

**PUBLIC OFFERING STATEMENT
FOR
GLOUCESTER CONDOMINIUM OF LONDONTOWNE
BY
LONDONTOWNE DEVELOPMENT CORPORATION**

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INTRODUCTION

LONDONTOWNE is proud to present its GLOUCESTER CONDOMINIUM OF as its first phase of the Londontowne community. Gloucester Condominium provides quality two-bedroom homes in a wooded and tranquil setting ideally situated in Lexington Park. The building and units have been designed to blend low maintenance with an aesthetically appealing appearance.

Phase One of Gloucester Condominium consists of 24 two-bedroom units situated in one building. Phase Two anticipates the inclusion of 24 additional units, and Phase Three allows for a maximum of 24 more units. Gloucester Condominium therefore allows for a maximum of 72 units in three separate buildings.

Pursuant to the Declaration, and By-Laws of the condominium association, the individual unit owners shall own the common elements and shall exercise their rights of ownership and duties through a council of unit owners known and called the GLOUCESTER CONDOMINIUM OF LONDONTOWNE ASSOCIATION, INC. All owners of units in the condominium are required to be members of the association. Each condominium unit is entitled to one vote in the affairs of the Association.

The unit owners' participation shall commence at the first annual meeting which shall be within 60 days of when the majority of the units are sold, but not later than 180 days after the establishment of the condominium regime. The developer's control is limited to the number of units owned, based upon one vote per unit.

The Condominium is served by Stoney Brook Road, a street which shall be bonded, dedicated to public use, and accepted into the St. Mary's County roads maintenance system. The entrance way and parking area is a common element which is part of the condominium and is to be owned and maintained by the council of unit owners.

Attached hereto and made a part of the Public Offering Statement are the following :

- I. Proposed Contract of Sale
- II. Proposed Declaration with Exhibits:
 - Exhibit A - Legal Description
 - Exhibit B - By-Laws
 - Exhibit C - Floor Plans
 - Exhibit D - Percentage of Ownership and Voting Rights
- III. Proposed Articles of Incorporation
- IV. Projected Annual Operating Budget

The Condominium is not subject to any leases, management, employment or other contracts affecting the use, operation or maintenance of the Condominium, nor is it subject to any judgments and there are no pending suits. It is, however, subject to an insurance policy covering liability and property damage. A copy of this policy is available upon request. It is the buyer's responsibility to purchase private recreational facilities, and accordingly none are planned; owner's title and personal liability insurance.

It is believed that a condominium of this size will not support however, the St.Mary's County Department of Recreation and Parks has provided a public park with some recreational facilities in the Lexington Park area.

UNIT PURCHASE AND SALE AGREEMENT

THIS UNIT PURCHASE AND SALE AGREEMENT (the "Agreement") made this _____ day of _____, 198__, by and between Londontowne Development Corporation, a corporation organized and existing under the laws of the State of Maryland ("Seller") and _____ ("Buyer") presently living at _____.

RECITALS:

Seller is the owner of certain land located in St.Mary's County, Maryland, described in a deed dated December 23, 1982, recorded in the Land Records of St.Mary's County, Maryland, and has or intends to subject all or a portion of such property to a condominium regime (the "Condominium") pursuant to the provisions of Title 11 of the Real Property Article of the Annotated Code of Maryland, as amended (the "Act").

In order to accomplish the foregoing, Seller, prior to settlement hereunder, shall have recorded among the Land Records of St.Mary's County, Maryland, a Declaration Establishing Condominium Regime, Gloucester Condominium (the "Declaration"), By-Laws, Gloucester Restrictions for Gloucester Condominium (the "Covenants and Restrictions"), all substantially in the form accompanying the "Required Condominium Public Offering Statement" hereinafter mentioned, together with certain plats entitled "Gloucester Condominium of Londontowne" (sheet 1 of 4 sheets)(said plat, together with sheets 2 through 4 recorded therewith, being referred to herein as the "Condominium Plat"), a preliminary copy of which Condominium Plat is on file in the offices of Seller's agent and is there available for examination by Buyer.

Buyer has received from Seller prior to the date of this Agreement a copy of the "Gloucester Condominium General Information Brochure" dated March 15, 1983, and exhibits attached thereto (the "Information Brochure")as well as the Required Condominium Public Offering Statement" and exhibits attached thereto (the "Public Offering Statement").

Seller intends to sell to Buyer and Buyer intends to purchase from Seller the Condominium Unit in the Gloucester Condominium hereinafter identified, pursuant to the terms and provisions of this Agreement.

All capitalized terms not defined herein shall have the meaning designated in the Declaration.

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, Buyer and Seller do hereby agree as follows:

1. SALE AND PURCHASE. Seller agrees to sell and convey to Buyer and Buyer agrees to purchase from Seller, upon the terms and conditions contained in this Agreement, the property located in St. Mary 's County, Maryland, known, or to be known, as Gloucester Condominium, unit No. _ as shown on the Condominium Plat, the unit also being described by reference to the Unit Floor Plan provided to Buyer, together with an undivided interest in the Common Elements as described in the Declaration, the Unit to have the Percentage Interests in the Carmon Elements and in the Common Expenses and Common Profits and the Vote as provided in Articles 7 and 8 of the Declaration (all the foregoing being referred to collectively as the "unit").

2. PURCHASE PRICE AND PAYMENT. The total purchase price for the unit (the "Purchase Price") shall be _____ DOLLARS (\$ _____), payable as follows:

- a. Deposit due upon execution of this Agreement (the "Deposit") \$ _____
- b. Down Payment due at settlement comprised of:
 - cash payment by Buyer due at settlement \$ _____
- c. Financial Institution Loan Proceeds due at settlement \$ _____

The Deposit shall be held by _____ in trust and shall be placed in a special escrow account pending settlement hereunder. The Deposit shall not be comingled with funds of the Seller and Seller shall have no obligation to pay any interest on the Deposit unless required by applicable law.

_____ Dollars (\$ _____) fee simple valuation (exclusive of closing costs), which statement Seller hereby agrees to deliver to Buyer promptly after such appraised value statement is made available to Seller. Buyer shall, however, have the privilege and option of proceeding with the consummation of this Agreement without regard to the amount of the appraised valuation made by the Federal Housing Commissioner. The appraised valuation is arrived at to determine the maximum mortgage the Department of Housing and Urban Development will insure. HUD does not warrant the value or the condition of the Unit. The Buyer should satisfy himself/herself that the price and the condition of the Unit are acceptable.

5. CONDOMINIUM REGIME: COVENANTS AND RESTRICTIONS. At or prior to settlement hereunder, Seller shall have caused a condominium regime to have been established with respect to the Property by the execution and recording of the Declaration and By-Laws, together with the Condominium Plat, as required by the Act and shall have subjected the Property to the Covenants and Restrictions by executing and recording a Declaration of Covenants and Restrictions to such effect. Seller reserves the right to make changes in the aforementioned documents and materials prior to the execution and recording thereof; provided, however, that except as specifically provided in the Declaration and the Covenants and Restrictions, no amendment or modification to such documents (other than an amendment required by any governmental authority or public utility) which would materially affect Buyer's rights hereunder shall be made without Buyer's consent in writing having been first obtained. In the event Seller shall be unable to complete recordation of the aforesaid documents and materials prior to the time for settlement hereunder; Seller shall return the Deposit, this Agreement shall terminate and neither party shall have any further obligation, liability or cause of action hereunder.

6. ASSESSMENTS. As provided in the By-Laws, the affairs of the Condominium shall be governed by the Council of Unit Owners of the Condominium through its Board of Directors, who shall be selected initially by Seller and who are specified in the Articles of Incorporation for the Council of Unit Owners of the Gloucester Condominium. It will be the responsibility of the Board of Directors, acting through the officers of the Council of Unit Owners appointed by the Board of Directors pursuant to the By-Laws, to administer and enforce the Covenants and Restrictions, the By-Laws and the Rules and Regulations and to provide for the maintenance, repair and replacement of the Common Elements of the Condominium and to make assessments against the Units in the Condominium for the payment of Common Expenses incurred in connection therewith. Seller has delivered to Buyer as part of the Public Offering Statement, and by execution of this Agreement Buyer acknowledges receipt of, a Projected Annual Operating Budget for the Condominium, for the first year of operation, which includes a statement of estimated monthly payments to be made by the Buyer for assessments for Common Expenses. Buyer acknowledges that such budget is based upon estimates which are subject to increases based upon increases in cost, fees and similar expenses. At settlement, Buyer agrees to prepay and deposit with the Seller for the use and benefit of the Council of unit owners of the Condominium, the sum of \$_____ which shall be placed in a fund separate from any funds of Seller to be administered by the Board of Directors pursuant to the By-Laws.

7. SELLER'S OBLIGATION CONTINGENT. Unless waived in writing by Seller, Seller's performance under this Agreement further is contingent upon Seller's receipt of executed Unit Purchase and Sale Agreements for the sale of at least _____ Units in the Condominium. If such condition is not waived or deemed satisfied by Seller in writing on or before _____ '198__, Seller shall refund the Deposit to Buyer, this Agreement shall terminate and neither party shall have any further obligation, liability or cause of action hereunder.

8. TITLE AND CONVEYANCE. At settlement hereunder, good and merchantable title to the Unit shall be conveyed to Buyer free and clear of liens and encumbrances except for use and occupancy restrictions of public record, publicly recorded easements to governmental authorities or for public utilities, easements, covenants, restrictions and obligations contained in or shown on the Declaration, By-Laws, Condominium Plat, Covenants and Restrictions and any other plats and plans recorded with or in connection with the Declaration, and other easements which may be observed by an inspection of the Property.

