses; and

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

(d) To the extent consistent with the Master Condominium Declaration and the authority of the board of directors for the Master Condominium, upon completion of the reconstruction or repair and payment in full of all amounts due on account thereof, any proceeds of insurance then in the hands of the Insurance Trustee shall be paid to the Board of Directors to be included in the general fund of the Condominium after first paying out of the share of the owner of any Unit (to the extent such payment is required by any lienor and to the extent the same is sufficient for such purpose), all liens upon said Unit.

Section 5.14. Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the Rules adopted by the Board of Directors, or the breach of these Bylaws or of any

provision of the Declaration, shall give the Board of Directors, or if delegated, the Managing Agent on its behalf, the right, in addition to any other rights set forth in these Bylaws, (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the provisions of the Declaration, these Bylaws or the Rules and the Board of Directors or the Managing Agent, as applicable, shall not thereby be deemed guilty in any manner of trespass; provided, however, that no structure or improvement may be altered or removed until proper judicial proceedings have been instituted; or (b) to enjoin, abate or remedy by appropriate legal proceeding, either at law or in equity, the continuance of any such breach. All attorney's fees and costs incurred by the Council of Unit Owners to enforce any of the Rules, or any provision of the Declaration or these Bylaws shall be the responsibility of the violating Unit Owner(s) and/or residents. Such attorney's fees and costs shall constitute a lien upon the Unit until fully paid and shall be collectible in the same manner as any assessments levied by the Council of Unit Owners.

Section 5.15. Maintenance and Repair.

(a) By the Council of Unit Owners. The Council of Unit Owners shall be responsible for the maintenance, repair and replacement of the following:

(i) Except as otherwise provided in Section 5.15(b) below and subject to the rights and obligations of the Master Condominium council of unit owners with respect to the Master Condominium common elements and the Hotel Unit Owner with respect to the Shared Building Components that are the responsibility of the Hotel Unit Owner to operate, maintain, repair and replace, all of the General Common Elements and Limited Common Elements, whether located inside or outside of the Units including, without limitation, the Building roof, the exterior walls that are part of the Condominium (including, without limitation, all exterior trim work and the integration of the exterior wall with Unit windows, such as the perimeter sealants and flashing components, the routine maintenance, cleaning, painting and caulking of such exterior walls and surfaces), the lobby, the corridors, the elevator(s), all portions of the central services and utilities serving the Common Elements of the Condominium or serving two (2) or more Units; and

(ii) Except as otherwise provided in Section 5.15(b) below, any chimneys and shafts; the foundations, bearing walls, columns, girders, beams, supports and other structural components of the Buildings constituting the Condominium, and any portions of the Units which contribute to the support of the Building constituting the Condominium; but excluding, however, the interior walls, interior ceilings and interior floor coverings of the Units, and excluding the surfaces of all walls, floors and ceilings of the Units; and

(iii) All roof drainage pipes, gutters and rain leaders, the sanitary and storm sewer systems and appurtenances except as may be part of the Shared Building Components; all water, electric, gas, heating, air conditioning, plumbing, life safety, telephone, cable television, internet and other communications lines, facilities and systems that are deemed Common Elements and all related systems and components to each of the foregoing, including all conduits, ducts, plumbing, pipes, drains, downspouts, wiring and other facilities (including any master antennae or satellite systems whether located inside or outside of any Unit) for the

furnishing of all utility services into two (2) or more Units, but excluding therefrom any fireplaces, lighting fixtures, plumbing, electrical appliances and systems, fixtures and other components of the dwelling within a single Unit which are located solely within the boundary of a single Unit and/or in a Limited Common Element designated in the Declaration or on the Condominium Plat as being appurtenant to a single Unit and which serve that Unit and no other, subject to Section 5.15(a)(v) below; and

(iv) Except as otherwise provided in Section 5.15(b), all patios, terraces, sunrooms, decks, and balconies designated in the Declaration or on the Condominium Plat as a part of a Unit or as a Limited Common Element appurtenant to a Unit, including, without limitation, patio and balcony surfaces and railings. Unless otherwise determined by the Board of Directors, all costs for the maintenance, repair and replacement of the items listed in this subsection 5.15(a)(iv) shall be assessed directly against the Unit Owner of the Unit receiving such services as a Limited Common Expense and shall be collectible in the same manner as any other assessment levied by the Council of Unit Owners; and

(v) All heating and air conditioning systems and fire sprinkler systems located within each Unit and all windows, window frames, window screens, exterior doors and hallway doors providing entry to Units (including door frames and screens), and the hardware, locking and opening devices of such windows and doors, that are appurtenant to or a part of a Unit or the Limited Common Elements appurtenant to such Unit, except for routine cleaning of such windows and doors which shall be the responsibility of the Unit Owner to which they are appurtenant. The Council of Unit Owners may, in its discretion, elect to have its agents inspect, maintain, repair and/or replace clothes dryer vents within the Units. All or any portion of the costs of the maintenance, repair and replacement responsibilities of the Council of Unit Owners under this subsection 5.15(a)(v) may, in the sole discretion of the Board of Directors, be charged to all Unit Owners as a Common Expense or be assessed directly against the Unit Owner of the Unit receiving such services and shall be collectible in the same manner as any other assessment levied by the Council of Unit Owners; and

(vi) All incidental damage caused to any Unit by such work as may be done or caused to be done by the Council of Unit Owners in accordance with the provisions of these Bylaws; and

(vii) The Council of Unit Owners may elect, as determined by the Board of Directors in its sole discretion, to assume additional maintenance and repair responsibilities and, unless otherwise determined by the Board of Directors in its sole discretion, no Unit Owner shall be exempt from paying assessments for any maintenance of his or her Unit which the Board of Directors elects to perform in accordance with this Section.

(viii) The Council of Unit Owners shall be responsible for the operation, maintenance, repair and replacement of those Shared Building Components that are located within the Condominium and/or are the responsibility of the Council of Unit Owners as provided in the Master Condominium Governing Documents or such other agreement entered into among the owners of Master Condominium Units located within the Hotel Tower.

(b) By the Unit Owner.

