

**CONDOMINIUM RESALE CERTIFICATE
FEDERAL HILL ATRIUM CONDOMINIUMS**

August 31, 2017

Condominium Unit No.: 104
Street Address: 723 S. CHARLES STREET
BALTIMORE, MARYLAND 21230

1. The following items are attached as exhibits to this Resale Certificate and constitute a part of the information required under Maryland law to be provided to purchasers along with this Resale Certificate:

- a. A copy of the Declaration SUPPLIED
- b. A copy of the By-Laws SUPPLIED
- c. A copy of the Rules and Regulations SUPPLIED

2. The following items are attached as exhibits to this Resale Certificate and constitute part of the information required to be contained in this Resale Certificate under Maryland law:

- a. The most recent regularly prepared balance sheet and income expense statement, if any, of the condominium.
- b. The current operating budget of the condominium.
- c. A statement describing any insurance coverage provided for the benefit of unit owners. Policies are available for inspection at Community First Management, LLC., 8301 B Pulaski Highway, Rosedale, MD, 21237, (443-386-3501) and the terms of the policy prevail over the general description.

Federal Hill Atrium Budget FY 2017

Description	Approved Budget 2017	Closing April 2017
Income		
ASSESSMENTS	81,659.92	30,577.61
LATE FEES	500.00	0.00
INTEREST INCOME	100.00	32.24
MISC. INCOME	0.00	0.00
TOTAL INCOME	82,259.92	30,609.85
Expenses		
UTILITIES:		
ELETRIC	3,000.00	864.62
WATER/SEWER	5,000.00	2,906.83
TELEPHONE	500.00	252.35
TOTAL UTILITIES	8,500.00	4,023.80
MAINTENANCE CONTRACT:		
EXTERMINATING	600.00	0.00
FIRE ALARM INSPECTION	1,260.00	225.00
JANITORIAL - BUILDING	7,860.00	3,200.00
SNOW REMOVAL	2,000.00	510.00
TRASH REMOVAL	6,000.00	1,087.81
TOTAL MAINTENANCE CONTRACT	17,720.00	5,022.81
REPAIRS/MAINTENANCE:		
GENERAL REPAIR & MAINT	3,000.00	0.00
ELECTRICAL REPAIRS	1,500.00	555.00
ENTRY DOOR SYSTEMS	500.00	450.00
FIRE ALARM-REPAIRS	500.00	880.00
PLUMBING REPAIRS	500.00	0.00
ROOF REPAIRS	2,000.00	0.00
MAINTENANCE SUPPLIES	750.00	0.00
TOTAL REPAIRS/MAINTENANCE	8,750.00	1,885.00
ADMINISTRATIVE:		
LICENCES/PERMITS/DUES	1,000.00	0.00
OFFICE SUPPLIES	450.00	368.93
POSTAGE	500.00	0.00
TOTAL ADMINISTRATIVE	1,950.00	368.93
PROFESSIONALS:		
LEGAL/ATTORNEY	2,400.00	0.00
ACCOUNTING	1,200.00	1,275.00
MANAGEMENT	14,400.00	6,000.00
TOTAL PROFESSIONALS	18,000.00	7,275.00
INSURANCES & TAXES		
INSURANCE - MASTER POLICY	7,000.00	2,970.00
COMMON AREA - CLAIMS SUBMITTED	0.00	0.00
TOTAL INSURANCES & TAXES	7,000.00	2,970.00
RESERVES		
RESERVE CONTRIBUTIONS	24,852.00	0.00
TOTAL RESERVES	24,852.00	0.00
TOTAL EXPENSES	86,772.00	21,545.54
NET PROFIT/(LOSS)	-4,512.08	9,064.31

3. The conveyance of unit number 104 of the **FEDERAL HILL ATRIUM CONDOMINIUM** is subject to the following right of first refusal or other restraint on the free alienability of the unit, if any: **NONE KNOWN**

4. The quarterly common expense assessment for condominium unit number 104 is currently \$ 1,204.99 per quarter, due on the **FIRST** day of each quarter (Jan., April, July, October). This assessment is subject to change at the beginning of the condominium's fiscal year, which runs from January 1 to December 31 There are unpaid common expenses and/ or special assessments due as of the date of this certificate in the amount of \$ 1.46. Quarterly common expense assessments will accrue at the amount stated above, subject to change in any new budget adopted, and are due and payable by the unit owner until conveyance of his unit. Assessments, which become due and payable after the date of this Certificate and prior to any conveyance of unit number 104 and remain unpaid by the then owner, may constitute a lien against the unit. This accrual must be added, if unpaid, to the unpaid amount, if any, stated above, as of the date of conveyance of the unit.