Upon payment by Buyer of the Purchase Price Balance and expenses of settlement as required hereunder, Seller shall execute and deliver to Buyer a deed containing covenants of special warranty and further assurances conveying the Unit to Buyer in fee simple. The deed shall be substantially in the form set forth in Exhibit B attached hereto. Possession shall be given to Buyer at the time of settlement and prior thereto Buyer shall have no right to enter upon or occupy the Unit or any part of the Property without the written approval of Seller.

To enable Seller to make conveyance as herein provided, Seller at settlement may use the Purchase Price or any portion thereof to clear title of any or all encumbrances or interests, provided that all instruments so

procured are recorded simultaneously with the deed hereunder or that provision for prompt recording thereof reasonably satisfactory to Buyer is made at settlement.

Buyer shall give Seller notice not less than fifteen (15) days prior to the time set forth for settlement of all defects in title existing at the time of such notice to which Buyer rightfully objects and all defects not so designated shall be deemed to have been waived.

If Seller shall be unable to give title or make conveyance as herein specified, then the Deposit shall be refunded, this Agreement shall terminate and neither party shall have any further obligation, liability or cause of action hereunder, provided that, Seller may elect to use reasonable efforts to remove any defects in title, in which event Seller shall give notice of such election to Buyer at or before settlement, and thereupon the time for settlement shall be extended for a period of thirty (30) days. If at the expiration of such extended time Seller shall have failed to remove defects in title rightfully objected to by Buyer, then all payments made under this Agreement by Buyer shall be refunded, without interest, this Agreement shall terminate and neither party shall have any further obligation, liability or cause of action hereunder, provided further, however, that Buyer may elect, at either the original or extended time for settlement, to waive any such defects in title, accept such title as Seller can deliver and pay therefor the Purchase Price without deduction, in which case Seller shall convey such title.

9. SETTLEMENT. Settlement shall be held at a time and place designated by Seller by at least twenty-one (21) days prior written notice, but in no event earlier than _____, 198_, or _____ later than _____, 198_, unless otherwise agreed in writing by the parties hereto. Seller agrees to cooperate with Buyer in scheduling settlement so as to meet the reasonable requirements of any lender issuing a commitment for a mortgage as described in paragraph 3 above and Buyer's title insurer or attorney, but Seller shall not be required to grant any extension of the time of settlement.

If Seller shall be delayed in completing construction of the Condominium or of the Unit due to causes beyond Seller's reasonable control (including but not limited to Acts of God, strikes, unavailability of labor or materials, adverse weather conditions, the act or default of Buyer, and governmental actions) Seller may postpone the time of settlement to a date within six (6) months after the later date set forth above by written notice given to Buyer on or before such later date.

Buyer shall inspect the Unit not less than five (5) or more than ten (10) days prior to the time for settlement and shall specify by notice in writing given to Seller any manner in which Buyer claims that the unit does not conform to the requirements of this Agreement. Except as set forth in such written notice, acceptance of a deed to a Unit by Buyer shall be deemed to be full performance by and discharge of every obligation of Seller hereunder.

If on the settlement date scheduled in accordance with this Agreement, the Unit shall be otherwise habitable, but such items as landscaping, exterior concrete, final grading and exterior painting cannot be completed by reason of weather conditions, settlement shall be consummated on the date so scheduled so long as temporary access to the dwelling shall be provided by Seller and so long as Seller shall have provided necessary occupancy permits. Seller agrees that such uncompleted items will be completed as soon as conditions permit.

If Seller shall be unable to deliver possession of the Unit as herein stipulated or if, at the time of settlement, the Unit does not substantially conform with the provisions of the Information Brochure; the Public Offering Statement and this Agreement, then any payments made under this Agreement by Buyer shall be refunded, this Agreement shall terminate and neither party shall have any further obligations, liability or cause of action hereunder.

10. ADJUSTMENTS. All settlement costs, including, but not limited to, recordation and transfer taxes, recording fees, conveyancing, title search and insurance, survey, mortgage fees and prepaid expenses shall be paid by Buyer. Taxes and all public charges of every kind against the Unit purchased hereunder which are or may be payable on an annual basis, including, but not limited to, benefit charges and assessments for water, sewerage, drainage or other public improvements and for the use thereof, and maintenance charges for the Condominium shall be apportioned between the Buyer and Seller as of the date of settlement and shall be assumed and paid thereafter by Buyer. In addition, at settlement, Buyer shall pay to the Board of Directors an amount equal to three months Common Expenses attributable to the Unit purchased hereunder to provide working capital and a contingency reserve for the Condominium. Seller agrees to pay those settlement costs, if any, which Buyer is prohibited from paying under VA regulation, if applicable.

11. RISK OF LOSS. The risk of loss for damage to the Unit by fire or other casualty is assumed by Seller until the date of settlement.

12. ASSIGNMENT. This Agreement is personal to Buyer and the rights of the Buyer hereunder are not assignable without the prior consent in writing of Seller.
13. ENTIRE AGREEMENT. This Agreement, together with any exhibits or schedules hereto and documents delivered herewith, and instruments incorporated herein by reference, constitute the complete agreement between the parties and there are no written or oral agreements, understandings, warranties for representations directly or indirectly connected with this Agreement that are not incorporated herein unless the same shall be in writing, signed by the parties and attached hereto.
14. NOTICES. Whenever, by the terms of this Agreement, any notice is required or permitted to be given to any party, notice shall be conclusively considered given when deposited in the United States Mail, postage prepaid, Certified Mail - Return Receipt Requested, to Buyer at the addresses set forth above, and to Seller at Such designation may be changed by either party by notice in writing to the other.
15. BROKER. Buyer and Seller recognize as the broker in this transaction. It is agreed that upon final settlement of this Agreement, all real estate commissions shall be paid by Seller to as sales agent. Buyer will hold Seller harmless from any claims made by any other broker or sales agent who may claim to have represented Buyer in connection with this transaction.
16. MISCELLANEOUS. The laws of the State of Maryland shall govern this interpretation, validity and construction of the terms and conditions of this Agreement. The parties to this Agreement mutually agree that it shall be binding upon them, their respective heirs, personal representatives, successors and assigns. The captions of this Agreement are for the convenience of the parties and shall not be considered a material part hereof. This Agreement may be executed in counterparts, each of which, when so executed, may be considered an original. The use of any gender shall include all genders. The invalidity of any of the provisions of this Agreement shall not affect the validity of any other.
17. LIQUIDATED DAMAGES; JOINT AND SEVERAL LIABILITY. If Buyer shall fail to fulfill any of Buyer's obligations hereunder, the Deposit, at Seller's election, may be retained by Seller as liquidated damages. If two or more persons are named herein as Buyer, their obligations hereunder shall be joint and several.
18. ADDENDA. The following addenda are attached hereto and are hereby incorporated by reference and made a part of this Agreement:

NOTICE

THE SELLER IS REQUIRED BY §11-126 OF THE ACT TO FURNISH TO BUYER A PUBLIC OFFERING STATEMENT CONCERNING THE CONDOMINIUM, WHICH STATEMENT MUST INCLUDE AT LEAST THE FOLLOWING:

- (1) A copy of the proposed Contract of Sale for the Unit;
- (2) A copy of the proposed Declaration and By-Laws and rules and regulations;
- (3) A copy of the proposed Articles of Incorporation of the Council of Unit Owners, if it is to be incorporated;
- (4) A copy of any proposed management contract, employment use, maintenance, contract, or other contract affecting the or access of all or part of the condominium to which it is anticipated the unit owners or the council of unit owners will be a party following closing;
- (5) A copy of the Projected Annual Operating Budget for the Condominium including reasonable details concerning the estimated monthly payments by the purchaser for assessments, and monthly charges for the use, rental, or lease of any facilities not part of the Condominium and details concerning the amount and method of calculation of the reserve fund for repair and replacement and its intended use or a statement that there is no such reserve fund;
- (6) A copy of any lease to which it is anticipated the Unit Owners or the Council of Unit Owners will be a party following closing;

- (7) A description of any contemplated expansion of the Condominium with a general description of each stage of expansion and the maximum number of units that can be added to the Condominium;
- (8) A copy of the floor plan of the Unit or the proposed condominium plat;
- (9) A description of any recreational or other facilities which are to be used by the Unit Owners and maintained by them or by the Council of Unit Owners and a statement as to whether or not they are to be part of the Common Elements;
- (10) A statement as to whether streets within the Condominium are to be dedicated to public use or maintained by the Council of Unit Owners
- (11) A statement of any judgments against the Council of Unit Owners and the existence of any pending suits to which the Council of Unit Owners is a party;
- (12) In the case of condominiums containing buildings substantially completed more than five year prior to the filing of the application for registration under article 11-127, a statement of the physical condition and state of repair of the major structural, mechanical, electrical, and plumbing components of the improvements to the extent reasonably ascertainable and estimated repair costs for which a present need is disclosed in the statement. The vendor is entitled to rely on the reports of architects or engineers authorized to practice their profession in this State;
- (13) A description of any provision in the Declaration or By-Laws limiting the duration of developer control or requiring the phasing-in of Unit Owner participation, or a statement that there is no such provision; and
- (14) Any other information required by regulation duly adopted and issued by the Secretary of State of Maryland.

