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DECLARATION FOR

SANDPIPER ON THE BAY CONDOMINIUM

THIS CONDOMINIUM DECLARATION made this 4th day of APRIL, 1990, by M.B. HOLLAND PARTNERSHIP, a partnership existing under the laws of the State of Maryland, hereinafter called "Declarant", witnesseth:

Declarant does hereby express its intent to subject, and does hereby subject, the Property hereinafter described to a Condominium Regime pursuant to Title 11 (Horizontal Property Act), of the Real Property Article of the Annotated Code of Maryland (1980 Cumulative Supplement), and does hereby declare that the Property herein described is a condominium established pursuant thereto, in accordance herewith, and in accordance with the plats to be recorded herewith consisting of one (1) sheets (herein called "Plats") and subject to the By-Laws recorded herewith (herein called "By-Laws"), all in accordance herewith, and with the By-Laws and Plats. The Plats are hereby made a part hereof.

1. Property. The property hereby established as a Condominium Regime is described in metes and bounds as shown on the Plat. The property shall include all of Declarant's right, title, and interest in and to the beds of all bodies of water, and riparian rights.

2. Name. The name of the Condominium is "Sandpiper on the Bay Condominium".

3. Percentage Interests and Votes. There are thirteen (13) units in the Condominium as herein described. Each unit shall be entitled to one (1) vote at meetings of the Council of Unit Owners, and each unit shall have a percentage interest appurtenant thereto, as provided in Section 11-107 of the Real Property Article, as hereinbefore referred to, as follows:

Unit No.	Percentage Interest
D 1	9%
D 2	9%
D 3	9%
D 4	9%
D 5	9%
D 6	9%
D 7	9%
D 8	9%
D 9	5.6%
D 10	5.6%
D 11	5.6%
D 12	5.6%
D 13	5.6%

Such percentage shall apply to common expenses and common profits of the Condominium. Voting must be done by unit, regardless of the number of owners of the unit, and there shall be only one (1) vote per unit. Where there is more than one (1) owner of a single unit, a majority of the owners as their interests may appear, shall govern the vote of that unit. Where no majority can be reached between or among the unit owners, no vote may be cast or counted.

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4. Prohibition Against Subdivision of Unit.

Notwithstanding the provisions of Section 11-107 (d) of the Real Property Article as aforesaid, no unit shall be subject to subdivision (even as a part of a consolidation) without the affirmative approval of all of the other units; and then only by amendment to this Declaration. Entire units may consolidated without such approval, but may not be further subdivided without the approval as herein required. In the event of consolidation into a single unit, of more than one unit, the structure constructed thereon may cross unit lines, but said structure must set back the required distance from adjacent units in separate ownership.

5. Description of Units. The Condominium shall contain thirteen (13) units, which shall be the thirteen (13) residential building lots as designated on the plat, together with all air rights above the units, as well as, all subsurface, mineral and water rights, and all other rights within and appurtenant to the units, and together with all of the rights, roads, ways, orders, privileges, appurtenances and advantages belonging thereto, or in anywise appertaining, as though each of said units were a fee simple lot contained the conventional subdivision. A metes and bounds description of each of the units is shown on the plat. The vertical boundaries shall be planes erected at right angles from mean sea level (1929 datum), coincidental with the lot lines in the metes and bounds description. The horizontal boundaries shall be planes erected parallel to mean sea level (1929 datum), and on the bottom at an elevation of minus twenty feet and on the top at an elevation of plus sixty feet (both based upon mean sea level [1929]). Each unit shall have the right, with permission of the Architectural/Environmental Standards Committee, to encroach on the Common Elements above and below a unit for installation of any structures. "Unit lot lines" as used on the plats shall mean lines running along the vertical perimeters of the units at sea level (1929).

6. Common Elements. The Condominium shall have General and Limited Common Elements which are designated on the Plat, and shall constitute all areas shown on the plat, which are not designated as units. Limited Common Elements are those areas so labeled on the plat.

A. General Common Elements shall include the following:

The areas on the plat marked "Private Driveway" and the walkway area and the dumpster location between Unit D10 and Parcel C and Jamaica Bay Condominium; and all areas and facilities shown on the plat as hereinbefore described, including without limitation, easements on designated streets, drives, easements, parking areas, lawn areas, conduits, storm drains, utility lines, lighting in the Common Areas, mailbox clusters, if any, and all other devices, structures, and facilities located within the General Common Elements. With respect to utility lines and the like serving the units, and running through the Common Elements; those portions of such utility lines and the like running through the Common Elements shall be General Common Elements. Those portions of utility lines and the like running through the building area of the units, shall be a portion of the unit; provided, however, that where a utility line or the like runs through a unit to serve another unit, a perpetual easement for the maintenance and placement thereof, shall be vested in the Council of Unit Owners of the Condominium, and such lines shall be General or Limited Common Elements, as shown on the Plats. All Common Elements are subject to a perpetual easement for the benefit of the Unit Owners, for the ingress and egress for utilities. The placement thereof shall be as determined by the Council of Unit Owners, or if installed prior to sale, by Declarant.

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B. The Limited Common Elements shall be limited to the use of those units as designated on the plat for the purpose of providing utilities to serve each of the units. The use of the limited Common Elements by the unit owners to whom they are limited shall be at the option of any one or all of such unit owners.

7. Common Expenses - Liens. Except as otherwise provided, the cost of maintaining, repairing and replacing of the Common Elements and access drives, shall be borne by the Council of Unit Owners as an item of common expense. Each unit shall be assessable in proportion to its percentage interest towards payment of the common expenses. Assessments for common expense shall be levied and made by the Board of Directors of the Condominium pursuant to the By-Laws on a periodic bases, and shall be due and payable as required thereby, and subject to acceleration upon default. Any unpaid assessments of any kind made pursuant hereto or pursuant to the By-Laws, shall constitute a lien upon the unit to which they are assessed pursuant to Section 11-110 of the Real Property Article as aforesaid. Any assessment, or installment thereof, not paid when due, shall bear interest from the date when due, until paid. A late charge of \$2.00, or one-twentieth (1/20) of the total amount of any delinquent assessment or installment, whichever is greater, may be imposed for any delinquent payment, which has continued for at least fifteen (15) calendar days; provided, however, that the Council of Unit Owners may provide for an interest rate and late charge up to the maximum amount provided by law, as may from time to time, be permitted. The filing and enforcement of liens shall be governed by Section 11-110 of the Real Property Article as aforesaid, or as it may, from time to time, be amended, or by any other applicable provisions of law. Where a repair, replacement, or expenditure is necessitated by the willful, or negligent act, or misuse by a unit owner, or one claiming under him, a special assessment against such owner may be made. This specifically includes destruction or damage by construction equipment.