5. The following fees other than common expenses and special assessments are payable by unit owners: **UNIT OWNERS PAY OWN UTILITIES**

6. The capital expenses approved by the Council of Unit Owners planned at the time of conveyance which are not reflected in the current Operating Budget as disclosed in this Certificate are: **NONE KNOWN**

7. The current reserves for capital expenditures are: \$58,197.43 as of 7/31/2017. The Council of Unit Owners has designated money from the current reserves for capital expenditures for the following specified projects: **NONE KNOWN**

8. The following judgments have been entered against the Condominium: **NONE KNOWN**

The Council of Unit Owners is not a party to any pending suits. (If the Council of Unit Owners is a party to any pending suit, a statement regarding the status of such suit is to be attached as an exhibit.)

NONE KNOWN

The procedure for collection of unpaid common expense or special assessments by the Council of Unit Owners includes the filing of a Statement of Condominium Lien, which may result in a Petition of Foreclosure being filed to enforce the lien. Only collections, which have reached the stage of filing a Petition to Foreclose, are referenced in the attached exhibit.

NONE KNOWN

9. The Board of Directors of the Council of Unit Owners of FEDERAL HILL ATRIUM CONDOMINIUM has knowledge of the following violations of provisions of the condominium's Declaration, By-Laws, and Rules and Regulations due to alterations or improvements to unit number 104 or any limited common elements assigned to it:

NONE KNOWN

10. The Board of Directors of the Council of Unit Owners of FEDERAL HILL ATRIUM CONDOMINIUM has knowledge of the following violations of the health or building codes with respect to unit number 104 or any limited common elements assigned to the unit, or any other portion of the condominium:

NONE KNOWN

11. UNIT OWNERS STATEMENT

I/we, have/have no knowledge of any alterations to this unit or to the limited common elements assigned to the Unit which violate any provision of this Declaration, By-Laws, or Rules and Regulations and of the violation of the health or building codes with respect to this Unit or the limited common elements assigned to this Unit. This Unit is / is not subject to an extended lease under S11-137 Real Property - Condominiums - Resale or under local law, and, if so, a copy of the lease is provided herewith.

Seller/Owner Signature

12. The following recreational or other facilities are maintained by the Council of Unit Owners and are part of the Common Elements: NONE KNOWN

13. Other than leases of individual unit owners, the Condominium is not affected by any leasehold estates.

The Council of Unit Owners and/or their agents as prepares of this Resale Certificate have, by necessity, had to utilize the existing records of the Condominium, including, but not limited to, minutes of past Board of Directors' and Annual Meetings, the prepares of which could not contemplate their use in the preparation of this Resale Certificate.

To the best of the knowledge, information, and belief of the Board of Directors of **FEDERALL HILL ATRIUM CONDOMINIUM** and its agents engaged in the preparation of this Resale Certificate, the statements contained in this Certificate are true, correct, and complete as of the date of its issuance.

If desired, you may request any updated material needed up 90 days from date of issuance.

**COMMUNITY FIRST MANAGEMENT, LLC
AUTHORIZED AGENT FOR
FEDERAL HILL ATRIUM CONDOMINIUM
COUNCIL OF CO-OWNERS, INC.**

EXECUTIVE SUMMARY

The Federal Hill Atrium Replacement Reserve Analysis uses the Cash Flow Method (CFM) to calculate Replacement Reserve funding for the periodic replacement of the 46 Projected Replacements identified in the Replacement Reserve Inventory.