(i) Except for the portions of any Unit required or authorized to be maintained, repaired and/or replaced by the Council of Unit Owners, each Unit Owner shall be responsible, at the Unit Owner's expense, for the maintenance, repair and replacement, of his or her Unit and all improvements therein and components thereof, including, without limitation, the following: any interior walls, ceilings, doors and floors, kitchen and bathroom fixtures and equipment, fireplaces, lighting fixtures, plumbing, electrical appliances and systems, fixtures and other components of such dwelling that are located solely within the boundary of his or her Unit and/or in a Limited Common Element designated in the Declaration or on the Condominium Plat as being appurtenant to such Unit and which serve such Unit and no other, and rooftop condensers, if any, that serve such Unit only. Each Unit Owner shall be responsible for performing, at his or her expense, all normal day-to-day custodial-type maintenance of any patio, terrace, deck, or balcony which is designated in the Declaration or on the Condominium Plat as being a part of his or her Unit or as a Limited Common Element appurtenant to his or her Unit, including keeping it in a clean and sanitary condition, and free and clear of snow, ice and any accumulation of water, and shall also be responsible, at his or her expense, for all repairs thereto required as a result of his or her negligence, misuse or neglect. In the event any Unit Owner shall fail to maintain any such patio, terrace, deck or balcony, or any Limited Common Element appurtenant to his or her Unit, as outlined herein, the Council of Unit Owners shall be responsible for such maintenance, the cost of which may be assessed against such Unit and shall be collectible in the same manner as any other assessment levied by the Council of Unit Owners. Notwithstanding anything herein to the contrary, the Council of Unit Owners shall be responsible for the maintenance, repair and replacement of all structural components of the Building constituting the Condominium and the roof, windows, exterior walls and doors, exterior trim work and the integration of the exterior walls with Unit windows such as perimeter sealants and flashing components, and other Unit components all as provided in Paragraph 5.15(a) above and for the periodic maintenance, repair and replacement of any patio, terrace, deck or balcony and railings. Any costs incurred by the Council of Unit Owners in connection with the maintenance of any Unit or of any Limited Common Element appurtenant to a Unit which is the responsibility of the Unit Owner as provided in the Bylaws may be assessed against such Unit and shall be collectible in the same manner as any other assessment levied by the Council of Unit Owners; and

(ii) Each Unit Owner shall be responsible for, and promptly after demand shall reimburse the Council of Unit Owners for all costs of maintaining, repairing or replacing any damage to the Common Elements or any portion of a Unit required to be maintained, repaired or replaced by the Council of Unit Owners which is caused by the negligence, misuse or neglect of such Unit Owner. Such reimbursement shall be collectible by the Council of Unit Owners from the Unit Owner obligated therefor in the same manner as set forth in Article 5 of these Bylaws for the collection of common expense assessments; and

(iii) Each Unit Owner shall perform his or her responsibilities under this Section 5.15 in such a manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Council of Unit Owners is responsible.

(c) Manner of Maintenance, Repair and Replacement. All maintenance, repairs and replacements shall be performed in accordance with the First Class standard and shall be substantially similar to the type and quality of the original construction and installation and shall be of sound quality and performed in a workmanlike manner.

(d) Mold. According to the U.S. Environmental Protection Agency (the “EPA”), “molds are part of the natural environment. Outdoors, molds play a part in nature by breaking down dead organic matter such as fallen leaves and dead trees, but indoors, mold growth should be avoided.” U.S. Environmental Protection Agency. *A Brief Guide to Mold, Moisture and Your Home* (EPA Document 402-K-02-003), 2002. Molds reproduce through airborne mold spores. According to the EPA report, mold may begin growing inside of a home “when mold spores land on surfaces that are wet. There are many types of mold, and none of them will grow without water or moisture.” The EPA has stated that “moisture control is the key to mold control.” According to the EPA, “it is impossible to get rid of all mold and mold spores indoors; some mold spores will be found floating through the air and in house dust.” *Mold Remediation in Schools and Commercial Buildings* (EPA Document 402-K-01-001), 2001. Though the presence of mold inside of the Condominium can never be completely eliminated, positive steps can be taken to reduce the occurrence of mold growth. Sections 5.15(d)(i) – (iv) below summarize some of the steps recommended by the EPA in the publication *A Brief Guide to Mold, Moisture and Your Home* (EPA Document 402-K-02-003) which, pursuant to this Section 5.15(d), the Council of Unit Owners and the Unit Owners are required to take.

(i) Unit Owners shall run bathroom and kitchen exhausts fans or open bathroom and kitchen windows, as applicable, whenever showering, cooking, running the dishwasher, or performing other activities which produce steam or water vapor.

(ii) The Council of Unit Owners shall regularly clean and repair roof gutters, monitor building grading and repair any grading which does not slope away from the building foundation.

(iii) The Council of Unit Owners shall take the following steps in all portions of the Condominium it is required to maintain pursuant to Section 5.14(a) and each Unit Owner shall take the following steps in all portions of the Condominium it is required to maintain pursuant to Section 5.15(b):

- Water or other moisture leaks or spills shall be removed promptly. If wet or damp materials or areas are dried 24 – 48 hours after a leak or spill happens, in most cases mold will not grow.
- Air conditioning drip pans shall be kept clean and the drain lines unobstructed and flowing properly.
- Indoor humidity shall be kept below 60 percent (ideally between 30 and 50 percent) relative humidity.
- Condensation or moisture collecting on windows, walls, pipes or other surfaces shall be dried quickly. In addition, action shall be taken quickly to reduce the moisture/water source causing such condensation.

- Appliances that produce moisture, including clothes dryers and stoves, shall be properly vented to the outside where possible.
- Air conditioners and/or de-humidifiers shall be utilized when needed.

(iv) Unit Owners should consult the publications referenced above for more information on mold. Websites for the U.S. Environmental Protection Agency (www.epa.gov) and the Centers for Disease Control and Prevention (www.cdc.gov) may also contain additional information on mold issues.