8. Restrictions. A. Units may be used only as a private, single family, residential building sites. Any building constructed upon the unit shall become a part of the unit, and shall be subject to the provisions hereof, as a part of the unit. The construction of any building, or other site improvements on the units shall be subject to the provisions hereof. A single family household shall mean a natural family group who regularly and customarily reside together in the same house or home as a principal residence. Dwellings shall be required, in the case of single story construction to have not less than 1600 square feet of living area and in the case of multi-story construction not less than 1200 square feet of living area on the first floor level. Said square footage shall be computed on gross living area exclusive of garages, porches, decks, walks, or pools even though these elements may be enclosed or under roof.

B. Units may be occupied only by the unit owner or owners thereof, his family, guests, or invitees; provided, however, that units may be leased for a period of not less than six (6) months, strictly in accordance with the provisions hereof, and the By-Laws of the Condominium; further provided, however, that any such lease must be in writing, a copy of which must be provided to the Board of Directors of the Council of Unit Owners, prior to occupancy by the lessee. For the purposes hereof, a lease for years which constitutes a valid Maryland ground rent lease shall be permitted,

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and the Lessee therein shall be considered the Unit Owner, and the reversionary owner shall be considered a mortgagee. In all cases, the unit shall continue to remain subject to the provision of this Declaration and the By-Laws of the Condominium. The Unit Owners shall be responsible for acts and damages of Lessees and for Lessees compliance with the Declaration and By-Laws.

C. The Architectural/Environmental Standards Committee is hereby established and shall be appointed pursuant to the By-Laws. The Board shall have such duties as may be assigned to it by the Declaration, By-Laws, or Board of Directors. It shall be the primary function of the Committee to assure that construction within the entire Condominium, and the use of the Common Elements, is in accordance with the intent of the Declaration, By-Laws, and Land Use Plan, and to provide general guidance and control over external architectural design, building materials, excavation, filling, grading, color, location, and landscaping in relation to surrounding structures and topography. Prior to any construction within a unit including building construction, changes in the topography, fence or wall construction, exterior architectural changes to any existing structure, including changes in color or siding or roofing materials, or any change in landscaping, including planting, transplanting, or removal of any vegetation; a complete set of plans shall be submitted to the Architectural/Environmental Standards Committee for review. The Committee shall charge such fees as may, from time to time, be determined by the Board of Directors of the Condominium. If the plan is approved, construction may commence. If the plan is not approved, the Architectural/Environmental Standards Committee shall consult with the Owner to attempt to arrive at a plan which is acceptable to the Committee. Without the approval of the Architectural/Environmental Standards Committee, no construction, changes in topography, renovation, landscaping, or the like as herein contemplated may be undertaken. The provisions of this subparagraph shall not apply to normal, everyday maintenance as, from time to time, may be defined by the Architectural/Environmental Standards Committee, or to initial construction of improvements in the Common Elements by Declarant. All approvals of the Architectural/Environmental Standards Committee shall be in writing and may contain such conditions as the Committee may deem necessary and appropriate for its purpose. The Committee may enforce its provisions or any of its lawful orders by Court injunction without arbitration as may otherwise be required. It may order the removal of any construction, or the like, in violation hereof.

D. No noxious, or offensive trade or activity shall be carried on within the Common Elements or upon any unit or within any structure situated within any unit, nor shall anything be done therein or thereon which may be or become an annoyance or a nuisance to the neighborhood or other Owners of the units within the Property.

E. The maintenance, keeping, boarding and/or raising of animals, livestock or poultry of any kind, regardless of number shall be and is hereby prohibited on any unit or within any dwelling situated upon the Property, except that this shall not prohibit the keeping, in strict conformity with all applicable State, County and local laws and ordinances, of dogs, cats and/or caged birds as domestic pets; and further, are not to be kept, bred, or maintained for commercial purposes. Each unit owner is responsible for the activities of their pets and any damages resulting from said pets may become part of the assessment to which the unit is subject as provided for within this Declaration.

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F. No burning of any trash and no accumulation or storage of litter, new or used building materials or trash of any kind shall be permitted in the Common Elements or any unit, unless it is associated with construction as provided for by the Architectural/Environmental Standards Committee, in which event, each unit owner is responsible for clean-up of any litter associated with any construction on his unit. This includes all windblown debris, and the Owner of the unit will be subject to an individual assessment for clean-up should the Condominium be forced to remove the materials as aforesaid.

Each unit owner of units 1 through 8 shall be responsible for the maintenance and cleanliness of the beach area within the unit area. Said beach areas shall be maintained free of litter and debris, and shall be kept in a clean, sitely manner. The failure of any of the unit owners to maintain the area of beach within his unit area shall allow the association and/or the architectural/environmental standards committee to effect the cleaning of the beach area and to assess the individual unit area for said clean up.

G. Except as otherwise permitted, no junked vehicle, commercial vehicle, trailer, truck, camper, camp truck, house trailer, mobile home, boat, or the like, shall be kept in the Common Elements, except in areas expressly designated for such, if such areas are created, nor (except for bonafide emergencies) shall the repair or extraordinary maintenance of boats, automobiles, or other vehicles, be carried out thereon, except as expressly provided within a maintenance area so designated.