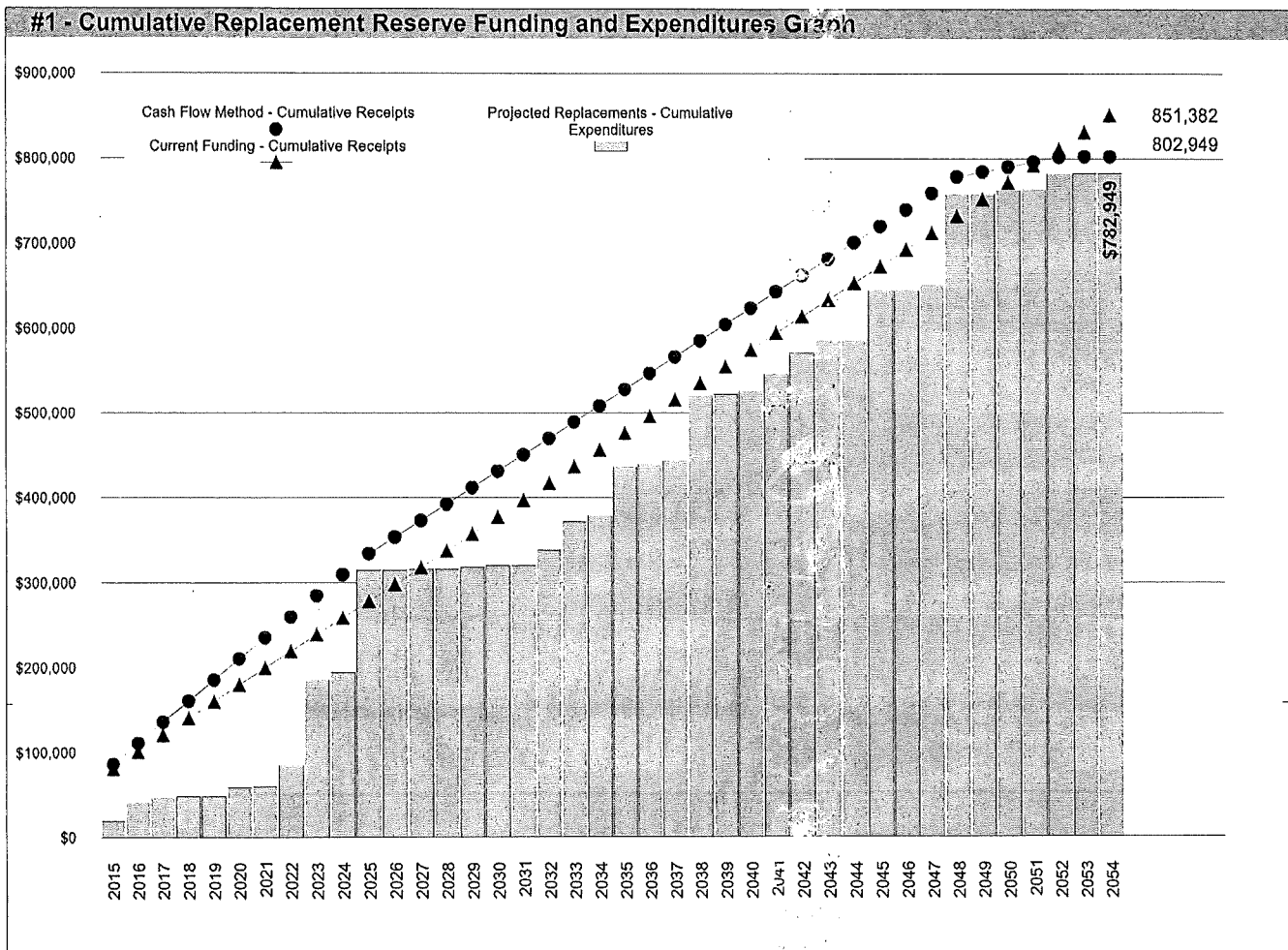
\$24,852

RECOMMENDED REPLACEMENT RESERVE FUNDING FOR THE STUDY YEAR, 2015

\$103.55 Per unit (average), minimum monthly funding of Replacement Reserves

We recommend the Association adopt a Replacement Reserve Funding Plan based on the annual funding recommendation above. Inflation adjusted funding for subsequent years is shown on Page A5.