(v) No Unit Owner shall install within his or her Unit or upon the Common Elements wall finishes that impede moisture evaporation. Any and all built-in casework, furniture, and or shelving in a Unit must be installed over floor coverings to allow air space and air movement and shall not be installed with backboards flush against any gypsum board, masonry block or concrete wall. Additionally, each Unit Owner shall run the heating and air conditioning systems at a level to keep the relative humidity in the Unit below 60 percent. Leaks, leaving exterior doors or windows open, wet flooring and moisture will contribute to the growth of mold, mildew, fungus or spores. Each Unit Owner, by acceptance of a deed, or otherwise acquiring title to a Unit, shall be deemed to have agreed that the Developer is not responsible and hereby disclaims any responsibility for any illness, personal injury, death or allergic reactions which may be experienced by the Unit Owner, its family members and their guests, tenants, invitees, or pets as a result of mold, mildew, fungus or spores. It is the Unit Owner's responsibility to keep the Unit clean, dry, well-ventilated and free of contamination. While the foregoing are intended to minimize the potential development of molds, fungi, mildew or other naturally occurring biological agents or pollutants, each Unit Owner understands and agrees that there is no method for completely eliminating the same. The Developer does not make any representations or warranties regarding the existence or development of molds or other naturally occurring biological agents or pollutants and each Unit Owner shall be deemed to waive and expressly release any such warranty and claim for any loss or damages resulting from the existence and/or development of the same.

(e) Failure to Maintain Voids Limited Warranty; Waiver of Claims. Damage or defects resulting from improper use of a Unit or the Common Elements or the failure of a Unit Owner to maintain his or her Unit or of the Council of Unit Owners to maintain the Common Elements as required by the Declaration and these Bylaws shall void the Developer's limited warranty as to such damage or defects and shall be deemed a waiver by such Unit Owner or the Council of Unit Owners, as applicable, to assert any other claims with respect to such damage or defects.

Section 5.16. Restrictions on Use of Units. In order to provide for the congenial occupancy of the Condominium and for the protection of the values of the Units, the use of the Condominium shall be restricted to and shall be in accordance with the following provisions:

(a) Subject to the provisions of Section 5.22 below, no part of the Condominium shall be used for other than housing and the related common purposes for which the Condominium was designed. No auction sales, private showings or public events for commercial purposes shall be allowed in any Unit. Nothing contained in this Article or

elsewhere in these Bylaws shall be construed to prohibit the Developer from the use of any Unit for promotional or display purposes, as a “model home”, as a sales and/or construction office, or for any other lawful purpose, including, without limitation, with respect to other condominium projects.

(b) Nothing shall be done or kept in any Unit or in any Common Elements which will increase the rate of insurance for the Condominium or the Master Condominium without the prior written consent of the Board of Directors. No Unit Owner shall permit anything to be done or kept in his or her Unit or in any Common Elements which will result in the cancellation of insurance on the Condominium, or the contents thereof, or which would be in violation of any law. No waste will be committed in any Common Elements.

(c) No improper, offensive, or unlawful use shall be made of the Condominium or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to the maintenance and repair of any portion of the Condominium, shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Condominium.

(d) Nothing shall be done in any Unit or in, on, or to any Common Elements which will impair the structural integrity of the Condominium or the Building, or which would structurally change any improvements thereon except as is otherwise provided in these Bylaws, provided, further, that interior partitions contributing to the support of any Unit shall not be altered or removed.

(e) No plumbing fixtures or appliances within the Unit or on the Common Elements may be used for any purposes other than those for which they were installed or constructed and no Unit Owner shall overload or alter existing electrical circuits in the Unit.

(f) Except with the prior approval of the Board of Directors, no Unit Owner shall permit any fixtures or other improvements to be installed in a manner which penetrates the unexposed surfaces of the ceilings, walls and floors of a Unit, including any balcony, terrace or patio of any Unit.

(g) Except for any uses permitted by the Declaration or by Section 5.22 of these Bylaws and which is not be prohibited by Applicable Law, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted on any part of the Condominium.

(h) Except as expressly permitted by the Act or by the Board of Directors subject to any restrictions imposed by the Master Condominium Governing Documents, no Unit Owner may post any advertisement, poster or sign of any kind (including, without limitation, "For Sale" signs) on the exterior of his or her Unit or in the windows of his or her Unit or on any of the Common Elements.

(i) Only exterior antennas and satellite dishes specifically permitted by applicable federal governmental regulations shall be permitted within the Condominium. The Board of Directors may impose reasonable rules and regulations regarding the location and screening of any permitted antennas and satellite dishes, subject to applicable governmental regulations.

(j) Units may only be leased for a minimum of one (1) year lease terms, subject to the terms and conditions provided herein. Any lease for a Unit shall provide that the terms of such lease shall be subject in all respects to the provisions of the Act, the Master Condominium Governing Documents, the Declaration, these Bylaws and the Rules and that any failure of the lessee to comply with the terms of such provisions shall be a default under the lease, which default may be remedied by the Unit Owner in accordance with the lease and by the Council of Unit Owners, in accordance with the Act. All leases must be in writing and copies shall be provided to the Board of Directors. The Board, in its discretion, may from time to time promulgate a lease addendum reflecting the requirements of this subsection which Unit Owners would be required to incorporate into their Unit leases. Except for the limitations outlined below with respect to Occupancy Plans (defined below) the limitations of this subsection shall not apply to the Developer for so long as it owns any Units in the Condominium or to any institutional mortgagee of any Unit who comes into possession of the Unit by reason of any remedies provided by Applicable Law or in the mortgage, or as a result of foreclosure sale or other judicial sale, or as a result of any proceeding, arrangement, assignment, or deed in lieu of foreclosure. Occupancy pursuant to any timeshare, fractional ownership, interval exchange (whether the exchange is based on an exchange of occupancy rights, cash payments, rewards programs or other point or accrual systems) or other membership plans or arrangements (collectively the "Occupancy Plans") through which a participant in the plan or arrangement acquires an ownership interest in any Unit in the Condominium with attendant rights of periodic use and occupancy or acquires contract rights to such periodic use and occupancy of such Unit or a portfolio of accommodations involving the Unit is strictly prohibited; provided that the foregoing prohibition shall not apply, and use in connection with such Occupancy Plan shall be permitted, subject to Applicable Law, (i) for any Units owned by the Developer and/or the Four Seasons Hotels Limited, for so long as the Four Seasons Hotels Limited shall be the Managing Agent, or their respective affiliates, or (ii) any Unit in which ownership is held as part of a timeshare or fractional ownership regime established by the Developer or the Four Seasons Hotels Limited, or their respective affiliates, so long as, in each case, the Occupancy Plan is managed by the Four Seasons Hotels Limited or any of its affiliates, and (iii) if the Occupancy Plan consists of an interval exchange program based on exchange of occupancy rights (that is, exclusive of interval exchange programs in which the owner of a Unit receives any cash payment or consideration other than a right to periodic exchange of occupancy rights and related privileges) and such permitted interval exchange program is operated by Four Seasons Limited or any of its affiliates. This subparagraph (j) shall not be amended without the prior written consent of the Developer, for so long as the Developer owns any Unit in the Condominium, the Hotel Unit Owner and the Four Seasons Hotels Limited, for so long as the Four Seasons Hotels Limited shall be the Managing Agent.