H. No junked vehicle, commercial vehicle, trailer, truck, camper, camper truck, boat, or the like shall be kept on any unit, unless it is visually screened from sight from Common Elements and other units. House Trailers and mobile homes are prohibited totally from any unit. The approval of the Architectural/Environmental Standards Committee shall be required as to all screening. Small sail boats and other small boats may be beached upon the property along the shoreline in the unit areas of Units D-1 through D-8, but such boats shall not be stored thereon nor remain beyond the active summer and seasonal use of such boats and such boats shall be maintained in a sightly fashion. In the event that such boats begin to appear to be abandoned or otherwise show a state of inactivity, they shall be removed upon the notification to the unit owner by the Architectural/Environmental Standards Committee.

I. Trash and garbage containers shall not be permitted to remain in public view, except on days of trash collection. The method of trash collection is subject to approval by the Architectural/Environmental Standards Committee.

J. In order to facilitate the free movement of passing vehicles, no vehicles shall be parked on paved portions of any streets, roads, or drives located in the Common Elements (including easements), nor shall any vehicles be parked in such a manner as to impede the orderly flow of traffic, including emergency vehicles and/or service vehicles.

K. Where they exist upon the units, no live, hardwood, or evergreen trees measuring in excess of four (4) inches in diameter, measured two (2) feet above ground shall be removed from any unit without written approval of the Architectural/Environmental Standards Committee.

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L. Except as may be approved in writing by the Architectural/Environmental Standards Committee, no structure of a temporary nature or character, trailer, tent, shack, barn or any other outbuilding shall be maintained on any unit at any time.

M. Except for entrance signs, directional signs, community "theme" signs, and the like, erected by the Board of Directors with the approval of the Architectural/Environmental Standards Committee, no sign of any character shall be erected, posted or displayed upon, in or about any lot or dwelling situated upon the property; provided, however, that one (1) sign not exceeding two (2) square feet in area may be installed at the entrance of the unit designating the occupants thereof, provided any illumination of any sign shall require the approval of the Architectural/Environmental Standards Committee. Real estate signs located on the property by Declarant shall be the only real estate signs allowed within the property subject to this Declaration. But for such real estate sale signs by Declarant, no real estate sale signs shall be permitted to be located on said property.

N. No structure, planting or other material, other than original construction by the Declarant shall be placed or permitted to remain upon any lot which may damage or interfere with any easement for the installation or maintenance of utilities, or for access, or which may change, obstruct, or retard the direction or flow of any drainage channels.

O. The doors of any garage, front gate, storage room, shed, or the like, shall be maintained in a closed position wherever practical and possible.

P. No outside television or radio aerial or antenna including satellite dish or other aerial or antenna for reception or transmission shall be maintained upon any unit or dwelling without prior written approval of the Architectural/Environmental Standards Committee.

Q. No Common Element shall be used for any individual use, other than those clearly contemplated by the Land Use Plan or By-Laws, without the prior written consent of the Board of Directors of the Condominium, and subject to the approval of the Architectural/Environmental Standards Committee, as may be otherwise required or appropriate.

Violation of any provision hereof of the By-Laws of the Condominium, or regulations adopted pursuant thereto, shall give the Board of Directors, or its agents, the unqualified right without notice or liability to, if necessary enter upon the unit of the offense and correct such violation; each unit owner hereby appoints the Board of Directors its irrevocable Attorney-in-Fact and Agent (coupled with an interest) to see to the strict observance of each and every one of such provisions, hereby indemnifying the said Board of Directors on account of any and all liabilities on account thereof. In the event of such correction or remedy as herein contemplated, the offending unit owner shall be liable to the Council of Unit Owners for all costs and expenses or correction or remedy, including attorney's fees. Such costs and expenses shall be assessed as a special condominium fee.

9. General Provisions.

A. Condominium shall be governed by the laws of the State of Maryland, as to all matters and particularly, as to matters not

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covered by this Declaration, the plat, or By-Laws.

B. The Resident Agent of the Condominium shall be as designated in the By-Laws.

C. The Council of Unit Owners of the Condominium is hereby established and shall be as provided in the By-Laws.

D. The invalidity of any provision of this Declaration or the By-Laws shall not be deemed to impair or affect, in any manner, the validity, enforceability, or effect of the remainder of this Declaration or the By-Laws, and in such event, all of the other provisions of this Declaration and the By-Laws shall continue in full force and effect, as if such invalid provision had never been included.

E. No provision contained in this Declaration or the By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of breaches or violations which may occur.

F. The captions contained in this Declaration and in the By-Laws are for the purpose of organization only, and are not intended in any way to limit or enlarge the terms or provisions of this Declaration or the By-Laws.

G. Whenever in this Declaration or By-Laws, the context so requires, the singular number shall include the plural, and the converse; and the use of any gender shall be deemed to include all genders.

10. Reservations. The Condominium established hereby is subject to (without limitation) the following:

A. Rights-of-way to public utility companies for the supply of utility services and the servicing of utility lines, and particularly subject to the easement to the Town of Ocean City and the Worcester County Sanitary Commission for the maintenance of and access to water and sewer lines.

B. Covenants and restrictions on all matters of public record affecting title to the property.

C. Declarant specifically reserves the right to provide, develop, and construct all of the amenities and improvements of the Condominium, including, without limitation, as follows:

(1) Private driveways constructed for access in common by all unit owners to the building portion of their unit, unless permission of the Architectural/Environmental Standards Committee approves construction by the Unit Owner.

(2) Utilities comprising telephone and electrical service to the building portion of each unit.

(3) Drainage structures (which shall include swales, ditches, culverts, pipes, and associated sediment traps) necessary to provide adequate drainage for the aforesaid improvements.

(4) Fencing, security lighting, landscaping and entrance structures.

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D. Declarant reserves the right to determine the date of the first meeting of the Council of Unit Owners, at which Directors may be elected, which in no event shall be later than one hundred twenty (120) days from the date of transfer from Declarant of the eighth (8th) unit to be transferred.