Federal Hill Atrium reports a Starting Balance of \$61,342 and Annual Funding totaling \$19,751. Current funding is inadequate to fund the \$782,949 of Projected Replacements scheduled in the Replacement Reserve Inventory over the 40-year Study Period. See Page A3 for a more detailed evaluation.



The Current Funding Objective as calculated by the Component Method (Fully Funded) is \$223,255 making the reserve account 27.5% funded. See the Appendix for more information on this method.

REPLACEMENT RESERVE ANALYSIS - GENERAL INFORMATION

The Federal Hill Atrium Replacement Reserve Analysis calculations of recommended funding of Replacement Reserves by the Cash Flow Method and the evaluation of the Current Funding are based upon the same Study Year, Study Period, Beginning Balance, Replacement Reserve Inventory and Level of Service.

2015 STUDY YEAR

The Association reports that their accounting year begins on January 1, and the Study Year, the first year evaluated by the Replacement Reserve Analysis, begins on January 1, 2015.

40 Years STUDY PERIOD

The Replacement Reserve Analysis evaluates the funding of Replacement Reserves over a 40-year Study Period.

\$61,342 STARTING BALANCE

The Association reports Replacement Reserves on Deposit totaling \$61,342 at the start of the Study Year.

Level One LEVEL OF SERVICE

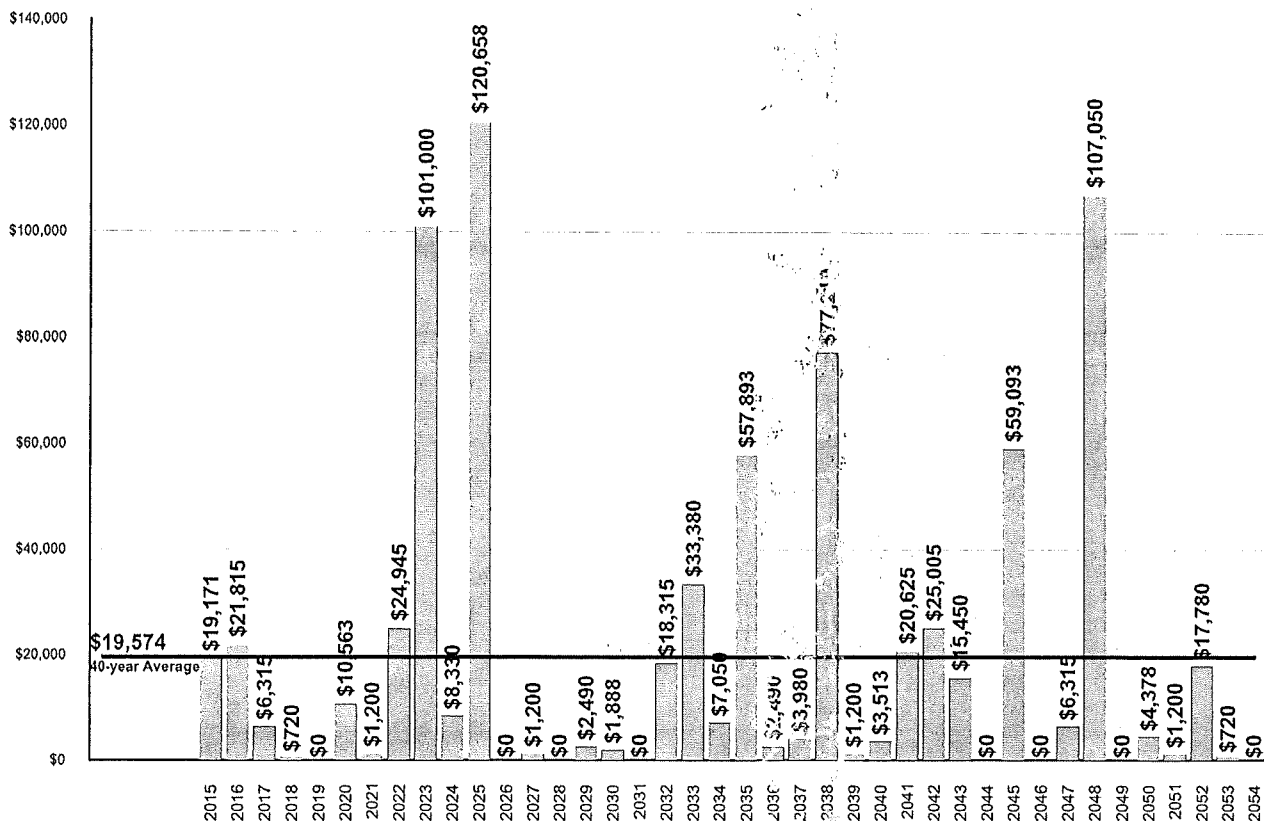
The Replacement Reserve Inventory has been developed in compliance with the National Reserve Study Standards for a Level One Study, as defined by the Community Associations Institute (CAI).