(k) Portions of a Unit that are visible from the exterior of the Unit and the Limited Common Elements (if any) appurtenant thereto must be kept in an orderly condition so

as not to detract from the neat appearance of the Condominium. In this regard, no motorcycles or other motorized vehicles, bicycles or other equipment, including, without limitation, ladders, tools, toys, or pet supplies, may be parked or stored on the patios, terraces, decks or balconies and no clothing, laundry or other items shall be hung from the exterior of any Unit of the Common Elements, including any patio, terrace, deck, or balcony. The Board of Directors, in its sole discretion, may determine whether the portions of a Unit visible from the exterior of the Unit and the Limited Common Elements (if any) are orderly. If an Owner shall fail to keep orderly the portions of the Owner's Unit that are visible from the exterior of such Unit or Limited Common Elements (if any) appurtenant thereto, the Board of Directors may have any objectionable items removed from the portions of the Unit that are visible from the exterior of the Unit or the Limited Common Elements so as to restore their orderly appearance, without liability therefor, and charge the Unit Owner for any costs incurred in connection with such removal and storage, if any, of such items.

(l) Trash shall be stored in accordance with city health regulations within the Unit or upon the designated locations on the Common Elements, Shared Building Components or the Master Condominium common elements, as applicable, identified by the Board of Directors for such storage. Trash shall not be stored or placed upon patios, terraces, decks or balconies, or any Common Elements or other areas not designated for the storage of trash. Without limiting the generality of the foregoing, trash shall not be placed or stored in common hallways. In addition, all trash shall be disposed of in the manner and at locations directed by the Board of Directors.

(m) The maintenance, keeping, breeding, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, is prohibited within any Unit or upon any Common Elements, except that this shall not prohibit the keeping of a limited number of orderly, common house pets (as determined by the Board in its sole discretion), as provided in the Rules (which Rules may establish reasonable size and breed limitations consistent with the nature and quality of the Condominium and the mixed-use nature of the Building), within a Unit by a Unit Owner, provided that they are not kept or maintained for commercial purposes or for breeding. Unless otherwise approved by the Board of Directors, no pet may be kept within a Unit for more than seven (7) days by a guest of a Unit Owner or by a resident tenant unless such tenant is occupying the Unit under a lease compliant with the minimum terms provided in these Bylaws. Pets shall not be permitted upon the Common Elements or the Shared Building Components except in areas designated by the Board of Directors. All pets shall be registered, licensed and inoculated as required by Applicable Law and appropriate documentation confirming compliance shall be supplied by the pet owner in accordance with the Rules. All pets shall be accompanied by an adult and are to be carried or leashed and under the immediate control of the adult at all times when on the Common Elements, Shared Building Components and Master Condominium common elements. The person accompanying any pet is responsible for the immediate removal and disposal of any waste deposited by the pet upon any portion of the Condominium. The Council of Unit Owners shall not be liable for any loss, damage, or injury caused by any animal within or in the vicinity of the Condominium. Any person who keeps or maintains any pet upon any portion of the Condominium shall indemnify and hold the Council of Unit Owners, the Developer, the Managing Agent and each Unit Owner free and harmless from any loss, damage, injury, claim or liability of any kind or character whatever arising by reason of

keeping or maintaining such pet within the Condominium. Pets that are permitted to roam free or which are determined by the Board, in its sole discretion, to endanger the health and safety of any other Unit Owner(s), make objectionable noise, or constitute a nuisance or unreasonable inconvenience to any other Unit Owner(s), shall be promptly removed from the Condominium upon request by the Board of Directors. The Board of Directors shall have the right to adopt or amend Rules regarding pets, consistent with this subsection, as it may from time to time consider necessary or appropriate.

(n) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any Common Elements at any time. Outdoor clothes dryers or clotheslines shall not be maintained upon any Common Elements at any time. No clothing, laundry or the like shall be hung from any part of any Unit that is visible from the exterior of the Building or upon any of the Common Elements or from or upon any patio, terrace, deck, balcony, or porch.

(o) No fence shall be constructed within the Property except with the prior written approval of the Board of Directors in accordance with these Bylaws.

(p) All draperies, shades, blinds and other window coverings hung, displayed or installed at or in the exterior windows of any Unit shall be of materials and construction manufactured for purposes of serving as window coverings and shall have a white backing. Sheets, towels, bedspreads, aluminum foil and other similar materials not manufactured for purposes of serving as window coverings, as determined by the Board of Directors, shall not be hung, displayed or installed at or in the exterior windows of any Unit.

(q) The use of any Parking/Storage Space Easements within the Garage Unit shall be subject to such rules as may be adopted and amended from time to time by the Garage Unit owner.

(r) No Unit Owner or occupant shall make or permit to be made any disturbing noise in the Common Elements or in the Units by the Unit Owner, or the Unit Owner's family, friends, tenants, employees, servants or invitees, nor permit anything to be done by any such persons as would unreasonably interfere with the rights, comfort or convenience of other Unit Owners or occupants. No Unit Owner or occupant shall play or allow to be played any musical instrument, radio, TV, stereo, tape recorder or the like if the same shall unreasonably disturb or annoy any other Unit Owners or occupants. Without limiting the general applicability of the foregoing, the following times shall be maintained as "quiet hours" during which additional noise restrictions may be required by the Board of Directors: 10:00 p.m. through 7:00 a.m. on weekdays and 11:00 p.m. through 8:00 a.m. on weekends. Notwithstanding, however, by taking title to a Unit, each Unit Owner acknowledges that his or her Unit is part of a multifamily condominium building, located within a mixed-use project in an urban environment. As a result, there may be other Units above, below and/or next to his or her Unit, and noise, vibrations and odors are frequently transmitted between Units. The Developer has no control over the occupants or other persons within any Units and shall not be liable for the conduct of such occupants or other persons, including, without limitation, any noises from any source emanating from any Units, corridors or other Common Elements, elevators, mechanical equipment, amenities, commercial activities or vibrations or odors that such occupants or other persons within the Condominium and outside of the Condominium may cause. Each Unit

Owner is responsible for taking measures to minimize the noise, vibrations and odors that may be transmitted from his or her Unit.