E. Declarant reserves the right (and every Unit Owner shall take title specifically subject to this provision) and agrees as a matter of contract that notwithstanding any provision of law or decision of court to the contrary, it shall be binding as a matter of contract that the Declarant shall have the right to name the members of the Architectural/Environmental Standards Committee which shall serve during a period of twenty (20) years from the date of this Declaration. This shall be deemed to be a power coupled with an interest and shall be irrevocable. It shall also be a restriction running with the land.

F. To the extent necessary to effectuate the site improvements described in Item C above by Declarant, the provisions of this Declaration and the By-Laws shall not be binding upon Declarant.

G. A perpetual easement is reserved unto the Council of Unit Owners over, across and through, for means of ingress and egress to and from the units and for utilities, the unit access areas of all units.

H. A perpetual easement is reserved unto the Council of Unit Owners over, across and through a ten (10) foot strip along each property line of each unit for utilities, drainage, or other legal use.

AS WITNESS the name of the Declarant herein, signed for it by its proper partners, as of the day and year first herein written.

WITNESS:

M.B. HOLLAND PARTNERSHIP

Janet H. Cherix

By: Janet H. Cherix (Seal)
Janet H. Cherix

Janet H. Cherix

By: Marlene H. Mumford (Seal)
Marlene H. Mumford

Marlene H. Mumford

By: Sandra H. Anderson (Seal)
Sandra H. Anderson

"Managing Partners"

STATE OF MARYLAND, WORCESTER COUNTY, to wit:

I HEREBY CERTIFY that on this 4th day of April, 1990, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared JANET H. CHERIX, MARLENE H. MUMFORD and SANDRA H. ANDERSON, the Managing Partners of M.B. HOLLAND PARTNERSHIP, a partnership existing under the laws of the State of Maryland, and who acknowledged the foregoing instrument to be the act and deed of said partnership, executed for the purposes therein contained.

AS WITNESS my hand and Official Seal.

My Commission Expires: 7/1/90

Notary Public



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BY-LAWS

SANDPIPER ON THE BAY CONDOMINIUM

COUNCIL OF UNIT OWNERS

ARTICLE I

NAME AND MAILING ADDRESS

Section 1. The name of this organization is as follows: SANDPIPER ON THE BAY CONDOMINIUM, Council of Unit Owners.

Section 2. Its mailing address is c/o M.B. Holland Partnership, 401 15th Street, Apt. 6, Ocean City, MD 21842.

ARTICLE II

Section 1. Establishment. The Council of Unit Owners governed by these By-Laws means that Council of Unit Owners established by Condominium Declaration dated April 4, 1990, by M.B. Holland Partnership, recorded among the Land Records of Worcester County, Maryland, immediately prior hereto and to which these By-Laws are appended. As established hereby, the Council of Unit Owners shall be unincorporated but may be incorporated at a later date upon appropriate amendment hereto.

Section 2. Governing Law. The Council of Unit Owners shall be governed by the Laws of the State of Maryland, more specially Title 11 of the Real Property Article of the Annotated Code of Maryland.

Section 3. Powers. The Council of Unit Owners, in addition to any other powers described herein, shall have all of the powers afforded Council of Unit Owners as set forth in said Title 11, as the same may be limited or supplemented by these By-Laws.

Section 4. Definitions. Terminology, words and phrases are defined for the purposes hereof as defined in said Title 11 of the Real Property Article of the Annotated Code of Maryland unless it is plainly evident from the context that a different meaning is intended. The terms "unit owner", "member", and "member of Council of Unit Owners" are used interchangeably herein and shall mean the person or persons who hold legal title to a unit.

ARTICLE III

MEMBERSHIP ROSTER

Section 1. To be Maintained. The Secretary of the Council of Unit Owners shall be responsible for the maintenance of an accurate and current roster of unit owners, pursuant to

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Title 11 of the Real Property Article of the Annotated Code of Maryland.

Section 2. Responsibilities of Unit Owner. Unit owners shall furnish to the Secretary their names and current mailing address and no unit owner may vote at meetings of the Council of Unit Owners until such information is furnished. For purposes of notice hereunder, the responsible officer shall have the right to rely on the roster provided for herein.

ARTICLE IV

MEETING OF MEMBERS

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

Section 2. Annual Meetings. The first annual meeting of the members of the Council shall be held at such time as the Board of Directors shall determine, but, in any event, not later than as may be required by statute. Thereafter, the annual meeting of the Council shall be held on the 2nd Saturday of May of each succeeding year. At such meeting there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of these By-Laws. The members may also transact such other business of the Council as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by members representing at least 25% of the total votes of the Council of Unit Owners having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as specifically stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting stating the purpose thereof as well as the time and place where it is to be held to each member of record at his address as it appears on the Condominium Roster at least 10 but not more than 90 days prior to such meeting. Notice by either such method shall be considered as notice served and proof of such notice shall be made by the affidavit of the person giving such notice.

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attendance by a member at any annual or special meeting of the members shall be a waiver of notice by him of the time, place and purpose thereof. Notice of any annual or special meeting may also be waived, in writing, by any member either prior to or after such meeting.

Section 5. Quorum. The presence, either in person or by proxy, of members representing at least 51% of the total eligible votes in the Condominium shall be requisite for and shall constitute a quorum for the transaction of business at all meetings of members.

Section 6. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than 15 days from the date of notice.

Section 7. Voting. The number of votes established in the Condominium Declaration shall be applicable to all voting rights. At every meeting of the Council of Unit Owners each of the units shall have the right to one vote. The vote of the members representing 51% of the total eligible votes, present at the meeting, of the Condominium, in person or by proxy, shall decide any question brought before such meeting unless the question is one which is subject to an express provision of the Declaration, By-Laws or Laws of the State of Maryland in which a different vote is required, in which case such express provision shall govern and control. The votes for any membership which are owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event any condominium unit is owned by a corporation, then the votes for the membership appurtenant to such condominium unit shall be cast by a person designated in a certificate signed by the President or any Vice President and attested by the Secretary or an Assistant Secretary of such corporation and filed with the Secretary of Council prior to the meeting. Any such certificate shall remain valid until revoked or superseded in writing. The votes for any membership which are owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protest by any other trustee or partner is at such meeting, the Chairman of such meeting shall not have duty to inquire as to the authority of the person casting such votes. No member shall be eligible to vote, either in person or by proxy, or to be

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elected to the Board of Directors against whom there has been established a condominium lien and said lien has not been paid.