\$782,949 REPLACEMENT RESERVE INVENTORY - PROJECTED REPLACEMENTS

The Federal Hill Atrium Replacement Reserve Inventory identifies 46 items that will require periodic replacement, that are to be funded from Replacement Reserves. We estimate the cost of these replacements will be \$782,949 over the 40-year Study Period. The Projected Replacements are divided into 12 major categories starting on Page B3. Pages B1-B2 provide detailed information on the Replacement Reserve Inventory.

#2 - Annual Expenditures for Projected Replacements Graph

This graph shows annual expenditures for Projected Replacements over the 40-year Study Period. The red line shows the average annual expenditure of \$19,574. Section C provides a year by year Calendar of these expenditures.



UPDATING

UPDATING OF THE FUNDING PLAN

The Association has a responsibility to review the Funding Plan annually. The review should include a comparison and evaluation of actual reserve funding with recommended levels shown on Page A4 and A5. The Projected Replacements listed on Page C2 should be compared with any replacements accomplished and funded from Replacement Reserves. Discrepancies should be evaluated and if necessary, the Reserve Study should be updated or a new study commissioned. We recommend annual increases in replacement reserve funding to account for the impact of inflation. Inflation Adjusted Funding is discussed on Page A5.

UPDATING OF THE REPLACEMENT RESERVE STUDY

At a minimum, the Replacement Reserve Study should be professionally updated every three to five years or after completion of a major replacement project. Updating should also be considered if during the annual review of the Funding Plan, discrepancies are noted between projected and actual reserve funding or replacement costs. Updating may also be necessary if there is a meaningful discrepancy between the actual inflation rate and the inflation rate used for the Inflation Adjusted Funding of Replacement Reserves on Page A5.

ANNUAL EXPENDITURES AND CURRENT FUNDING

The annual expenditures that comprise the \$782,949 of Projected Expenditures over the 40-year Study Period and the impact of the Association continuing to fund Replacement Reserves at the current level are detailed in Table 3.