YOU WILL HAVE THE RIGHT '10 CANCEL THIS CO"TRACT, WITHOUT PENALTY, AT ANY TIME
 1) WITHIN FIFTEEN (15) DAYS FOLLOWING DELIVERY TO YOU OF ALL OF THIS INFORMATION,
 OR 2) WITHIN FIVE (5) DAYS FOLLOWING DELIVERY TO YOU OF ANY CHANGES OR
 AMENDMENTS TO THIS INFORMATION.

THE INFORMATION REQUIRED TO BE FURNISHED AS SET FORTH IN THE ABOVE NOTICE IS
 SET FORTH IN THE PUBLIC OFFERING STATEMENT PROVIDED TO BUYER PRIOR TO
 EXECUTION HEREOF.

IN WITNESS WHEREOF, the parties hereto hereby place their hands and seals.

NOTICE TO BUYER

YOU ARE ENTITLED TO SELECT YOOR OWN TITLE INSURANCE COMPANY, SETTLEMENT
 COMPANY, ESCRO COMPANY OR TITLE ATTORNEY.

THIS IS A LEGALLY BINDING CONTRACT. YOU ARE ADVISED TO OBTAIN COMPETENT LEGAL
 ADVICE.

BUYER

_____ (SEAL)
 Date

_____ (SEAL)
 Date

SELLER

_____ (SEAL)
 Date

DECLARATION
OF
GLOUCESTER CONDOMINIUM
OF LONDONTOWNE
HORIZONTAL PROPERTY REGIME

THIS DECLARATION, made and entered into this _____ day of _____, 1983, by LONDONTOWNE DEVELOPMENT CORPORATION, a Maryland Corporation, hereinafter and in the Exhibits hereto sometimes called the "Declarant":

WHEREAS, the Declarant is the Owner in fee simple of certain land and premises located in the County of St. Mary's, State of Maryland, and more particularly described on Exhibit A attached hereto and by this reference made a part hereof; and

WHEREAS, it is the desire and intention of the Declarant to divide said property and improvements thereon into condominium units, and to sell and convey the same subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens, hereinafter set forth, each of which is for the benefit of said property and the subsequent owners thereof; and

WHEREAS, prior to or simultaneously with the recordation hereof, the Declarant has filed for record in the Office of the Clerk of the Court for the Circuit Court for St. Mary's County, Maryland, a certain plat, hereinafter referred to as the "Condominium Plat," which Condominium Plat consists of four (4) sheets; and

WHEREAS, the Declarant desires and intends by the recordation of the Condominium Plat and this Declaration to subject the property described on Exhibit A attached hereto, together with the improvements heretofore or hereafter constructed thereon and all appurtenances thereto, to the provisions of Title 11 of the Real Property Article of the ANNOTATED CODE OF MARYLAND, as a condominium:

NOW THEREFORE, the Declarant hereby declares that all of the property described on "Exhibit A" attached hereto, together with all improvements heretofore or hereafter constructed thereon and all appurtenances thereto, shall be held, conveyed, divided or subdivided, leased, rented and occupied, improved, hypothecated and encumbered, subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens {hereinafter sometimes referred to as covenants and restrictions") hereinafter set forth, including the provisions of the By-Laws of the Council of Unit Owners of the Condominium, attached hereto as "EXHIBIT B" and by this reference incorporated herein, all of which are declared and agreed to be in aid of a plan for improvement of said property, and the division thereof into condominium units and common elements, and shall be cleaned to run with and bind the land, and shall insure to the benefit of and be enforceable by the Declarant, its successors and assigns, any person acquiring or owning an interest in said property and improvements, including, without limitation, any person, group of persons, corporation, partnership, trust or other legal entity, or any continuation thereof, who holds such interest solely as security for the performance of an obligation.

ARTICLE I

Section I. Definitions. Unless the context shall plainly require otherwise, the following words when used in this Declaration and any and all exhibits hereto, shall have the following meanings:

(a) "The Act," "The Condominium Act" or "The Maryland Condominium Act" means Title 11 of the Real Property Article of the Annotated Code of Maryland, Chapter 246 of the Laws of Maryland, 1981, and shall include any revisions thereof and amendments and supplements thereto which are enacted subsequent to the date of this Declaration and which are not inconsistent with the provisions hereof.

(b) "Condominium" or "the condominium project" means the property subject to this Declaration.

(c) "Unit" or "condominium unit" means a three-dimensional area, as hereinafter and on the Condominium Plat described and identified, and shall include all improvements contained within that area except those excluded in this Declaration.

(d) "Common elements" means both general common elements and limited common elements, as hereinafter and on the Condominium Plat described and identified, and shall include all of the condominium except the condominium units.

(e) "Limited common elements" means those common elements identified in the Declaration or on the Condominium Plat as reserved for the exclusive use of one or more but less than all of the unit owners.

- (f) "General common elements" means all of the common elements except the limited common elements.
- (g) "Unit owner" or "owner" means any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds legal title to a unit within the condominium; provided, however, that any person, group of persons, corporation, partnership, trust, or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a unit owner by reason only of such interest.
- (h) "Council of Unit Owners" means all of the unit owners in association and specifically refers to GLOUCESTER CONDOMINIUM OF LONDONTOWNE ASSOCIATION, INC., a Maryland Corporation, formed to exercise the powers and duties of the Council of Unit Owners.
- (i) "Carmon expenses and coitUTIon profits" means the expenses and profits of the Council of Unit Owners.
- Section 2. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the By-Laws of the Council of Unit Owners or in Title 11 of the Real Property Article of the Annotated Code of Maryland, Chapter 246, of the Laws of Maryland, 1981.
- Section 3. Name. The name by which the condominium is to be identified is as follows: GLOUCESTER CONDOMINIUM OF LONDONTOWNE.

ARTICLE II

Section 1. Property Subject to Declaration. The property which is and shall be held, conveyed, divided or subdivided, hypothecated or encumbered, sold, leased, rented, used, occupied, and improved subject to this Declaration and the provisions of the Condominium Act, is located in the County of St. Mary's, State of Maryland, and is more particularly described on "EXHIBIT A" attached hereto and by this reference made a part hereof.

Section 2. Condominium Plat. The Condominium Plat is incorporated herein by this reference and made a part of this Declaration.

ARTICLE III

Section 1. The Condominium Project and Building. The Condominium Project hereby established shall consist of the tract of land hereinabove described on "EXHIBIT A" attached hereto, and improvements consisting of one building consisting of twenty-four (24) units, all of which improvements have been or will be constructed and are more fully described in the plats and plans incorporated herein by reference, filed among the Plat Records of St. Mary's County, Maryland, simultaneously with the recording of this Declaration, consisting of four (4) sheets, designated as:

Sheet One: Cover Sheet

Sheet Two: Site Plan

Sheet Three: Plan View

Sheet Four: Elevations

The building has an aggregate length of 209 feet 2 inches, with an aggregate width of 38 feet 10 inches on the first floor and an elevation above sea level as more particularly shown on said plats. The building is constructed on a concrete foundation and is supported by bearing walls and concrete slabs, as more particularly shown on said plats, with wooden floors for floors 2 and 3.

The building contains 24 units, designated as Units A-1 to A-8 inclusive; B-1 to B-8 inclusive; C-1 to C-8 inclusive; which are one-story, two-bedroom units, as shown on Sheet No.4 of said plats, and located in said building as shown thereon. (The building also contains patios, balconies, walkways, stairways, and other appurtenances, all as shown on said plats. The area of the building and the units hereby subjected to this Horizontal Property Regime shall be shown on Sheet No. 2 over the heading of Site Plan.)

Section 2. The Condominium Units. The general description and number of each condominium unit in the condominium, including its perimeters, approximate dimensions, floor area, identifying number or letter, location, and such other data as may be sufficient to identify it with reasonable certainty is set forth on the Condominium Plat and is represented in part in "EXHIBIT C" hereto.

Each unit shall consist of a horizontal property extending from horizontal planes which are coincident with the upper surfaces of the plywood sheets or cast in place concrete slabs that form the floors to horizontal planes which are coincident with either the underside of the overhead floor joists or the underside of the bottom chord of the trusses supporting the roof over each unit. Each unit in the building shall extend laterally between the

vertical planes which are coincident with the interior surfaces of the studs forming all exterior walls and walls separating each unit from another unit or common elements; provided, however, that all floor coverings, wall boards, plaster board, plaster, paneling, tiles, wallpaper, paint and the like constituting any part of the finished surfaces, shall be included within the unit space. Lateral and vertical boundaries of each unit are shown on the aforesaid plats. All doors and windows are part of the unit. Appliances, heat pumps, kitchen equipment, bathroom fixtures, plumbing, heating, electrical and other fixtures and non-load bearing walls are part of the unit.

ARTICLE IV

Section 1. General Common Elements. The general common elements of this Condominium project shall be as follows:

- (a) All of the land described in "EXHIBIT A" attached hereto (including the land directly and immediately beneath the supporting foundations of the condominium building) and including all rights appurtenant thereto;
- (b) All facilities located underground;
- (c) At the ground level and extending from there upwards, all of the area of said premises not included in the condominium units as hereinbefore described and all facilities located in that area. Such general common elements shall include, but not be limited to, the walkways and parking areas appurtenant to the building;
- (d) All lighting facilities and utilities installed to serve the above-mentioned common elements, including water and electric meters;
- (e) All structural parts of the building, including , but not limited to sills, roof, outside walls (not including windows or doors), interior bearing walls, supports, treads, risers, rafters, beams and any other structural parts of the building;
- (f) All guttering, down spouting and flashing;
- (g) All other elements of the unit building rationally of common use or necessity for its existence, upkeep and safety shall be general common elements, including, bl.it not limited to the stairwell.