Section 8. Proxies. A member may appoint any other person as his proxy. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors before the appointed time of each meeting. A proxy for election purposes must list the names of the candidates for whom it may be voted. Unless limited by its terms, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the member; provided, however, that no proxy is effective for a period in excess of 180 days unless granted to a lessee or mortgagee of the condominium unit to which the votes are appurtenant.

Section 9. Rights of Mortgagees. Any institutional mortgagee of any condominium unit in the Condominium project who desires notice of the annual and special meetings of the members shall notify the Secretary to that effect by Registered Mail-Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the meeting should be addressed. The Secretary of the Council shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the members to each such institutional mortgagee, at the mortgagee's costs. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the members and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members present at any such meeting. Such representative shall not have voting rights at any such meeting.

Section 10. Order of Business. The order of business at all annual meetings of the members of the Council shall be as follows:

- (a) Roll call and certificate of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and disposal of minutes of preceding meeting.
- (d) Reports of officers, if any.
- (e) Reports of committees, if any.
- (f) Election or appointment or inspectors of election.

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- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.
- (j) Adjournment.

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

ARTICLE V DIRECTORS

Section 1. Number and Qualification. The affairs of the Council shall be governed by the Board of Directors composed of at least two (2) natural persons and not more than five (5) natural persons, all of whom (after the first annual meeting of members hereinbefore provided for) shall be individual members of the Council. Prior to the first annual meeting of members, the number of Directors shall be determined, from time to time, by a vote of the initial Directors hereinafter named.

Thereafter, the number of Directors shall be determined by a vote of the members at the first annual meeting of members and the number of Directors may be changed by a vote of the members at any subsequent annual or special meeting of the members; provided, however, that (a) the limitations of this Section shall continue to apply; and, (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 2. Initial Directors. The initial Directors shall be selected by the Developer and need not be members of the Council. The names of the Directors who shall act as such from the date upon which the Declaration is recorded among the Land Records of Worcester County, Maryland, until the first annual meeting of the members or until such time as their successors are duly chosen and qualified are as follows:

Marlene H. Mumford
Janet H. Cherrix
Sandra H. Anderson

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

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To provide for the

(a) Care, upkeep and surveillance of the Condominium and its general and limited common elements and services in a manner consistent with law and the provisions of these By-Laws and the Declaration; and,

(b) Establishment, collection, use and expenditure of assessments and/or carrying charges for the members and for the assessment and/or enforcement of liens therefore in a manner consistent with law and the provisions of these By-Laws and the Declaration; and,

(c) Designation, hiring and/or dismissal of the personnel necessary for the good working order of the Condominium project and for the proper care of the common elements and to provide services for the project in a manner consistent with law and the provisions of these By-Laws and the Declaration; and

(d) Promulgation and enforcement of such rules and regulations and such restrictions on or requirements as may be deemed proper respecting the use, occupancy and maintenance of the project and the use of the general and limited common elements as are designated to prevent unreasonable interference with the use and occupancy of the Condominium project and of the general and limited common elements by the members, all of which shall be consistent with law and the provisions of these By-Laws and Declaration; and

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

(f) To enter unto agreements whereby the Council of Unit Owners acquires leaseholds, memberships and/or other possessory or use interests in real or personal property for the purpose of promoting the enjoyment, recreation or welfare of the members of the Council and to declare expenses incurred in connection therewith to be common expenses of the Council; and,

(g) To purchase insurance upon the Condominium project in the manner provided for in these By-Laws; and,

(h) To repair, restore or reconstruct all or any part of the Condominium after any casualty loss in a manner consistent with the provisions of these By-Laws and to otherwise improve the Condominium project; and,

(i) To lease, grant licenses, easements, rights-of-way and other rights of use in all or any part of the common elements of the Condominium project; and

(j) To purchase condominium units in the Condominium project and to lease, mortgage or convey the same, subject to the provisions of these By-Laws and the Declaration.

Section 4. Management Agent. The Board of Directors may employ for the Council a management agent (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing.

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Section 5. Election and Term of Office. The term of the Directors named herein shall expire when their successors have been elected at the first annual meeting of members and are duly qualified. The election of Directors shall be by ballot, unless balloting is dispensed with by the unanimous consent of the members present at any meeting in person or by proxy. There shall be no cumulative voting. The term of each Director shall be three years from the date of his election. Directors shall hold office until their successors have been elected and qualified.

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

Section 7. Removal of Directors. At an annual meeting of members, or at any special meeting duly called for such purpose, any Director may be removed with or without cause by the affirmative vote of the majority of the entire membership of record and a successor may then and there be elected to fill the vacancy thus created by the Council of Unit Owners. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director against whom a condominium lien has been established and not paid may be terminated by resolution of the remaining Directors and the remaining Council of Unit Owners shall elect his successor as provided in Section 5 of this Article.

Section 8. Compensation. No compensation shall be paid to Directors for their services as Directors. After the first annual meeting of the members, no remuneration shall be paid to any Director who is also a member of the Council for services performed by him for the Council in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the uninterested Board of Directors before such services are undertaken. Directors may be reimbursed for their out-of-pocket expenses necessarily incurred in connection with their services as Directors.

Section 9. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the

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Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present at such first meeting.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two such meetings shall be held during the fiscal year. The meetings of the Board of Directors shall be open and held at a time and location as provided in the notice, which said notice shall be given to each director, personally or by mail, telephone or telegraph, at least fifteen (15) days prior to the day named for such meeting. Notice of all directors' meetings, organizational, regular and special shall be given to the unit owners on at least an annual basis as notice is given to the Directors.

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President on fifteen (15) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be open unless otherwise provided by Title 11 of the Real Property Article of the Annotated Code of Maryland, and shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-half of the Directors.