#3 - Table of Annual Expenditures and Current Funding Data - Years 1 through 40										
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Starting Balance	\$61,342									
Projected Replacements	(\$19,171)	(\$21,815)	(\$6,315)	(\$720)		(\$10,683)	(\$1,200)	(\$24,945)	(\$101,000)	(\$8,330)
Annual Deposit	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751
End of Year Balance	\$61,922	\$59,858	\$73,294	\$92,325	\$112,076	\$121,284	\$139,815	\$134,621	\$53,372	\$64,793
Cumulative Expenditures	(\$19,171)	(\$40,986)	(\$47,301)	(\$48,021)	(\$48,021)	(\$58,584)	(\$59,784)	(\$84,729)	(\$185,729)	(\$194,059)
Cumulative Receipts	\$81,093	\$100,844	\$120,595	\$140,346	\$160,097	\$179,848	\$199,599	\$219,350	\$239,101	\$258,852
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Projected Replacements	(\$120,658)		(\$1,200)		(\$2,490)	(\$1,898)		(\$18,315)	(\$33,380)	(\$7,060)
Annual Deposit	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751
End of Year Balance	(\$36,114)	(\$16,363)	\$2,188	\$21,939	\$39,200	\$57,064	\$76,815	\$78,251	\$64,822	\$77,323
Cumulative Expenditures	(\$314,717)	(\$314,717)	(\$315,917)	(\$315,917)	(\$318,407)	(\$320,294)	(\$320,294)	(\$338,609)	(\$371,989)	(\$379,039)
Cumulative Receipts	\$278,603	\$298,354	\$318,105	\$337,856	\$357,607	\$377,358	\$397,109	\$416,860	\$436,611	\$456,362
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$57,893)	(\$2,490)	(\$3,980)	(\$77,219)	(\$1,200)	(\$1,013)	(\$20,825)	(\$25,005)	(\$15,460)	
Annual Deposit	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751
End of Year Balance	\$39,181	\$56,442	\$72,213	\$14,745	\$33,296	\$49,535	\$48,661	\$43,407	\$47,708	\$67,469
Cumulative Expenditures	(\$436,932)	(\$439,422)	(\$443,402)	(\$520,621)	(\$521,821)	(\$525,333)	(\$545,958)	(\$570,983)	(\$586,413)	(\$586,413)
Cumulative Receipts	\$476,113	\$495,864	\$515,615	\$535,366	\$555,117	\$574,868	\$594,619	\$614,370	\$634,121	\$653,872
Year	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054
Projected Replacements	(\$59,093)		(\$6,315)	(\$107,050)		(\$4,373)	(\$1,200)	(\$17,780)	(\$720)	
Annual Deposit	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751	\$19,751
End of Year Balance	\$28,116	\$47,867	\$61,303	(\$25,996)	(\$9,245)	\$9,129	\$27,680	\$29,651	\$48,682	\$68,433
Cumulative Expenditures	(\$645,507)	(\$645,507)	(\$651,822)	(\$758,872)	(\$758,872)	(\$767,249)	(\$764,449)	(\$782,229)	(\$782,949)	(\$782,949)
Cumulative Receipts	\$673,623	\$693,374	\$713,125	\$732,876	\$752,627	\$772,378	\$792,129	\$811,880	\$831,631	\$851,382

EVALUATION OF CURRENT FUNDING

The evaluation of Current Funding (Starting Balance of \$61,342 & annual funding of \$19,751), is done in today's dollars with no adjustments for inflation or interest earned on Replacement Reserves. The evaluation assumes Replacement Reserves will only be used for the 46 Projected Replacements identified in the Replacement Reserve Inventory and that the Association will continue Annual Funding of \$19,751 throughout the 40-year Study Period.

Annual Funding of \$19,751 is approximately 79 percent of the \$24,852 recommended Annual Funding calculated by the Cash Flow Method for 2015, the Study Year.

Evaluation of the 46 Projected Replacements calculates an average annual expenditure over the next 40 years of \$19,574. Annual funding of \$19,751 is 101 percent of the average annual expenditure.

Our calculations identify funding shortfalls in 4 years of the Study Period with the initial shortfall in 2025. The largest shortfall, \$-36,114, occurs in 2025. All shortfalls can be seen and evaluated in Table 3 above.

In summary, Current Funding as reported by the Association and shown above, does not provide adequate funding for the \$782,949 of Projected Replacements scheduled in the Replacement Reserve Inventory over the Study Period.