Section 2 . Limited Common Elements. The limited common elements of the condominium project shall be as follows:

- (a) Common plumbing, vent and waste lines serving both horizontally and vertically adjacent condominium units shall be limited common elements reserved for such horizontally and vertically adjacent units;
- (b) Patios, balconies, and steps adjacent to each unit;
- (c) All limited common elements of said building rationally of limited common use.

Section 3. Covenant Against Partition. The common elements, both general and limited, shall remain undivided. No owner of any condominium or other person shall bring any action for partition or division thereof except as may be provided for in the Condominium Act.

ARTICLE V

Section 1. The Condominium Units. Each condominium unit in the Condominium Project shall have all of the incidents of real property.

Section 2. Undivided Percentage Interests in Common Elements. Each unit owner shall own an undivided percentage interest in the camion elements of the condominium equal to that set forth on "EXHIBIT D" attached hereto and by this and other reference made a part hereof. The undivided percentage interests in the common elements set forth on "EXHIBIT D" shall have a permanent character and, except as specifically provided in the Condominium Act and this Declaration, may not be changed without the written consent of all of the unit owners and the holders of all mortgages on the condominium units. The undivided percentage interests in the common elements as set forth on "EXHIBIT D" may not be separated from the condominium unit to which they appertain. Any instrument, matter, circumstance, action, occurrence or proceeding in any manner affecting a condominium unit shall also affect, in like manner, the individual percentage interest in the common elements appertainin9 to such unit, whether or not such percentage interest is expressly described or mentioned.

Section 3. Percentage Interests in Common Expenses and Corranon Profits. Each unit owner shall have a percentage interest in the common expenses and common profits of the condominium equal to that set forth in "EXHIBIT D" may not be separated from the condominium unit to which they appertain. Any instrument, matter, circumstance, action, occurrence or proceeding in any matter affecting a condominium unit shall

affect, in like manner, the percentage interests in the common expenses and common profits appertaining to such unit, whether or not such percentage interest is expressly described or mentioned .

Section 4. Disposition of Common Profits. All common profits shall be disbursed to the unit owners, be credited to their assessments for common expenses in proportion to their percentage interests in common profits and common expenses, or be used for any other purpose as the Council of Unit Owners decides.

Section 5. Funds for Payment of Common Expenses Obtained by Assessments. Funds for the payment of current common expenses and for the creation of reserves for the payment of future common expenses shall be obtained by assessments against unit owners in proportion to their percentage interests in common expenses and common profits. Assessments shall begin upon conveyance of the first unit.

Section 6. Liability for Assessment. A unit owner shall be liable for all assessments, or installments thereof, coming due while he is the owner of a unit. In a voluntary grant, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his share of the common expenses up to the time of the voluntary grant for which a statement of condominium lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such assessments. Liability for assessments may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of the unit for which the assessments are made.

section 8. Interest on Unpaid Assessments; Late Charges. Any assessment, or installment thereof, not paid when due shall bear interest, at the option of the Council of Unit Owners, from the date when due until paid at the rate provided in the By-Laws, not exceeding 18 percent per annum, and if no rate is provided, then at 18 percent per annum. The By-Laws provide for a late charge of \$15.00 or one-tenth of the total amount of any delinquent assessment or installment, whichever is greater, provided the charge may not be imposed more than once for the same delinquent payment and may only be imposed if the delinquency has continued for at least 15 calendar days.

Section 9. Enforcement of Lien. The lien may be enforced and foreclosed by the Council of Unit Owners, or any other person specified in 'the By-Laws, in the same manner, and subject to the same requirements, as the foreclosure of mortgages or deeds of trusts on real property containing a power of sale, or an assessment to a decree. Suit for any deficiency following foreclosure may be maintained in the same proceeding and suit to recover a money judgment for unpaid assessments may be maintained without waiving the lien securing the same. An action may not be brought to foreclose the lien unless brought within three years following the recordation of the statement of condominium lien. An action may not be brought to foreclose the lien except after 10 days' written notice to unit owner given by registered mail ---- return receipt requested, to the address of the unit owner shown on the books of the Council of Unit Owners.

Section 10. Voting Rights. At any meeting of the Council of Unit Owners, each unit owner shall be entitled to cast, on each question, the number of votes appurtenant to his condominium unit, as set forth on "EXHIBIT D" attached hereto and by this and other reference made a part hereof.

ARTICLE VI

Section 1. Expansion Rights. The developer, Londontowne Development Corporation, or its successor or assigns, hereby reserves the right to expand the condominium by subjecting additional sections of property to the condominium regime. Each additional section will be subject to the condominium regime:

a. The percentage interests in the common elements of the unit owners in preceding sections shall be reduced and appropriate percentage interests in the common elements of the added elements shall vest in them, as provided below.

b. Appropriate percentage interests in the common elements of the preceding sections shall vest in unit owners in the added sections, as provided below.

Section 2. Conditions.

a. Two parcels may be added to this condominium regime in the future. These two parcels are identified on the Condominium Plat, sheet two, as phase two and phase three, respectively. Phase two will include 24 condominium units, and phase three will include 24 condominium units. The maximum number of units in this condominium is 72 units.

b. The maximum number of units which may be added totals 48 additional units over and above the original 24 units. The developer reserves the right to add some or all of said units, but is under no obligation to construct additional condominium units.

c. The percentage interests in the common elements, the percentage interests in the common expenses and common profits, and the number of votes appurtenant to each unit following the addition of each section of property to the condominium, shall in all cases be divided equally among all of the units subject to this regime, so that the total of percentage interests in each category referenced above equals 100%.

d. This reservation of rights to expand as provided herein shall be reserved in the developer or its successor for a period of ten (10) years from the date of recording of this Declaration.

ARTICLE VII

Section 1. Condominium Unit Easements. Each condominium unit shall be subject to an easement to the owners of all of the other condominium units to and for the unobstructed and uninterrupted use of any and all pipes, ducts, conduits, cables, wires and wire outlets, utility lines and the like, and any other common elements located within or accessible only from any particular condominium unit and for support.

Section 2. Common Element Easements. The common elements of the condominium shall be subject to mutual rights of access, use and enjoyment by all of the unit owners ; provided, however, that any portions of the common elements designated as limited common elements are reserved for the exclusive use of the owner or owners of the condominium unit or units to which they are adjacent or to which they are declared to be appurtenant by appropriate designation on the Condominium Plat.

Section 3. Right of Entry to Make Repairs. The Council of Unit Owners, its agents and employees, and other unit owners shall have an irrevocable right and an easement to enter units to make repairs to common elements when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the condominium. Except in cases involving manifest danger to public safety or property, the Council of Unit Owners shall make a reasonable effort to give notice to the owner of any unit to be entered for the purpose of such maintenance and repair. If damage is inflicted on the common elements or any unit through which access is taken, the unit owner responsible for the damage, or the Council of Unit Owners if it is responsible, is liable for the prompt repair. An entry by the Council of Unit Owners for the purpose specified in this subsection may not be considered a trespass.

Section 4. Easement for Mutual Support. An easement for mutual support shall exist in the units and common elements.

Section 5. Existing Physical Boundaries. The existing physical boundaries of any unit or common element constructed or reconstructed in substantial conformity with the Condominium Plat shall be its boundaries, regardless of the shifting, settlement, or lateral movement of any building and regardless of minor variations between the physical boundaries as described in the Declaration shown on the condominium plat and the physical boundaries of any such unit or common element.

Section 6. Encroachment as Result of Authorized Construction or Repair. If any portion of any common element encroaches on any unit or if any portion of a unit encroaches on any common element or any other unit, as a result of the duly authorized construction or repair of a and for the maintenance action.

Section 7. Easement to Declarant. There is hereby reserved to the Declarant, its agents, successors, and assigns, a non-exclusive easement over all of the common elements of the condominium for purposes of access, the storage of building supplies and materials and equipment, and, without any limitation, for any and all purposes reasonably related to the completion of the marketing, construction, rehabilitation, use, ingress, egress and repair of the condominium and the development of adjacent property anywhere within Londontowne, including , but not limited to, the use of part or all of the driveway and parking areas as access to other portions of Londontowne to be developed .

Section 8. utility Easements. There is hereby created a blanket easement upon, across, over, through, and under the above-described condominium for ingress, egress, construction, installation, replacement, repair, and maintenance of all streets and parking lots, utility and service lines and systems including, but not limited to streets, parking, pedestrian walkways, water, sewers, gas, telephones, electricity, television, cable or communication lines and systems. By virtue of this easement it shall be expressly permissible for the Declarant, its agents, successors and assigns, or the providing service or utility company, with the approval of the Declarant, to complete construction of all contemplated improvements to the Condominium or other Londontowne property; install and maintain facilities and equipment on said property, to excavate for such purposes and to affix and maintain wires, circuits, and conduits on, in and under the roofs and exterior walls of improvements thereon, providing such disturbed areas are restored to the condition in which they were found.

Section 9. Easement to Correct Drainage. For a period of five years from the date of conveyance of the first unit, the Declarant, for itself, its agents, successors and assigns, reserves a blanket easement and right on, over and under the ground within the Condominium to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes, or shrubbery, make any gradings of the soil, or to take any other similar action reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near as practicable. The Declarant shall give reasonable notice of the intent to take such action to the Council of unit Owners, unless in the opinion of the Declarant an emergency exists which precludes such notice.