Section 12. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no separate notice shall be required to Board members and any business may be transacted at such meeting.

Section 13. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business and the acts of the majority of the Directors present at any meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business

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which might have been transacted at the meeting as originally called may be transacted.

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

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

ARTICLE VI OFFICERS

Section 1. Designation. The principal officers of the Council shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. Prior to the first annual meeting of members, the officers of the Council need not be members of the Council. Thereafter, except for the President, the officers of the Council need not be members of the Council. The Directors may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary. The offices of Vice President, Secretary and Treasurer may be filled by the same person.

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

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

Section 4. President. The President shall be the chief executive officer of the Council. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including, but not limited to, the power to appoint such committees from

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among the membership from time to time as he may, in his discretion, decide are appropriate to assist in the conduct of the affairs of the Council.

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

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Council. The Secretary shall keep the minute book for recording resolutions of the Council. The Secretary shall give notice of all annual and special meetings of members in conformity with the requirements of these By-Laws. The Secretary shall have charge of the membership roster and of such other books and papers as the Board of Directors may direct and he shall, in general, perform all of the duties incident to the office of Secretary. The Secretary shall be in charge of vote counting at all meetings.

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

ARTICLE VII

LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Liability and Indemnification of Officers and Directors. The Council may indemnify every officer and Director of the Council against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Council), to which he may be made a party by reason of being or having been an officer of Director of the Council, whether or not such person is an officer or Director of the Council at the

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time such expenses are incurred in accordance with Section 2-418 of the Corporations Article of the Annotated Code of Maryland.

Section 2. Common or Interested Directors. The

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

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose, not counting the vote of the interested Director;

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

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

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction.

ARTICLE VIII

MANAGEMENT

Section 1. Management and Common Expenses. The

Council, acting by and through its Board of Directors shall manage, operate and maintain the Condominium project and, for the benefit of the Condominium units and owners thereof, shall enforce the provisions hereof and shall pay out of the common expense fund hereinafter provided for, at least the following:

(a) The cost of providing water, sewer, garbage and trash collection and electrical, gas and other necessary utility services for the common elements and, to the extent that the same are not separately metered or billed to each Condominium unit, for the Condominium units; and,

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(b) The cost of property and extended coverage and liability insurance on the Condominium project and the cost of such other insurance as the Council may effect, in accordance with Title 11 of the Real Property Article of the Annotated Code of Maryland; and,

(c) The cost of the services of a person or firm to manage the project to the extent deemed advisable by the Council consistent with the provisions of these By-Laws, together with the services of such other personnel as the Board of Directors of the Council shall consider necessary for the operation of the Condominium project; and,

(d) The cost of providing such legal and accounting services as may be considered necessary by the Board of Directors for the operation of the Condominium project; and,

(e) The cost of repairs and replacement of equipment for central services, the maintenance of paved areas and, in general without limitation, the cost of maintaining, replacing, repairing and landscaping the common elements and such equipment for the common elements as the Board of Directors shall determine are necessary and proper, and the Board of Directors shall have the exclusive right and duty to acquire the same; provided, however, that nothing herein contained shall require the Council to paint, repair, replace or otherwise maintain the exterior or interior of any condominium unit or any fixtures, appliances, equipment of the like located therein; and,

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

(g) The cost of the maintenance or repair of a structure in any condominium unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the common elements or to preserve the appearance or value of the Condominium project, or is otherwise in the interest of the general welfare of all owners of the condominium units; provided, however, that except in cases involving emergencies or manifest danger to safety of person or property, no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the owner of the Condominium unit proposed to be maintained and provided, further, that the cost thereof shall be assessed against the condominium unit on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the then owner of said condominium unit at which time the assessment shall become due and payable and a continuing lien, upon recordation, and obligation of said owner in all respect as provided in these By-Laws; and,

(h) Any amount necessary to discharge any lien or encumbrance levied against the Condominium project or any portion thereof, which may, in the opinion of the Board of Directors, constitute a lien against any of the common elements rather than the interest of the owner of any individual condominium unit.

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Section 2. Council As Attorney-in-Fact. The Council is hereby irrevocably appointed as attorney-in-fact for the owners of all of the Condominium units in the project, and for each of them, to manage, control and deal with the interests of such owners in the common elements of the project so as to permit the Council to fulfill all of its powers, functions and duties under the provisions of the Council, the Laws of the State of Maryland, the Declaration and By-Laws, and to exercise all of its rights thereunder and to deal with the Condominium in the event of its destruction and/or the proceeds of any insurance indemnity as hereinafter provided. The foregoing shall be deemed to be a power of attorney coupled with an interest and the acceptance by any person or entity of any interest in any condominium unit shall constitute an irrevocable appointment of the Council as attorney-in-fact as aforesaid.

ARTICLE IX

COMMON EXPENSES

Section 1. Common Expenses. Each member shall pay to the Council such sums at such times as the Board of Directors may deem appropriate as the member's proportionate share based upon percentage ownership in the common elements, of the sum required by the Council, as estimated by its Board of Directors, to meet its expenses, including, but in no way limited to, the following:

- (a) The cost of all operating expenses of the Condominium project and services furnished, including charges by the Council for facilities and services furnished by it; and,
- (b) The amount of all taxes and assessments levied against the Council or upon any property which it may own or which it is otherwise required to pay, if any; and,
- (c) The cost of necessary management and administration, including fees paid to any Management Agent; and
- (d) The cost of liability insurance on the project and the cost of such other insurance as the Council may effect; and,
- (e) The cost of furnishing water, electricity, heat, gas, garbage and trash collection and/or other utilities, to the extent furnished by the Council; and,
- (f) The cost of funding all reserves established by the Council including, when appropriate, a general operating reserve and/or a reserve for replacements if established; and,
- (g) The estimated cost of repairs, maintenance and replacements of the Condominium common elements to be made by the Council.

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(h) Any item listed in Article VII, Section 1 or permitted by law.

(i) Any fees collected in excess of the annual expenses as determined herein and in Article VII hereof, which are not used, shall be applied to the following year's assessment amount.