CASH FLOW METHOD FUNDING

\$24,852

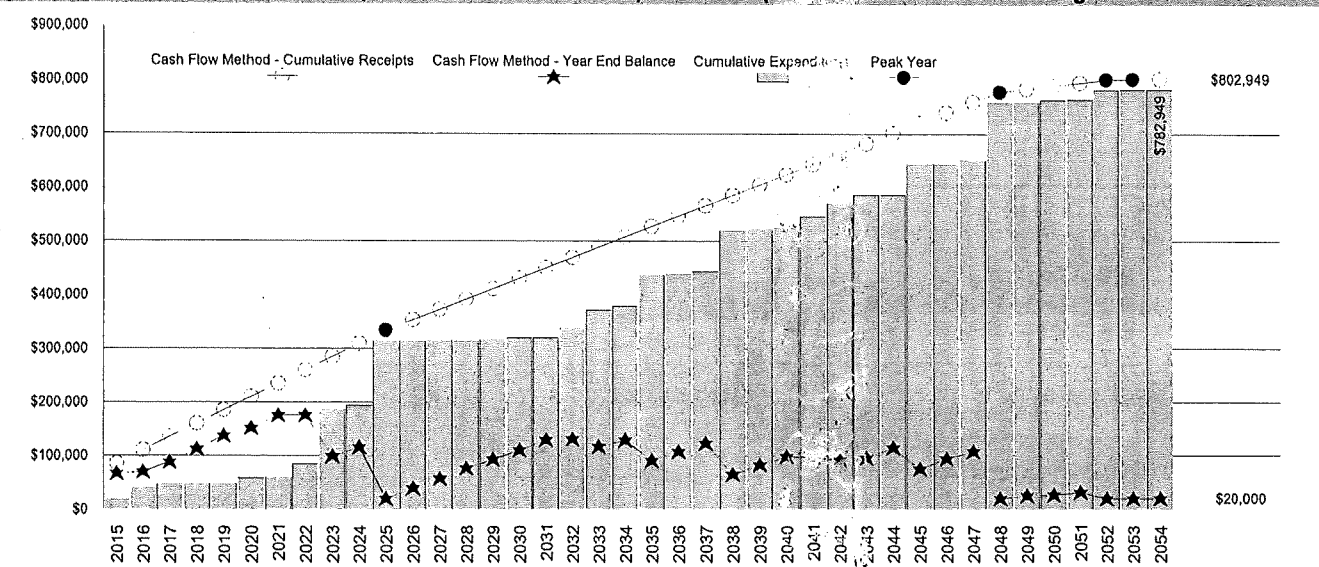
RECOMMENDED REPLACEMENT RESERVE FUNDING FOR 2015

\$103.55 Per unit (average), minimum monthly funding of Replacement Reserves

Recommended Replacement Reserve Funding has been calculated using the Cash Flow Method (also called the Straight Line or Threshold Method). This method calculates a constant annual funding between peaks in cumulative expenditures, while maintaining a Minimum Balance (threshold) in the Peak Years.

- **Peak Years.** The First Peak Year occurs in 2025 with Replacement Reserves on Deposit dropping to the Minimum Balance after the completion of \$314,717 of replacements from 2015 to 2025. Recommended funding declines from \$24,852 in 2025 to \$19,308 in 2026. Peak Years are identified in Chart 4 and Table 5.
- **Minimum Balance.** The calculations assume a Minimum Balance of \$20,000 in Replacement Reserves. This is approx. 12 months of average expenditures based on the \$19,574, 40-year average annual expenditure.
- **Cash Flow Method Study Period.** Cash Flow Method calculates funding for \$782,949 of expenditures over the 40-year Study Period. It does not include funding for any projects beyond 2054 and in 2054, the end of year balance will always be the Minimum Balance.

#4 - Cash Flow Method - Graph of Cumulative Receipts and Expenditures - Years 1 through 40