ARTICLE VIII

Section 1. Amendment. Except as otherwise provided in the Condominium Act, this Declaration may be amended only with the written consent of all of the unit owners, and, in a manner to indicate their consent to such amendment, by all persons with recorded encumbrances, including judgment lienors, on the condominium units in the condominium, all in the manner provided in Section 11-103 of the Maryland Condominium Act. Any such amendment shall be effective only upon the recordation of said amendment among the Land Records of St.Mary's County, Maryland.

ARTICLE IX

Section 1. Construction and Enforcement. The provisions hereof shall be liberally construed to facilitate the purpose of creating a uniform plan for the creation and operation of a condominium. Enforcement of this Declaration and of the By-Laws attached hereto shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant or restriction, either to restrain or enjoin violation or to recover damages, or both, and against any condominium unit to enforce any lien: in any such act by the Council of Unit Owners shall be entitled to a reasonable counsel fee as part of any act or by the Court involved, and the failure or forbearance by the Council of Unit Owners to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the within covenants or restrictions cannot be adequately remedied by action at law or exclusively by recovery of damages.

Section 2. Application. All owners, tenants and occupants shall comply with the provisions of this Declaration, the By-Laws, and the rules and regulations as they may be made and amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any unit shall constitute an agreement that the provisions of this Master Deed and Declaration, the By-Laws and the Rules and Regulations as they may be made and amended from time to time, are accepted and ratified by such owner, and shall bind any person having at any time any interest or estate in such unit, as though such provisions were recited and stipulated at length in each and every deed or conveyance or lease thereof.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgment, decree or other shall in no way effect any other provisions hereof, each of which shall remain in full force and effect.

Section 4. Captions. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration.

IN WITNESS WHEREOF, the Declarant has executed this Declaration the day and year first above mentioned.

Attest: LONDONTOWNE DEVELOPMENT CORP.

_____ By: _____ (SEAL)
Ralph H.Guenther, President

STATE OF MARYLAND, COUNTY OF ST.MARY 'S, to wit:

I HEREBY CERTIFY, that on this ____ day of _____, 198 __, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared RALPH H.GUENTHER, as the duly authorized President of LONDONTOWNE DEVELOPMENT CORP., and he acknowledged that he executed the foregoing Declaration for the purposes therein contained.

AS WITNESS my hand and Notarial Seal.

NOTARY PUBLIC

My commission expires: _____

EXHIBIT "A"

DESCRIPTION OF GLOUCESTER CONDOMINIUM OF LONDONTOWNE

All those certain parcels, tracts or lots of land lying in the Third Election District of St. Mary's County, Maryland, more particularly described as follows:

BEGINNING FOR THE SAME at a point located on the southerly side of Peggs Lane, having a right-of-way width of 50 feet. Said point being further described as being the most northeasterly corner of the herein described parcel of land and being a corner common to the property now or formerly Marvin Franzen. Thence leaving the right-of-way of Peggs Lane and running with the property now or formerly Franzen, s 18°34' 26" E, 216.59 feet to a point, thence running with the land of the Granters S 71°25'34" w, 344.03 feet to a point on the easterly side of the proposed Stoney Brook Road, having a right-of-way width of 70 feet. Thence running with the aforementioned right-of-way, N 08°51'02" t-7, 155.27 feet to a point, thence 45.81 feet along the arc of a curve to the right having a radius of 35.013 feet to a point on the right-of-way of the aforementioned Peggs Lane. Thence running with said right-of-way the following (2) courses and distances:

1. N 66°08'58" E, 80.96 feet to a point, thence
2. N 64° 10' 35" E, 207.40 feet to the point of beginning and containing 1.479 acres more or less as surveyed by Lorenzi, Docs & Gunnill, Inc., and shown on a plan dated March 1, 1983, and numbered 783300.

BY-LAWS OF GLOUCESTER CONDOMINIUM OF LONDONTOWNE ASSOCIATION, INC.

ARTICLE I

Section 1. Name and Location. The name of this incorporated Association (hereinafter the Association) is GLOUCESTER CONDOMINIUM OF LONDONTOWNE ASSOCIATION, INC. It is the Condominium Council of unit Owners of the Gloucester Condominium. Its principal office is located in Leonardtown, Maryland, at Route 2, Box 322, Port Place, or such other address as the Association, through its Board of Directors may designate from time to time by written notice to the unit owners and the mortgagees.

ARTICLE II

Definitions

Section 1. Declaration. "Declaration" as used herein means that certain Declaration made on the ___ day of _____, 198__, by Londontowne Development Corp., a Maryland Corporation, pursuant to Title 11 of the Real Property Article of the Annotated Code of Maryland, Chapter 246, of the Laws of Maryland, 1981, known as the Maryland Condominium Act by which certain described property is submitted to a condominium property regime and which Declaration is recorded among the Land Records of St. Mary's County, Maryland, immediately prior hereto and to which these By-Laws are appended as an Exhibit.

Section 2. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration or in Title 11 of the Real Property Article of the Annotated Code of Maryland, Chapter 246, of the Laws of Maryland, 1981, known as the Maryland Condominium Act.

ARTICLE III

Membership

Section 1. Members. Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, which owns a condominium unit within the condominium project shall be a member of the Association provided, however, that any person, group of persons, corporation, trust or other legal entity,

or any combination thereof, which holds such interest solely as security for the performance of any obligation shall not be a member.

Section 2. Membership Certificates. In the event the Board of Directors considers it necessary or appropriate to issue membership certificates or the like, then each such membership certificate shall state the Association is incorporated under the laws of the State of Maryland, the name of the registered holder or holders of the membership represented thereby, and shall be in such form as shall be approved by the Board of Directors. Membership certificates shall be consecutively numbered, bound in one or more books, and shall be issued therefrom upon certification as to the transfer of title to the condominium unit to which such membership is appurtenant. Membership is not otherwise transferrable. Every membership certificate shall be signed by the President or Vice President and the Secretary or an Assistant Secretary.

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

Section 4. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each member of the Association shall be entitled to receive out of the assets of the Association available for distribution to the members an amount equal to that proportion of such assets which his percentage interest of the Declaration bears to all percentage interests.

ARTICLE IV

Meeting of Members

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

Section 2. Annual Meetings. The first annual meeting of the members of the Association shall be held within sixty (60) days after a majority of the condominium units of the condominium have been sold by the Declarant and title to the same has been conveyed to the Purchaser, or within one hundred eighty (180) days of the establishment of the condominium regime, whichever shall first occur. Thereafter, the annual meetings of the members of the Association shall be held on the 1st Wednesday in June, in each succeeding year. At such meeting there shall be elected by ballot of the members of a Board of Directors in accordance with the requirements of Section 5 of Article V of these By-Laws. The members may also transact such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by members representing at least twenty percent (20%) of the total percentage interests of the project as shown on "EXHIBIT D" having been presented to the Secretary, provided, however, that no special meeting shall be called, except upon resolution of the Board of Directors, prior to the first annual meeting of members as hereinabove provided for. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of members representing at least fifty-one percent (51%) of the total percentage interests as shown in "EXHIBIT D" present, either in person or by proxy.

Section 4. Notice of Meeting. It shall be the duty of the Secretary to mail 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 this address as it appears on the membership book of the Association, or if no address appears, at his last known place of address, at least ten (10) but not more than ninety (90) days prior to such meeting. Service may also be accomplished by the delivery of such notice to the member at his condominium unit or last known address. Notice by either such method shall be considered as notice served. Attendance by a member at any meeting of the members shall be a waiver of notice by him of the time, place and purpose thereof.

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

Section 6. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended or having once attended has left the meeting, the members who are present, either in person or by proxy, may adjourn the meeting to a time then set and after notice, pursuant to Section 5-206, Annotated Code of Maryland, "Corporations and Associations."

Section 7. Voting. At any meeting of the members, each member shall have the right, on each question, to cast the number of votes assigned to the member's respective unit under the heading "Voting Rights" as set forth on "EXHIBIT D" to the Declaration. The vote of the members representing at least fifty-one percent (51%) of the percentage interests, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which by express provision of status, or the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. No member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 8. Proxies. A member may appoint any other member or the Declarant or Management Agent 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. Unless limited by its terms, any proxy shall continue until revoked by written notice of revocation filed with the Secretary or for a period of one hundred eighty (180) days, whichever shall first occur.

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

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

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 Association shall be governed by the Board of Directors composed of at least three (3) neutral persons and not more than seven (7) neutral persons, all of whom (after the first annual meeting of members) shall be members of the Association.

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

Ralph H. Guenther, Leonardtown, Maryland

Daniel J. Guenther, Leonardtown, Maryland

F. Michael Harris, Leonardtown, Maryland

Section 3. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and the condominium project and may do all such acts and things as are not prohibited 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 are not limited to the following:

To provide for the:

- (a) Care, upkeep and surveillance of the condominium project 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.
- (b) To establish and provide for the collection of assessments and/or carrying charges from 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.
- (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 general or limited 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.
- (d) To promulgate and enforce such rules and regulations and such restrictions or requirements as may be deemed proper respecting the use, occupancy and maintenance of the project including, but not limited to the units and 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 the Declaration.
- (e) To authorize, in their discretion, patronage refunds from residual receipts when and as reflected in the annual report .

Section 4. Management Agent. The Board of Directors may employ for the Association a management agent (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing, which may include, but not necessarily be limited to, the duties set out in subsections (a) through (d) of Section 3 of this Article.