(s) All hardwood, tiled or comparable hard floors within a Unit shall be covered with suitable sound attenuation measures in order to reduce and reasonably restrict the transmission of sound from one Unit to another. The Board of Directors shall have the sole discretion to determine the adequacy of such sound attenuation measures in any Unit and shall have authority to require a Unit Owner to implement additional reasonable measures to satisfactorily inhibit unreasonable noise transmission.

(t) Except for appliances installed by the Developer during its initial construction of Units or replacements of such appliances as may be installed by Unit Owners, no additional major appliances may be installed in any Unit without the prior approval of the Board of Directors.

(u) Waterbeds shall not be permitted in any Unit without the prior written approval of the Board of Directors.

(v) Bicycles shall be stored in the Parking/Storage Space Easements owned by Unit Owners within the Garage Unit or elsewhere in the Condominium as may be designated from time to time by the Board of Directors. Bicycles may not be transported through the main lobby of the Condominium and shall be subject to such other rules and regulations as may be established from time to time by the Board of Directors.

(w) Notwithstanding any provision contained in this Section 5.16 to the contrary, the use and other restrictions set forth in this Section 5.16 shall not apply to the construction, development or marketing activities of the Developer or to the use of the Common Elements and/or Units owned by the Developer for display, marketing, promotion, sales, rental, leasing or construction purposes or the use of Units as "models", or the use of any portion of the Condominium as a sales, rental or management office for this Condominium or for other projects.

Section 5.17. Rules - Adoption and Enforcement. The Board of Directors may, from time to time, enact uniform Rules which govern the use and operation of the Condominium, as well as the conduct and the enjoyment of the Unit Owners, provided that such Rules are not in conflict with the Declaration or these Bylaws, and provided further that such Rules are adopted in accordance with Section 11-111 of the Maryland Condominium Act, as amended from time to time. Such Rules may include the imposition of move-in and move-out fees, elevator use fees and security deposits for such activities and may include the imposition of additional administrative fees and charges applicable to pets, leasing, Alterations (defined below) and certain exclusive use, if any, of the Common Elements. Such Rules may also include, without limitation, the right to suspend use of the Common Element amenities and withhold special privileges and services as contemplated in Section 3.2(o) of these Bylaws.

Section 5.18. Additions, Renovations, Alterations or Improvements by the Board of Directors. Whenever in the judgment of the Board of Directors the Common Elements or other portions of the Condominium that the Council of Unit Owners is obligated to maintain shall

require additions, renovations, alterations or improvements costing in excess of One Hundred Thousand Dollars (\$100,000.00), and the making of such additions, renovations, alterations or improvements shall have been approved by a majority of the Unit Owners and with the consent of the Developer for so long as the Developer owns any Unit, the Board of Directors shall proceed with such additions, renovations, alterations or improvements and may assess the Unit Owners for the cost thereof as a common expense. If such additions, renovations, alterations or improvements, if not made, could reasonably result in a threat to the health or safety of the Unit Owners or a significant risk of damage to the Condominium, or are necessary to meet the requirements of Applicable Law or requirements of the master insurance policy for the Condominium, then such additions, renovations, alterations or improvements may be made without the prior approval of Unit Owners. Any additions, renovations, alterations or improvements costing One Hundred Thousand Dollars (\$100,000.00) or less may be made by the Board of Directors without approval of the Unit Owners, provided the Unit Owners are given at least ten (10) days written notice of a special meeting of the Board of Directors at which such additions, renovations, alterations, or improvements are approved by an amendment to the budget. The cost of any such additions, renovations, alterations or improvements shall constitute a common expense, unless otherwise provided in the Declaration or these Bylaws. Any provision of the foregoing to the contrary notwithstanding, any expenditure of reserve funds for the normal care, upkeep, repair, maintenance or replacement of the Common Elements or other portions of the Condominium that the Council of Unit Owners is obligated to maintain pursuant to the terms of these Bylaws shall not require the consent or approval of the Unit Owners under this Section, provided that such expenditures shall otherwise be subject to the Declaration and other applicable provisions of these Bylaws.

Section 5.19. Architectural Control No addition, deletion, change or alteration to the exterior of the building or other improvements located within the Property or to any other exterior portions of the Property, including, without limitation, a change in exterior color or exterior building materials or the construction of new buildings, walls, fences, or other structures (collectively, "**Alterations**"), shall be made without all applicable approvals of the Master Condominium having been obtained as to the exterior design and appearance of the Alterations, if any.

Section 5.20. Unit Alterations. No Unit Owner shall perform any alterations or any other work in or to its Unit that could impair the structural integrity of the building unless plans for such alterations have been approved in writing in advance of any such work by the Board of Directors, in the Board's sole discretion. The Board may retain architects, engineers and other professionals to review such plans and all fees and other costs for such professionals shall be paid for by the Unit Owner submitting such plans. All costs relating to any damage to the Common Elements or any other Unit that results from alterations or other work performed within a Unit shall be the sole responsibility of the Unit Owner of the Unit in which such work was performed and such costs may be collected against the Unit Owner in the same manner as Common Expenses.

Section 5.21. Right of Access. All Unit Owners hereby grant a right of access to their Units to the Managing Agent and/or such other persons as may be authorized by the Board of Directors or the Managing Agent for the purpose of making inspections and for the purpose of

performing installations, alterations or repairs to the mechanical and electrical services and other Common Elements in their Units or elsewhere in the Condominium, and to correct any condition which violates the provisions of any mortgage covering a Unit, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

Section 5.22. No-Impact Home-Based Businesses.

(a) The use of any Unit within the Condominium as a "no-impact home-based business", as defined in § 11-111.1 of the Act, is permitted subject to reasonable Rules regarding no-impact home-based businesses which may from time to time be promulgated by the Board of Directors. In all events, any no-impact home-based business shall be subject to the following:

(i) Before any Unit may be operated as a no-impact home-based business, the Owner and/or resident of such Unit shall notify the Council of Unit Owners, in writing, at least thirty (30) days prior to commencing the no-impact home-based business.