The Board of Directors shall determine the amount of the assessments at least annually, but may do so at more frequent intervals should circumstances so require.

The Board of Directors shall make reasonable efforts to fix the amount of the assessment against each condominium unit for each annual assessment period at least 30 days in advance of the commencement of such period and shall, at that time, prepare a roster of the membership and assessments applicable thereto which shall be kept in the office of the Council and shall be open to inspection by any owner upon reasonable notice to the Board. Written notice of the assessment shall thereupon be sent to the members. The omission of the Board of Directors, before the expiration of any annual assessment period to fix assessments for that or the next such period, shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any member from the obligation to pay this assessment, or any installment thereof, for that or any subsequent assessment period; but the assessment fixed for the preceding period shall continue until a new assessment is fixed. No member may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the common elements or by abandonment of any condominium unit belonging to him.

Section 2. Budget. The Board of Directors, shall prepare and adopt a budget for each annual assessment period which shall include estimate of the funds required by the Council to meet its annual expenses for that period. Said budget shall provide for at least the following items: (1) income, (2) administration, (3) maintenance, (4) utilities, (5) general expenses, (6) reserves and (7) capital items, and said budget shall be submitted to the owners not less than 30 days prior to its proposed adoption at an open meeting of the Council of Unit Owners or at a meeting of such other body to which the Council of Unit Owners delegates responsibilities for preparing and adopting the budget. The budget herein required to be prepared and adopted by the Board of Directors shall be in a format consistent with the classification of the accounts of the Council, as hereinafter in these By-Laws provided for, and shall provide for sufficient estimates, on a periodic basis, to permit comparison to and analysis of deviations from the various periodic reports of the actual results of operations and the actual financial condition of the Council, on both a current

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basis and for prior corresponding periods, all in accordance with generally accepted accounting practices, consistently applied. Copies of the budget shall be available for examination by the members and by their duly authorized agents and attorneys, and to the institutional holder of any first mortgage on any condominium unit in the Condominium and by their duly authorized agents and attorneys during normal business hours and for purposes reasonably related to their respective interests.

Section 3. Special Assessments. In addition to the regular assessments authorized by this Article, the Council may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purposes of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the Condominium project, including the necessary fixtures and personal property related thereto, or for such other purposes as the Board of Directors may consider appropriate, provided that any such assessment shall have the assent of the members representing two-thirds of the total votes of the Condominium. Any assessment that would result in an increase in excess of fifteen percent (15%) of the budget amount previously approved shall be adopted by an amendment to the budget. A special meeting of the members shall be duly called for this purpose, written notice of which shall be sent to all members at least fifteen days but not more than ninety days in advance of such meeting, such notice shall set forth the purpose of the meeting.

Section 4. Reserve for Replacements. The Council shall establish and maintain a reserve fund for replacements of common elements by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board of Directors. Such fund shall be conclusively deemed to be a common expense. Such fund shall be deposited in a special account with a lending institution the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve for replacements may be expended only for the purpose of effecting the replacement of the common elements and equipment of the project and for operating contingencies of a nonrecurring nature. The amounts required to be allocated to the reserve for replacements may be reduced, by appropriate resolution of the Board of Directors,

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upon the accumulation in such reserve for replacements of a sum equal to twenty percent (20%) of the full replacement value of the Condominium project as such full replacement value is annually determined by the Board of Directors for casualty insurance purposes. The proportionate interest of any owner in any reserve for replacements shall be considered an apportionance of his Condominium unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the Condominium unit to which it appertains and shall be deemed to be transferred with such Condominium unit.

Section 5. Non-Payment of Assessment. Any assessment levied pursuant to the Declaration or these By-Laws, or any installment thereof, which is not paid on the date when due shall be delinquent and shall, together with interest thereon and the cost of collection thereof, as hereinafter provided, thereupon become a continuing lien upon the condominium unit or units belonging to the member against whom such assessment is levied upon the establishment of a condominium lien (in a timely manner pursuant to law), with priority as of the date of recording same, all pursuant to The Maryland Contract Lien Act being Title 14, Subtitle 2 of the Real Property Article of the Annotated Code of Maryland. The personal obligations of the member to pay such assessment shall, however, remain his personal obligation for the statutory period and a suit to recover a money judgment for non-payment of any assessment levied pursuant to the Declaration or by these By-Laws, or any installment thereof, may be maintained without foreclosing or waiving the lien herein and by the aforesaid statute created to secure the same.

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

Section 7. Special Fees. The Board may charge a reasonable fee to Unit Owners on an individual basis for special services actually rendered such as lot cutting or the like.

Section 8. Fines. The Board may assess fines against unit owners for violation of the Declaration, By-Laws, Rules or Regulations of the Board or Architectural/Environmental Standards Committee, after due notice and an opportunity to be heard. Each day a violation continues may be considered a separate offense.

ARTICLE X

USE RESTRICTIONS

Section 1. Use Restrictions. Use of any Condominium Unit or the Common Elements shall be restricted as set forth in the Declaration, or in accordance with the rules and regulations promulgated by the Board of Directors as permitted by the Declaration.

Section 2. Rules of Conduct. The Board may adopt reasonable rules and regulations not inconsistent with the Declaration and By-Laws relating to the use and occupancy of the Common Elements or activities in the Units visible or audible from the Common Elements.

ARTICLE XI

ARCHITECTURAL/ENVIRONMENTAL STANDARDS COMMITTEE

Section 1. Establishment. Subject to the provisions in the Declaration with regard to the initial Committee, the Architectural/Environmental Standards Committee is hereby established.

Section 2. Membership. Subject to the provisions in the Declaration with regard to the initial members of the Committee, the Members of the Architectural/Environmental Standards Committee shall be appointed by the Board of Directors. A Director may serve as a member of the Committee. Members of the Committee shall serve a term of three (3) years, provided that they may be dismissed by a majority vote of the Directors at any time or by a majority vote of the Unit Owners at any special meeting called for such purpose. Members of the Committee need not be Unit Owners, and may be paid such compensation on an individual basis as the Board of Directors may deem necessary and appropriate.