Section 5. Election and Term of Office. The term of the Directors named herein shall expire when their successors have been elected and are duly qualified. At the first annual meeting of the members the term of office of the Director receiving the greatest number of votes shall be fixed for three (3) years. The term of office of the Director receiving the second greatest number of votes shall be fixed for two (2) years and the term of office of the other Director or Directors shall be fixed at one (1) year. At the expiration of the initial

term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by 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. Subject to Section 6 above, at a regular or special meeting duly called, any Director may be removed with or without cause by the affirmative vote of the majority of the entire regular membership of record and a successor may then and there be elected by the membership to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director who becomes more than sixty (60) days delinquent in payment of any assessments and/or carrying charges due the Association shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 6 of this Article.

Section 8. Compensation. No Compensation shall be paid to Directors for their services as Directors. After the first annual meeting of the members, no remuneration shall be paid to any Director who is also a member of the Association for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before the services are undertaken.

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

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

Section 11. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-third (1/3) of the Directors.

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

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

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

Section 15. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for association or trust funds shall furnish fidelity bonds in an amount not less than 159% of the estimated annual operating expenses for the project, including reserves. The premiums on such bonds shall be paid by the Association.

ARTIQE VI

Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The officers of the Association need not be members of the Association. The Directors may appoint an Assistant Secretary and an Assistant Treasurer and such other officers as in their judgment may be necessary. The offices of Secretary and Treasurer may be filled by the same person.

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

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

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

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

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

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

ARTICLE VII

Liability and Indemnification of Officers and Directors

Section 1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association or the condominium project (except to the extent that such officers or Directors may also be owners of condominium units) and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Association, or former officer or director of the Association, may be entitled and shall be in accordance with the provisions of Section 2-418 of the Annotated Code of Maryland, "corporation and Associations."

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

- (a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or
- (b) The fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or
- (c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof, which authorizes, approves, or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such other corporation or not so interested. This section of these By-Laws shall be governed by and be in accordance with Section 2-419 of the Annotated Code of Maryland, "corporation and Associations."

ARTICLE VIII

Management

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

- (a) The cost of providing water, sewer, garbage and trash collection, electrical and other necessary utility services for the common elements, and, to the extent that same are not separately metered or billed to each condominium unit, for the condominium units.
- (b) The cost of fire and extended liability insurance on the condominium project and the cost of such other insurance as the Association may effect.
- (c) The cost of the services of a person or firm to manage the project to the extent deemed advisable by the Association together with the services of such other personnel as the Board of Directors of the Association shall consider necessary for the operation of the condominium project.
- (d) The cost of providing such legal and accounting services as may be considered necessary to the operation of the condominium project.
- (e) The cost of painting, maintaining, replacing, repairing or landscaping the common elements and such furnishings and equipment for the common elements a the Board of Directors shall have the exclusive right and duty to acquire; provided, however, that nothing herein contained shall require the Association to paint, repair or otherwise maintain the interior of any condominium unit or any fixtures, appliances or equipment located therein.
- (f) The cost of any and all other materials, supplies, labor, maintenance, repairs , taxes, assessments or the like which the Association is required to secure or pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the common elements; provided, however, that if any of the aforementioned are provided or paid for the benefit of a particular condominium unit or units, the cost thereof shall be specially assessed to the owner or owners thereof in the manner provided in subsection (g) or section 1 of this Article.
- (g) The cost of the maintenance or repair of 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 no such maintenance of 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 repaired, 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 and obligation of said owner in all respects as provided in Article IX of these By-Laws.

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

Section 2. Management Agent. The Association may, by contract in writing, delegate any of its duties, power or functions to the Management Agent, provided that such delegation shall be revocable upon thirty (30) days written notice without cause shown. The Association and the Board of Directors shall not be liable for any omission or improper exercise by the Management Agent of any such duty power or function so delegated.

Section 3. Duty to Maintain. Except for maintenance requirements herein imposed upon the Association, if any, the owner of any condominium unit shall, at his own expense be responsible for the maintenance, repair and replacement of any Interior walls, interior ceiling and floors of his unit and shall, at his own expense, maintain the interior of his condominium unit and any and all equipment, appliances, or fixtures therein situate, and, its other appurtenances (including, without limitation, any patios, balcony or appurtenances to such condominium unit designated on the record plat as a limited common element reserved for exclusive use by the owner of a particular condominium unit), in good order, condition and repair, and in a clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his condominium unit and such appurtenances. In addition to the foregoing, the owner of any condominium unit, shall, at his own expense, maintain, repair, or replace any plumbing and electrical fixtures, outlets, and receptacles, lighting fixtures, refrigerators, freezers, dishwashers, clothes washers, clothes dryers, disposals, ranges, range hoods, air conditioning compressors, and/or other equipment that may be in or appurtenant to such condominium unit. The owner of any condominium unit shall also, at his own expense, maintain any other limited common elements which may be appurtenant to such condominium unit and reserved for his exclusive use in a clean, orderly and sanitary condition.

Section 4. Windows and Doors. The owner of any condominium unit shall, at his own expense, clean, maintain, and replace all windows and glass doors of the condominium unit and shall, at his own expense, clean and maintain the interior surfaces of all entry doors of the condominium unit which are not glass. Windows will remain in their present condition.

Section 5. Access at Reasonable Times. For the purpose solely of performing any of the repairs or maintenance required or authorized by these By-Laws, or in the event of a bond fide emergency involving illness or potential danger to life or property, the Association, through its duly authorized agents or employees, shall have the right, after reasonable efforts to give notice to the owner or occupant, to enter any condominium unit at any hour considered to be reasonable under the circumstances.

Section 6. Easements for Utilities and Related Purposes. The Association is authorized and empowered to grant such licenses, easements and/or rights of way for sewer lines, water lines, electrical cables, telephone cables, storm drains, underground conduits and/or such other purposes related to the provision of utilities to the condominium project as may be considered necessary and 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 condominium units or the Declarant, in accordance with §11-125 of the act.

Section 7. Limitation of Liability. The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for out of the common expense funds, or for injury or damage to person or property caused by the elements or by the owner of any condominium unit, or any other person, or resulting from electricity, water, snow, or ice which may leak or flow from any portion of the common elements or from any wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to the owner of any condominium unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. No diminution of abatement of common expense assessments, as hereinelsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements, or to any condominium unit or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

ARTICLE IX

Assessments and carrying Charges

Section 1. Annual Assessments and Carrying Charges. Each member shall pay to the association a monthly sum (hereinsewhere sometimes referred to as "assessments" or "carrying charges") equal to one-twelfth (1/12) of the member's proportionate share of the sum required by the Association, as estimated by its Board of Directors, to meet its annual 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 Association for facilities and services furnished by it; and
- (b) The cost of necessary management and administration, including fees paid to any Management Agent; and
- (c) The amount of all taxes and assessments levied against the Association or upon any property which it may own or which it is otherwise required to pay; and
- (d) The cost of fire and extended liability insurance on the project and the cost of such other insurance as the Association 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 Association for the condominium project; and
- (f) The cost of funding all reserves established by the Association including, when appropriate, a general operating reserve and/or a reserve for replacements; and
- (g) The estimated cost of repairs, maintenance, and replacements of the condominium project to be made by the Association.

The Board of Directors shall determine the amount of the assessment annually, but may do so at more frequent intervals should circumstances so require. Assessment shall be made against the unit owners in proportion to their percentage interest in the common expenses and common profits.

The Board of Directors of the Association shall make reasonable efforts to fix the amount of the assessment against each condominium unit for each assessment period at least thirty (30) days in advance of such date or 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 Association 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 assessment period, to fix the assessments hereunder for that or the next period, shall not be deemed a waiver of modification in any respect of the provisions of this article, or a release of any member from the obligation to pay the assessment, or any installment thereof, for that or any subsequent assessment period, but the assessment 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. Special Assessments. In addition to the regular assessments authorized by this Article, the association may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the project related thereof, 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 (2/3) of the percentage interests. A meeting of the members shall be duly called for this purpose, written notice of which shall be sent to all members at least fifteen (15) days but not more than thirty (30) days in advance of such meeting, which notice shall set forth the purpose of the meeting.

Section 3. Reserve for Replacements. The Association shall establish and maintain a reserve fund for replacements by the allocation and payment yearly to such reserve fund of an amount to be designated from time to time by the Board of Directors and which shall not be less than two percent (2%) of the aggregate yearly installment levied pursuant to the provisions of this Article IX. 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 to as 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 non-recurring nature. The amounts required to be allocated to the reserve for replacements may be reduced, by appropriate resolution of the Board of Directors, upon the accumulation in such reserve for replacements of a sum equal to twenty-five percent (25%) 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 appurtenance 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 4. Non-Payment of Assessment. Any assessment levied pursuant to 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 and shall bind such condominium unit or units in the hands of the then owner, his heirs, devisees, personal representatives and assigns, all in accordance with the provisions of Title 11 of the Real Property Article of the Annotated Code of Maryland, Chapter 246, of the Laws of Maryland, 1981. The personal obligation 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 nonpayment of any assessment levied pursuant to 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.