(ii) No activities associated with a no-impact home-based business may be conducted in the Common Elements.

(b) Some or all no-impact home-based businesses may be prohibited or further restricted by the vote of a simple majority of the Unit Owners at any regular or special meeting of the Council of Unit Owners duly called for such purpose. Nothing in this subsection shall be deemed to prohibit the Board of Directors from promulgating reasonable Rules regarding no-impact home-based businesses.

(c) Nothing contained in this Section 5.22 shall be construed to prohibit the Developer from using any portion of the Condominium for promotional or display purposes, or as "model homes", a sales and/or construction office, or the like.

ARTICLE 6
MORTGAGES

Section 6.1. Notice to Board of Directors. A Unit Owner who mortgages his or her Unit shall notify the Board of Directors in writing of the name and address of the mortgagee. The Board of Directors shall maintain such information in a book entitled "Mortgages of Units".

Section 6.2. Examination of Books. Each Unit Owner, each contract purchaser of a Unit, and each mortgagee of a Unit shall be permitted to examine the books and records of the Council of Unit Owners at reasonable times on business days.

Section 6.3. Notice of Loss to or Taking of Common Elements. The Board of Directors shall give written notice to Eligible Mortgage Holders who have requested such notice of any condemnation or casualty loss which affects a material portion of the Condominium or any Unit on which a First Mortgage is held, insured or guaranteed by such Eligible Mortgage Holder of any Unit or the Common Elements or related facilities of the Condominium.

Section 6.4. Financial Statement. The Council of Unit Owners shall provide any Eligible Mortgage Holder who submits a written request, a copy of an annual financial statement for the preceding fiscal year of the Council of Unit Owners within ninety (90) days following the end of such fiscal year.

Section 6.5. Definitions. As used in these Bylaws, the term "**mortgagee**" shall mean any mortgagee or trustee under a deed of trust which is a lien upon a Unit, or the party secured or beneficiary of any recorded deed of trust, and shall not be limited to institutional mortgagees; and the term "**mortgage**" shall include a deed of trust. As used generally in these Bylaws, the term "**institutional mortgagee**" shall include banks, trust companies, insurance companies, mutual savings banks, mortgage insurance companies, mortgage companies, credit unions, savings and loan associations, pension funds, Fannie Mae, FHLMC, and any corporation, including a corporation of, or affiliated with, the United States Government, or any agency thereof. "**Eligible Mortgage Holder**" has the meaning set forth in Section 2.18 of the Declaration and "**First Mortgage**" has the meaning set forth in Section 2.23 of the Declaration.

Section 6.6. Percentage of Eligible Mortgage Holders; Deemed Consent. Wherever in the Declaration or these Bylaws the approval or consent of a specified percentage of Eligible Mortgage Holders is required, it shall mean the approval or consent of Eligible Mortgage Holders holding security interests in Units which in the aggregate have allocated to them such specified percentage of votes in the Council of Unit Owners as compared to the total allocated to all Units then subject to security interests held by Eligible Mortgage Holders. An Eligible Mortgage Holder who is notified of any proposed amendment(s) to the condominium documents or other matter for which it is entitled to notice as provided in the Declaration or these Bylaws (such notice to be delivered by certified or registered mail, return receipt requested), and which fails to respond within sixty (60) days of receipt of such notice shall be deemed to have consented to the proposed amendment(s) or other matter which the Eligible Mortgage Holder was provided notice of.

Section 6.7. Notice of Actions. The Council of Unit Owners shall give prompt written notice to each Eligible Mortgage Holder of (and each Unit Owner is deemed to consent to and authorize such notice):

(a) Any condemnation loss or any casualty loss which affects a material portion of the Common Elements, Condominium or any Unit subject to a First Mortgage or security interest held, insured, or guaranteed by such Eligible Mortgage Holder.

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

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity insurance maintained by the Council of Unit Owners.

(d) Any proposed amendment to the Declaration, these Bylaws or Condominium Plat effecting a change in the purposes to which any Unit or the Common Elements are restricted.

(e) Any proposed termination of the Condominium.

(f) Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified in Section 10.5 of the Declaration.

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

Section 6.8. Development Rights. No development rights may be voluntarily abandoned or terminated by the Developer unless all persons holding security interests in the development rights consent to the abandonment or termination.

Section 6.9. Enforcement. The provisions of this Article 6 are for the benefit of Eligible Mortgage Holders and their successors, and may be enforced by any of them by any available means, at law, or in equity.

Section 6.10. Attendance at Meetings. Any representative of an Eligible Mortgage Holder may attend and address any meeting which a Unit Owner may attend.

ARTICLE 7

SALES AND MORTGAGES OF UNITS

Section 7.1. Sales. A Unit Owner may sell, convey or otherwise transfer his or her Unit, or any interest therein, without the consent of the Council of Unit Owners.

Section 7.2. No Severance of Ownership. Except as may be provided in the Act, no Unit Owner shall execute any lease, mortgage or other instrument conveying or mortgaging title to his or her Unit without including therein the appurtenant Common Elements, it being the intention hereof to prevent any severance of such combined ownership. Any such lease, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant Common Elements of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the appurtenant Common Elements of all Units.

ARTICLE 8

CONDEMNATION

In the event of a taking in condemnation, or by purchase in lieu thereof, of a Unit or any part thereof or of part or all of the Common Elements, the Council of Unit Owners is hereby

appointed by each Unit Owner as its attorney-in-fact in any proceedings, negotiations, settlements or agreements related to such condemnation, or purchase in lieu thereof. Any proceeds from the settlement of such condemnation, or purchase in lieu thereof, shall be payable to the Council of Unit Owners, or an Insurance Trustee (if an Insurance Trustee is appointed by the Council of Unit Owners) for the benefit of the Unit Owners and their mortgage holders. Any distribution of funds in connection with the termination of the Condominium shall be made in accordance with the Act.