Section 3. Duties. The Architectural/Environmental Standards Committee shall have such duties as may be provided under the Declaration, these By-Laws, or as may be prescribed by the Board of Directors within the intent of the establishment of the Committee.

Section 4. Fees. The Architectural/Environmental Standards Committee shall establish a schedule of fees for review of site and building plans.

ARTICLE XIIINSURANCE

Section 1. Insurance. The Board of Directors shall obtain and maintain at least the following with respect to the Common Elements:

(a) Public liability insurance with a "Severability of interest" endorsement in such amounts, and in such forms, as may be considered appropriate by the Board of Directors (but not less than \$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence including, but not limited to, water damage, legal liability, hired automobile, non-owned automobile, liability for property of others, any and all other liability incident to the ownership and/or use of the Condominium Project or any portion thereof.

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

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

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

Section 2. Limitations. Any insurance obtained pursuant to the requirements of this Article shall contain all clauses required by law and regulation and be subject to the following provisions:

(a) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of the condominium units.

(b) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Council, the Board of Directors, the Owner of any Condominium Unit and/or their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

(c) The Board shall in no way be required to provide insurance for any improvements to the Condominium Units.

(d) These provisions are directory and not mandatory.

ARTICLE XVFISCAL MANAGEMENT

Section 1. Fiscal Year. The fiscal year of the Council shall begin on the first day of July every year, except for the first year of the Council which shall begin at the date of recordation of the Declaration among

the Land Records of Worcester County, Maryland. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Council subsequently dictate.

Section 2. Principal Office - Change of Same. The principal office of the Council shall be at the mailing address as set forth in Article I of these By-Laws. The Board of Directors by appropriate resolution shall have the authority to change the location of the principal office of the Council from time to time.

Section 3. Records and Audits. The Board of Directors and the Condominium officers shall keep detailed records of the transactions of the Board of Directors, minutes of the meetings of the Board of Directors, minutes of the meetings of the Council and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each unit which, among other things, shall contain the amount of each assessment against each such unit, the date when due, the amounts paid thereon and the balance remaining unpaid. A written report summarizing all receipts and expenditures shall be rendered by the Board of Directors to all unit owners at least annually.

Section 4. Inspection of Books. The books and accounts of the Council, vouchers accrediting the entries made thereupon, and all other records maintained by the Council, shall be available for examination by the unit owners and their duly authorized agents or attorneys and to the holder of any mortgage on any condominium unit listed in the Mortgage Book and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice.

ARTICLE XVIAMENDMENTS

Section 1. Amendments. These By-Laws may be amended in accordance with the provisions of the Laws of the State of Maryland; provided, however, that where the By-Laws

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have the effect of promulgating requirements of the Declaration, or the Laws of the State of Maryland, they may not be amended to negate the intent of the Declaration, or the Laws of Maryland. No By-Law may be amended or repealed in such way as to negate the intent of any provision of the Declaration.

ARTICLE XVII
MORTGAGES - NOTICE

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

Section 2. Mortgage Book. The secretary or his designee shall maintain a mortgage book listing all mortgages of units in the Condominium and which said listing shall include without limitation the unit number, the name of the mortgagor and the name and address of the mortgagee. In the event any mortgagor fails to so notify the Board of Directors as set forth in Section 1 hereof, a mortgagee may do so and upon satisfaction upon the part of the secretary that the claim of the mortgagee is bona fide, such mortgage may be listed in the Mortgage Book.

Section 3. Notice. In addition to any special notice to mortgagees (sometimes called holders of mortgage) hereinafter required by these By-Laws or rights given to such mortgagees by these By-Laws, mortgagees listed in the Mortgage Book shall have the right to all notices provided for herein at their own expense, and to attend any meetings of the Council provided herein.

Section 4. Definition. Mortgagee or holder of mortgage as used in these By-Laws means the holder of any recorded mortgage or the party secured or beneficiary of any recorded Deed of Trust encumbering any condominium unit in the Condominium.

Section 5. Notification. Any mortgagee whose name is not listed in the Mortgage Book on account of failure to notify the Board of Directors, shall not be entitled to any recognition by the Board, or any notices or the like.

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ARTICLE XVIII

COMPLIANCE - INTERPRETATION - MISCELLANEOUS

Section 1. Compliance. These By-Laws are set forth in compliance with the requirements of Title 11 of the Real Property Article of the Annotated Code of Maryland.

Section 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and Laws of the State of Maryland.

Section 3. Resident Agent. Pursuant to Title 11 of the Real Property Article of the Annotated Code of Maryland, as aforesaid, Marlene H. Mumford, 401 15th Street, Apt. 6, Ocean City, MD 21842, is hereby designated as Resident Agent of the Condominium and Council of Unit Owners. The Resident Agent, as well as officers, directors, managing agents and Council of Unit Owners of Association will be registered pursuant to Section 11-119 of the Real Property Article of the Annotated Code of Maryland.

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

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

Section 6. Gender, etc. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

Certified to be a true copy of the By-Laws of Sandpiper on the Bay Condominium.

WITNESS:

M.B. HOLLAND PARTNERSHIP

Janet H. White

By Marlene H. Mumford
Marlene H. Mumford

Janet H. White

By Janet H. Cherry
Janet H. Cherry

Janet H. White

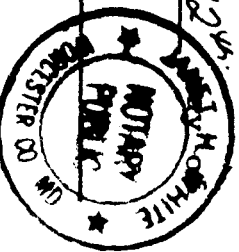
By Sandra H. Anderson
Sandra H. Anderson

"Managing Partners"

SWORN AND SUBSCRIBED TO before me, this 12th day of September, 1989.

My Commission Expires:
July 1, 1990

Janet H. White
Notary Public



LIBER 1634 PAGE 612

Plat recorded in Plot Book RHO 125 Folio 32.

18 1846 The foregoing Deed Plat
for record and is accurately recorded among the land records of
Worcester County, Mass. in Liber, R.H.O. No. 1634 folios 32 & 412
Richard W. Butler Clerk