Any assessment or installment thereof levied pursuant to the Declaration or the By-Laws, which is not paid within fifteen (15) days after it is due, shall be subject to a late charge of the greater of Fifteen Dollars (\$15.00) or ten percent (10%) of the total amount of any delinquent assessment or installment thereof, and shall bear interest at a rate not to exceed eighteen percent (18%) per annum from the due date, and the Association may bring an action at law against the member personally obligated to pay the same, or foreclose the lien, against the condominium unit or units then belonging to said member, in either of which events interest, late charges, costs and reasonable attorney's fees of not less than twenty percent (20%) of the sum claimed shall be added to the amount of each assessment. The Association shall notify the holder of the first mortgage of any condominium unit for which any assessment levied pursuant to these By-Laws becomes delinquent for a period in excess of sixty (60) days and in any other case where the owner of such condominium unit is in default with respect to the performance of any other obligation hereunder for a period in excess of sixty (60) days.

Section 5. Assessment Certificants. The Association shall, upon demand at any time, furnish to any member liable for any assessments levied pursuant to these By-Laws (or any other party legitimately interested in the same, including first mortgagees), a certificate in writing signed by an Officer of the Association setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed Thirty Dollars (\$30.00) may be levied in advance by the Association for each certificate so delivered.

Section 6. Acceleration of Installments. Upon default in the payment of any one or more installments of any assessment levied pursuant to the Declaration 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, all in accordance with the provisions of Title 11 of the Real Property Article of the Annotated Code of Maryland, Chapter 246, of the Laws of Maryland, 1981.

Section 7. Priority of Lien. The lien established by this Article and by Title 11 of the Real Property Article of the Annotated Code of Maryland, Chapter 246, of the Laws of Maryland, 1981, shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

- (a) General and special assessments for real estate taxes on the condominium unit; and
- (b) The liens of any deed of trust, mortgage or encumbrance duly recorded on the condominium unit prior to the assessment of the lien thereon or duly recorded on said unit after receipt of a written statement from the Board of Directors reflecting that payments on said lien were current as of the date of recordation of said deed of trust, mortgage instrument or encumbrance.

Section 8. Subordination and Mortgage Protection. Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these By-Laws upon any condominium unit in the project shall be subordinate to, and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first mortgage (meaning a mortgage with priority over other mortgages) upon such interest made in good faith and for value received, provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such condominium unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser at such sale of the condominium unit from liability for any assessments thereafter becoming due and attributable to any period of time subsequent to the date of such transfer or sale, nor from the lien of any

such subsequent assessment, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

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

Section 9. Definition . As used in these By-Laws, the term "mortgage" shall include deed of trust, and the term "holder" or "mortgagee" shall include the party secured by any deed of trust or any beneficiary thereof.

ARTICLE X

Restrictions and Rules

1. The common elements and each condominium unit located on the property shall be used, occupied and maintained for residential purposes only and shall not be occupied by more than two (2) persons per bedroom with the exception of children less than two (2) years of age, and occasional guests.
2. No noxious or offensive trade or activity shall be carried on upon the common elements or in any condominium unit; nor shall anything be done upon the property or in any unit which may be or become a violation or any health, fire, police or other governmental law, rule or regulation, or a nuisance or annoyance to the unit owners or neighborhood, any violation of any law, order, rule or regulation, or
3. No noise, disturbing to the unit owners, shall be made upon the common elements or in any condominium unit, and nothing shall be done or permitted to be done in or about the common elements or any unit that interferes with, obstructs, or violates the rights, reasonable comforts or convenience of the unit owners.
4. Nothing shall be kept in any condominium unit which may in any way increase the rate of insurance on the buildings, or other common elements, beyond the rate established therefore when other common elements, beyond the rate established therefore when and as used for the purposes permitted under the Declaration and By-Laws; and further, nothing shall be done or permitted to be done that will conflict with any law, rule or regulation.
5. The walkways and stairways shall be used for ingress and egress only, and children shall not be permitted to play therein or thereon, nor shall same be used in any manner for permanent or temporary storage of any article of personal property, or of any bottles, trash or garbage, nor shall any of the foregoing ever be permitted to remain or stand in or on the walkways, stairways, driveways or parking area. All bottles, trash and garbage shall be placed in the disposal facilities provided for such purpose pursuant to rules adopted by the Board of Directors pursuant to these By-Laws.
6. No portion of the common elements shall be in any manner defaced, nor be utilized for the making of connection of any sort for radio, television, or other devices or equipment of any kind, all of which connections are specifically prohibited except the ordinary outlets furnished within condominium units and except additional electrical outlets which may be installed with the consent of the Board of Directors. Further, the common elements shall be used only for the purposes which the same were installed, and none of said common elements shall be loaded or taxed beyond the capacity for which designated.
7. No vermin, insects or other pests shall be allowed to remain in any condominium unit, nor shall any such unit be permitted to remain in an unclean or unsanitary condition. In order to assure compliance with this subparagraph, the Board of Directors, its agents, servants, employees and contractors may enter any room or any unit in the condominium at any reasonable hour of the day, after reasonable notice, for the purpose of inspecting such room or unit for the presence of any vermin, insects, or other pests, and for the purpose of taking such measure as may be necessary to control or exterminate any such vermin, insects or other pests.
8. Neither clothing, curtains, rugs, towels, or other articles shall be shaken from or on the walkways, stairways, windows, doors, patios, or balconies, nor shall anything be placed on or hung from the windows, balconies or the front facade, or thrown from doors, windows or balconies nor shall any sign of any kind be displayed upon the property except to the extent permitted by the Board of Directors.

9. Nothing shall be done to change the style of or the color of any portion of the exterior of a unit, including, but not limited to, patios, balconies, balcony railings, and exterior walls, without the approval of the Board of Directors.

10. The maintenance, keeping, breeding, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any condominium unit or upon common elements, except that this shall not prohibit the keeping of either one dog less than twenty-five (25) pounds, a house cat, or caged bird, or an unlimited number of fish, as a domestic pet, provided such pet is not kept or maintained for commercial purposes or for breeding. No such domestic pet shall be retained after notice from the Board of Directors to remove it from the condominium for a reasonable cause stated in its notice. All unit owners with domestic pets shall comply with all governmental and condominium regulations for keeping and controlling such pets.

ARTICLE XI

Architectural Control

Section 1. Architectural Control Committee. Except for the original construction of the condominium units situate within the project by the Declarant and any improvements to any condominium unit or to the common elements accomplished concurrently with said original construction, and except for purposes or proper maintenance and repair or as otherwise in these By-Laws provided, it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, porches, driveways, walls, or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever to the exterior of any condominium unit or upon any of the common elements within the project or do anything to the interior of a unit that will affect the exterior appearance of the unit, until the complete plans and specifications showing the location, nature, shape, height, material, color, type of construction, and/or any other proposed form of change (including, without limitation, any other information specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing as to harmony of external design, color and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an Architectural Control committee designated by it.

In the event the Board of Directors, or its designated committee, fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

Section 2. Carpets. In order to keep sound transmission at a minimum level, each owner of a condominium unit, at his own expense, shall cover at least seventy-five percent (75%) of the gross floor area of his condominium with carpet or rugs.

ARTICLE XII

Insurance

Section 1. Pursuant to the provisions of Section 11-114 of the Real Property Article of the Annotated Code of Maryland, Chapter 246, of the Laws of Maryland, 1981, the Council of Unit Owners shall obtain and maintain, to the extent reasonably available, at least the following:

(1) Property insurance on the common elements and units, exclusive of improvements and betterments installed in units by the unit owners, insuring against all risks of direct physical loss commonly insured against or, in the case of a conversion condominium, against fire and extended coverage perils. The total amount of insurance after application of any deductibles may not be less than eighty percent (80%) of the actual cash value of the insured property, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and

(2) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board of Directors but not less than any amount specified in the Declaration, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements.

Section 2. Nothing herein contained shall prevent an individual owner from obtaining insurance for his own benefit, especially insurance for improvements and betterments installed by each unit owner.

ARTICLE XIII

Casualty Damage - Reconstruction or Repair

Section 1. Use of Insurance Proceeds. In the event of damage or destruction by fire or other casualty, the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications with the proceeds of insurance available for that purpose, subject to the limitations set forth in Section 11-114(9) of the Real Property Article of the Annotated Code of Maryland, Chapter 246, of the Laws of Maryland, 1981.

ARTICLE xrv

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January, every year, except that the first fiscal year of the Association shall begin at the date of recordation of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors.

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practices. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures affecting the condominium project and its administration and shall specify the maintenance and repair expenses of the general and limited common elements and services and any other expenses incurred. That amount of any assessment required for payment on any capital expenditures of the Association shall be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution.

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

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

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

ARTICLE XV

Amendment

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of members representing sixty-six and two-thirds percent (66-2/3%) of the voting interests of the condominium project at any meeting of the members duly called for such purpose, in accordance with the provisions of Title 11 of the Real Property Article of the Annotated Code of Maryland, Chapter 246, of the Laws of Maryland, 1981, effective only upon the recordation among the Land Records of St. Mary's County, Maryland, of an Amendment to the By-Laws attached as "EXHIBIT B" to the Declaration setting forth such amendments to these By-Laws. Amendments may be proposed by the Board of Directors or by petition signed by members representing at least thirty percent (30%) of the total value of the condominium project. A description of the proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

ARTICLE XVI

Mortgages - Notes

Section 1. Notice to Board of Directors. Any owner of any condominium unit in the condominium project 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, and all notices of default sent

to any member shall also be sent, certified mail, return receipt requested, to the holder of any first mortgage of the unit owned by the said member.