ARTICLE 9

RECORDS AND AUDITS

The Board of Directors or the Managing Agent shall keep books and records in accordance with good accounting practices on a consistent basis. In addition to the provisions of Section 6.4 of these Bylaws, on the request of the Unit Owners of at least five percent (5%) of the Units, an audit by an independent Certified Public Accountant shall be made, provided an audit shall not be made more than once in any consecutive twelve (12)-month period. The cost of such audit shall be a Common Expense. Every record kept by the Council of Unit Owners and current copies of the Master Condominium Governing Documents, the Declaration, Bylaws and Rules (if any) of the Council of Unit Owners shall be available in accordance with the Act and these Bylaws for examination and copying by any Unit Owner, contract purchaser of a Unit and mortgagee of a Unit (and insurers and guarantors of First Mortgages secured by a Unit or Units), and their respective duly authorized agents or attorneys, during normal business hours and after reasonable notice.

ARTICLE 10

PARKING AND STORAGE SPACES

Parking spaces and storage spaces available to Unit Owners are located within the Garage Unit of the Master Condominium and are not part of the Condominium. Unit Owners shall enter into Parking/Storage Space Easements with the Garage Unit Owner and shall pay Garage Expenses pursuant thereto. As provided in the Parking/Storage Easements and the Garage Easement, the Council of Unit Owners shall, for convenience of the Unit Owners, charge and collect the Garage Expenses to the Unit Owners who have entered into Parking/Storage Space Easements and shall remit such collected Garage Expenses to the Garage Unit Owners. Notwithstanding, the Parking/Storage Space Easements shall control the operation, management and related rules and regulations and expenses applicable to the parking spaces and storage spaces of the Unit Owners.

ARTICLE 11

EASEMENTS FOR UTILITIES AND RELATED PURPOSES

Subject to the requirements of Section 11-125 of the Act, the Council of Unit Owners is authorized and empowered to grant (and shall from time to time grant) such licenses, easements, leases and/or rights-of-way for sewer lines, water lines, electrical cables, cable television, telephone cables, internet and other communication lines, gas lines, storm drains, underground conduits and/or such other purposes related to the provision of public utilities to the Condominium as may be considered necessary or appropriate by the Board of Directors for the

orderly maintenance, preservation, and enjoyment of the Common Elements or for the preservation of the health, safety, convenience and/or welfare of the owners of the Units or the Developer and/or as required by the Declaration. The Council of Unit Owners shall have the power to grant such licenses, easements, leases and rights-of-way as set forth in Section 11-125 of the Act.

ARTICLE 12

DISPUTE RESOLUTION

Section 12.1. Claim Notice; Inspection. Every claim against the Developer (including any of the Developer's employees, agents or contractors) by the Council of Unit Owners and/or any Unit Owner or Unit Owners (each of the foregoing a "**Claimant**") regarding the design, construction, or warranty of the Common Elements, any Unit, or other portion of the Condominium, that is not otherwise resolved by informal means shall be resolved pursuant to the requirements of this Article 12.

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

(b) The Developer may make a written request to the Claimant to inspect the property identified in the Claim Notice (the "**Inspection Request**"). No later than forty-five (45) days after delivery of the Inspection Request, the Claimant shall make available for inspection and/or testing (including, but not limited, destructive or invasive testing) the property identified in the Claim Notice during normal working hours or other mutually agreed upon times. If necessary, interior inspections or testing of Units shall occur only during normal business hours or other mutually agreed upon times, upon prior notice to the Unit Owner or occupant of the Unit, and with the consent of the Unit Owner of the Unit, which consent shall not be unreasonably withheld or delayed. In addition, if the Claimant has engaged the services of a professional to prepare the contents of the Claim Notice, then the Claimant shall make the professional available to meet with and/or accompany the Developer in inspecting the items in the Claim Notice. The Developer shall pay the costs of its inspection and testing and shall restore the subject property to the condition that existed immediately before such inspection or testing, if practicable, within a commercially reasonable period of time.

Section 12.2. Settlement Statement and Conference; Developer's Right to Repair.

(a) Developer shall within a reasonable period of time after completion of the inspection performed pursuant to Section 12.1 above, submit a written statement to the Claimant stating the Developer's position regarding the items in the Claim Notice as well as a proposed settlement of the claim or claims identified in the Claim Notice, and stating whether the Developer proposes to do any repair work, pay the Claimant a cash amount, or both (the "**Settlement Statement**"). The Developer shall have the right, in its sole discretion, to repair any items listed in the Claim Notice provided that such repair is undertaken and completed within a reasonable period of time and is performed within acceptable industry standards in

effect when the Condominium or other improvement was constructed. The Claimant shall provide the Developer with all necessary access to the Condominium to perform such repairs.

(b) If the Claimant does not agree to the terms of the Settlement Statement, then the Claimant and the Developer shall hold a settlement conference at a mutually agreeable time and place to discuss the claim or claims identified in the Claim Notice and the proposed settlement stated in the Settlement Statement (the “**Settlement Conference**”). If the Claimant is the Council of Unit Owners, it shall be represented by at least a majority of the members of the Board of Directors at the Settlement Conference. The Claimant and the Developer may be represented by attorneys and consultants at the Settlement Conference and any mutually agreed upon continuation thereof.

(c) If, despite reasonable good-faith efforts, a settlement of the claim or claims identified in the Claim Notice is not reached after the Settlement Conference, the Claimant or the Developer may deliver to the other party a written request for nonbinding mediation by an independent mediator selected by the parties. If the Claimant and Developer cannot agree on a mediator, then the mediator shall be appointed in accordance with the most current version of the mediation procedures of the American Arbitration Association (except as such procedures may be modified by the provisions of this Section). Either party to any such nonbinding mediation may elect to terminate such nonbinding mediation at any time, but not before the mediation has lasted at least three (3) hours, upon that party’s determination that the nonbinding mediation has been unable to resolve the dispute, by giving written notice to the other party of such determination. The costs of the mediator and any mediation administrative fees shall be split equally between the Claimant and the Developer.

(d) Persons other than the Claimant and the Developer and their respective representatives, attorneys and consultants, and the mediator, may not attend the Settlement Conference or mediation unless otherwise agreed to by the Claimant and the Developer. Information disclosed in the Settlement Conference or mediation shall be for purposes of settlement only in the event of any subsequent adversarial proceeding. There shall be no stenographic or other recording of the Settlement Conference or mediation.

(e) Any notice, request, statement, or other communication required to be sent to the Developer or the Claimant under this Article shall be mailed by first-class registered or certified mail, return receipt requested, sent by facsimile (provided the original is sent to the addressee on the same day by one of the other methods of delivery set forth in this Section), or personally served on the party entitled to receive such notice, request, statement or other communication.