Section 2. Consents. Any other provision of these By-Laws or of the Declaration to the contrary notwithstanding but consistent with Maryland law which shall govern, the Association shall not, and neither the members nor the Board of Directors shall institute any proceeding without the prior written consent of all holders of mortgages of record, to take any of the following actions:

(a) Modify or amend the provisions of the Declaration; or

(b) Partition, subdivide, transfer or otherwise dispose of any of the common elements of the condominium project; or

(c) Resolve to use the proceeds of casualty insurance for any purpose other than the repair or restoration of the common elements.

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

ARTICLE XVII

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, Chapter 246, of the Laws of Maryland, 1981.

Section 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of Title 11 of the Real Property Article of the Annotated Code of Maryland, Chapter 246, of the Laws of Maryland, 1981, known as the Maryland Condominium Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration or the aforesaid statute. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between the aforesaid Declaration and Title 11 of the Real Property Article of the Annotated Code of Maryland, Chapter 246 of the Laws of Maryland, 1981, the provisions of the statute shall control.

Section 3. Resident Agent. Daniel J. Guenther of Box 437 (the Ragan Building, Maryland Route 5), Leonardtown, Maryland 20650, shall be designated as the person authorized to accept service of process in any action relating to two or more condominium units or to the common elements as authorized under the Real Property Article of the Annotated Code of Maryland, Chapter 246, of the Laws of Maryland, 1981.

Section 4. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in the Declaration or in these By-Laws shall be given in writing.

Section 5. 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 6. 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 7. Captions. The captions contained in these By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

Section 8. 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.

GLOUCESTER CONDOMINIUM

OF

LONDONTOWNE

Two-Bedroom Units

(units A1-A8 B1-B8 C1-C8)

EXHIBIT D
GLOUCESTER CONDOMINIUM
OF LONDONTOWNE

UNIT
NUMBER

A-1
PERCENTAGE OF OWNERSHIP OF EACH UNIT IN COMMON ELEMENTS AND COMMON
EXPENSES AND COMMON PROFITS

	4.166%
VOTING RIGHTS	
1 A-2	4.166%
1 A-3	4.166%
1 A-4	4.166%
1 A-5	4.166%
1 A-6	4.166%
1 A-7	4.166%
1 A-8	4.166%
1 B-1	4.166%
1 B-2	4.166%
1 B-3	4.166%
1	4.166%

B-4	4.166%
1	
B-5	4.166%
1	
B-6	4.166%
1	
B-7	4.166%
1	
B-8	4.166%
1	
C-1	4.166%
1	
C-2	4.166%
1	
C-3	4.166%
1	
C-4	4.166%
1	
C-5	4.166%
1	
C-6	4.166%
1	
C-7	4.166%
1	
C-8	4.166%
1	
100% 24	

*100% is arrived at by rounding off 99.999%.

**The percentage of ownership of each unit will be reduced as additional units are joined in the Condominium. With 48 units the percentage of ownership will be 2.083%. With 72 units the percentage of ownership will be 1.388%. In any event each unit will be entitled to one vote.

ARTICLES OF INCORPORATION
OF

GLOUCESTER CONDOMINIUM OF LONDONTOWNE ASSOCIATION, INC.

THIS IS TO CERTIFY:

That I, the subscriber, Ralph H. Guenther, whose address is Route 2, Box 322, Port Place, Leonardtown, Maryland 20650, being at least twenty-one (21) years of age, do hereby declare myself as incorporator with the intention of forming a corporation under and by virtue of the General Laws of the State of Maryland, and for such purposes do hereby make, execute and adopt the following Articles of Incorporation.

ARTICLE I

The name of the corporation is: GLOUCESTER CONDOMINIUM OF LONDONTOWNE ASSOCIATION, INC., hereinafter called the "Corporation."

ARTICLE II

The principal office of the corporation is located at 322 Port Place, Leonardtown, Maryland 20650.

ARTICLE III

The name and post office address of the Resident Agent of the Association in the State of Maryland shall be: Daniel J. Guenther, Box 437, the Ragan Building, Maryland Route 5, Leonardtown, Maryland 20650.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

This Corporation does not contemplate pecuniary gain or profit to the members thereof, except as set forth in the By-Laws, Declaration, and the Maryland Condominium Act and shall not be authorized to issue capital stock. The specific purposes for which it is formed are:

a. To provide for maintenance, preservation and architectural control of the residence lots and common area within that certain tract of real property located in the Eighth Election District of St. Mary's County, Maryland, aforesaid, in Plat Liber MRB____, page____, and more particularly described as follows:

BEGINNING FOR THE SAME at a point located on the southerly side of Peggs Lane, having a right-of-way width of 50 feet. Said point being further described as being the most northeasterly corner of the herein described parcel of land and being a corner common to the property now or formerly Harvin Franzen. Thence leaving the right-of-way of Peggs Lane and running with the property now or formerly Franzen, S 18°3'1'26" E, 216.59 feet to a point, thence running with the land of the Grantors S 71°25'34" W, 344.03 feet to a point on the easterly side of the proposed Stoney Brook Road, having a right-of-way width of 70 feet. Thence running with the aforementioned right-of-way, N 08°51'02" W, 156.27 feet to a point, thence 45.81 feet along the arc of a curve to the right having a radius of 35.00 feet to a point on the right-of-way of the aforementioned Peggs Lane. Thence running with said right-of-way the following (2) courses and distances:

1. N 66°08'58" E, 80.96 feet to a point, thence
2. N 64°10'35" E, 207.40 feet to the point of beginning and containing 1.479 acres more or less as surveyed by Lorenzi, Dodds & Gunnill, Inc., and shown on a plan dated March 1, 1983 and numbered 783300.

b. To promote the health, safety and welfare of the residents within the above-described property and any additions thereto as may hereafter be brought within the jurisdiction of this corporation for this purpose;

c. To exercise all of the powers and privileges and to perform all of the duties and obligations of the council of unit owners as set forth in that certain Declaration and By-Laws applicable to the property and recorded or to be recorded in the Land Records of St. Mary's County, Maryland, and as the same may be amended from time to time as herein provided, said Declaration and By-Laws being incorporated herein as if set forth at length.

d. To have and to exercise any and all powers, rights and privileges which a corporation organized under the applicable Corporation Law of the State of Maryland and operating pursuant to the Maryland Condominium Act may have.

ARTICLE V
MEMBERSHIP

Every person or entity who is a unit owner or owner in the aforesaid Condominium as the same is defined in the Declaration and By-Laws shall be a member of the Corporation. Membership shall be appurtenant to and may not be separated from ownership of a unit.

ARTICLE VI
BOARD OF DIRECTORS

The affairs of this Association shall be governed by a Board of not less than three (3) nor more than seven (7) Directors. The number, qualification, removal and election are provided for in the By-Laws and may be changed by Amendment of the By-Laws of the Association. The number of Directors consisting of the original Board of Directors shall be three (3) and the names and addresses of the persons who are to serve as the initial Directors are as follows:

Ralph H. Guenther	Leonardtown, Maryland
Daniel J. Guenther	Leonardtown, Maryland
F. Michael Harris	Leonardtown, Maryland

ARTICLE VII
DURATION

The Corporation shall exist perpetually.

Ralph H. Guenther

STATE OF MARYLAND, COUNTY OF ST.MARY 'S, to wit:

I HEREBY CERTIFY, that on this _____ day of _____, 198_, before me, a Notary Public of the state and county aforesaid, personally appeared RALPH H. GUENTHER, and he acknowledged the foregoing ARTICLES OF INCORPORATION to be his act.

WITNESS my hand and Notarial Seal.

Notary Public

My commission expires: _____

GLOUCESTER CONDOMINIUM OF LONDONTOWNE

Estimated Operating Budget For Fiscal Year 1983

ESTIMATED EXPENSES

Board of Directors -----
\$ 1,000.00
Sewer and Water -----
\$ 5,118.00
Insurance -----
\$ 2,300 .00
Building and Grounds Reserve -----
\$ 2,000.00
Trash Collection -----
\$ 1,000.00
Grass Cutting -----
\$ 1,500.00
Snow Removal -----
\$ 200.00 200.00
Public Lighting -----
\$ 700.00
TOTAL
\$13,818.00

ESTIMATED INCOME

Receipts for annual maintenance fee for 24 units at \$48.00 per unit per month ----- \$13,824.00

Explanatory Footnotes to Estimated Operating Budget

1. Board of Directors

The Board of Directors estimated expense includes \$300.00 for paid secretarial services, and also includes tax audits and reports, newsletters, rosters, ballots and all supplies and postage for same.

2. Sewer and Water

Based upon rates given by the St. Mary's County Metropolitan Commission of \$7.40 per month per unit for sewer and \$10.37 per unit per month for water, estimated.

3. Insurance

Includes insurance for the building and liability for all common property.

4. Building and Grounds Reserve

Reflects funds required for maintenance of the building, parking lot and grounds, including escrow for eventual resurfacing of parking lot and replacement of the roof on the building.

5. Trash Collection

Is for the removal of trash for all 24 units for one year.

6. Grass Cutting

Includes the pruning of all necessary shrubbery, grass cutting, clean-up of the parking lot on a weekly basis and general maintenance of the exterior of the building.

7. Snow Removal

Is for the removal of snow from the sidewalks and parking lot.

8. Street Lights

Includes electric bill, light bulbs and any maintenance necessary on exterior lighting.

NOTE: Although believed to be accurate, the above items and figures are estimated, and may not be all-inclusive.

Upon settlement, each purchaser must pay the equivalent of two months ' estimated reserves expenses (\$13.88) in advance for the establishment of the reserves fund; said funds are specifically not to apply toward operating expenses.