Section 12.3. Commencement of Action by the Council of Unit Owners; Notice to Unit Owners. Before the Council of Unit Owners may bring an action for damages against the Developer based on any claim or claims identified in a Claim Notice, the Council of Unit Owners shall make reasonable efforts to disseminate to each Unit Owner:

(a) A statement of the claim of the Council of Unit Owners against the Developer;

(b) A copy of the written response of the Developer to the claim of the Council of Unit Owners, including any proposed settlement delivered by the Developer to the Council of Unit Owners;

(c) Summary information about the Settlement Conference and the mediation;

(d) A statement of the reasonably anticipated consequences of proceeding with litigation including the estimated costs of pursuing litigation (the form and content of such statement to be subject to the reasonable judgment of the Board of Directors); and

(e) A statement that if at least ten percent (10%) of the Unit Owners (other than the Developer) request a special meeting of the Council of Unit Owners to discuss the proposed litigation within thirty (30) days after the date the notice is mailed or otherwise delivered to the Unit Owners, then a special meeting must be held.

(f) Nothing herein shall impact voting requirements under Section 10.10 of the Declaration for Extraordinary Actions.

***Section 12.4. Waiver of Jury Trial.* ANY ACTION AGAINST THE DEVELOPER BY A CLAIMANT SHALL BE SOLELY BEFORE A JUDGE IN THE JURISDICTION WHERE THE CONDOMINIUM IS LOCATED. THE COUNCIL OF UNIT OWNERS AND ALL INDIVIDUAL UNIT OWNERS WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY THE COUNCIL OF UNIT OWNERS OR ANY INDIVIDUAL UNIT OWNER AGAINST THE DEVELOPER IN CONNECTION WITH ANY RIGHTS OR OBLIGATIONS BETWEEN THE COUNCIL OF UNIT OWNERS AND/OR A UNIT OWNER AGAINST THE DEVELOPER REGARDLESS OF THE FORM OF THE CLAIM(S) MADE OR DAMAGES SOUGHT. THIS WAIVER OF JURY TRIAL WILL EXTEND TO ANY THIRD PARTY NAMED IN ANY PROCEEDING BY THE COUNCIL OF UNIT OWNERS, ANY UNIT OWNER OR THE DEVELOPER. BY ACQUIRING AN INTEREST IN ANY PORTION OF THE CONDOMINIUM, EACH CLAIMANT ACKNOWLEDGES THAT THIS WAIVER IS MADE KNOWINGLY, VOLUNTARILY, AND AFTER CONSULTING WITH, OR HAVING HAD THE OPPORTUNITY TO CONSULT WITH, COUNSEL OF ITS OWN CHOOSING AS TO THE MEANING OF THIS WAIVER.**

Section 12.5. Compliance. The Developer and any Claimant may assert a substantial failure by the other to substantially comply with a material requirement of this Article 12 as a procedural deficiency in any action or proceeding, at law or in equity, involving the Developer and such Claimant. If the court before which such action or proceeding is pending shall find that the Developer or the Claimant has failed to substantially comply with a material requirement of this Article 12 and that the rights of a party have been substantially impaired, the parties shall be deemed to have consented to a stay in such action or proceeding, not to exceed ninety (90) days, during which the Developer and the Claimant shall, in good faith, establish compliance with such material requirement.

Section 12.6. Amendment. Any provision of these Bylaws or the Declaration to the contrary notwithstanding, no amendment to this Article 12 shall be made without the prior

written consent of the Developer, which consent shall be recorded among the Land Records; provided, however, that the Claimant and the Developer may mutually agree, in writing, to modify or excuse any of the conditions or time periods set forth in this Article.

ARTICLE 13

MISCELLANEOUS

Section 13.1. Notices.

(a) All notices required under these Bylaws to the Council of Unit Owners or the Board of Directors shall be sent by personal delivery with a signed receipt, by reputable overnight delivery with signed receipt, or by first-class registered or certified mail, return receipt requested, postage prepaid, to the Board of Directors or the Managing Agent, to the mailing address specified in these Bylaws. All notices hereunder to any Unit Owner shall be sent by first-class mail, reputable overnight delivery, or personally delivered to the address as may have been designated by such Unit Owner from time to time, in writing, for inclusion on the Roster, or otherwise pursuant to Section 13.2 below. All notices hereunder to mortgagees of Units shall be sent by first-class mail, reputable overnight delivery, or personally delivered to their respective addresses as designated by them from time to time, in writing, to the Board of Directors. All notices hereunder to the Developer shall be sent by personal delivery with a signed receipt, or by first-class registered or certified mail, return receipt requested, postage prepaid, to: Harbor East Parcel D - Residential LLC, 650 South Exeter Street, Suite 200, Baltimore, Maryland 21202.

(b) Any notice required under these Bylaws may also be sent by facsimile (provided the original is sent to the addressee on the same day by one of the other methods of delivery set forth in this Section). All notices shall be in writing and shall be deemed to have been given (i) when delivered if by personal delivery, (ii) on the date evidenced by the return receipt if by registered or certified mail, or (iii) three (3) days after mailing, if mailed by first-class or other mail, postage prepaid; provided, however, that all notices of a change of address shall be deemed to have been given when received. The parties shall be responsible for notifying each other of any change of address. If any date upon which action is required under these Bylaws shall be a Saturday, Sunday or legal holiday, the date for such action shall be extended to the first regular business day after such date which is not a Saturday, Sunday or legal holiday.

(c) Notwithstanding the above, any notice to a Unit Owner required under these Bylaws may be sent by electronic transmission in accordance with and subject to the procedures and requirements of the Act, as amended from time to time.

Section 13.2. Invalidity. The provisions of these Bylaws shall be severable, and the invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 13.3. Captions; Gender. The captions contained in these Bylaws are included only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provision of these Bylaws. Whenever the context so

requires in these Bylaws, the use of the masculine, feminine or neuter pronoun shall include the others and the singular shall include the plural, and vice versa.

Section 13.4. Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 13.5. Amendments to Bylaws. Except as otherwise provided in these Bylaws or in the Declaration, these Bylaws may be modified or amended in accordance with Section 11-104(e) of the Act and with the written consent of the Developer for so long as the Developer owns any Unit.

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

END OF BYLAWS