#5 - Cash Flow Method - Table of Receipts & Expenditures - Years 1 through 40

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Starting Balance	\$61,342									
Projected Replacements	(\$19,171)	(\$21,815)	(\$6,315)	(\$720)		(\$10,653)	(\$1,200)	(\$24,945)	(\$101,000)	(\$8,330)
Annual Deposit	\$24,852	\$24,852	\$24,852	\$24,852	\$24,852	\$24,852	\$24,852	\$24,852	\$24,852	\$24,852
End of Year Balance	\$67,023	\$70,080	\$88,697	\$112,730	\$137,582	\$151,872	\$175,524	\$175,431	\$99,283	\$115,806
Cumulative Expenditures	\$19,171	\$40,986	\$47,301	\$48,021	\$48,021	\$58,684	\$59,784	\$84,729	\$185,729	\$194,059
Cumulative Receipts	\$86,194	\$111,046	\$135,899	\$160,751	\$185,603	\$210,455	\$235,308	\$260,160	\$285,012	\$309,864
Year	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Projected Replacements	(\$120,658)		(\$1,200)		(\$2,490)		(\$1,888)		(\$18,315)	(\$33,380)
Annual Deposit	\$24,852	\$19,308	\$19,308	\$19,308	\$19,308	\$19,308	\$19,309	\$19,309	\$19,309	\$19,310
End of Year Balance	\$20,000	\$39,308	\$57,416	\$76,724	\$93,542	\$110,901	\$130,272	\$131,267	\$117,196	\$129,457
Cumulative Expenditures	(\$314,717)	(\$314,717)	(\$315,917)	(\$315,917)	(\$318,407)	(\$320,294)	(\$320,294)	(\$338,609)	(\$371,989)	(\$379,039)
Cumulative Receipts	\$334,717	\$354,024	\$373,332	\$392,641	\$411,949	\$431,258	\$450,567	\$469,876	\$489,186	\$508,496
Year	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044
Projected Replacements	(\$57,893)	(\$2,490)	(\$3,980)	(\$77,219)	(\$1,200)	(\$3,513)	(\$20,625)	(\$25,005)	(\$15,450)	
Annual Deposit	\$19,310	\$19,311	\$19,311	\$19,312	\$19,312	\$19,312	\$19,313	\$19,313	\$19,313	\$19,313
End of Year Balance	\$90,874	\$107,895	\$123,026	\$65,119	\$83,231	\$99,011	\$97,719	\$92,027	\$95,890	\$115,203
Cumulative Expenditures	(\$436,932)	(\$439,422)	(\$443,402)	(\$520,621)	(\$521,821)	(\$521,821)	(\$545,958)	(\$570,963)	(\$586,413)	(\$586,413)
Cumulative Receipts	\$527,806	\$547,117	\$566,428	\$585,740	\$605,052	\$624,364	\$643,677	\$662,990	\$682,303	\$701,617
Year	2045	2046	2047	2nd Peak - 2048	2049	2050	2051	3rd Peak - 2052	4th Peak - 2053	2054
Projected Replacements	(\$59,093)		(\$6,315)	(\$107,050)		(\$1,200)	(\$1,200)	(\$17,780)	(\$720)	
Annual Deposit	\$19,314	\$19,314	\$19,314	\$19,314	\$5,839	\$5,839	\$5,839	\$5,839	\$720	
End of Year Balance	\$75,424	\$94,738	\$107,736	\$20,000	\$25,839	\$27,301	\$31,941	\$20,000	\$20,000	\$20,000
Cumulative Expenditures	(\$645,507)	(\$645,507)	(\$651,822)	(\$758,872)	(\$758,872)	(\$763,249)	(\$764,449)	(\$782,229)	(\$782,949)	(\$782,949)
Cumulative Receipts	\$720,930	\$740,244	\$759,558	\$778,872	\$784,711	\$790,550	\$796,390	\$802,229	\$802,949	\$802,949

INFLATION ADJUSTED FUNDING

The Cash Flow Method calculations on Page A4 have been done in today's dollars with no adjustment for inflation. At Miller + Dodson, we believe that long-term inflation forecasting is effective at demonstrating the power of compounding, not at calculating appropriate funding levels for Replacement Reserves. We have developed this proprietary model to estimate the short-term impact of inflation on Replacement Reserve funding.

\$24,852 2015 - CASH FLOW METHOD RECOMMENDED FUNDING

The 2015 Study Year calculations have been made using current replacement costs (see Page B2), modified by the Analyst for any project specific conditions.

\$26,182 2016 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2016 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$67,023 on January 1, 2016.
- All 2015 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$19,171.
- Construction Cost Inflation of 4.50 percent in 2015.

The \$26,182 inflation adjusted funding in 2016 is a 5.35 percent increase over the non-inflation adjusted 2016 funding of \$24,852.

\$27,724 2017 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2017 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$70,409 on January 1, 2017.
- All 2016 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$22,797.
- Construction Cost Inflation of 4.50 percent in 2016.

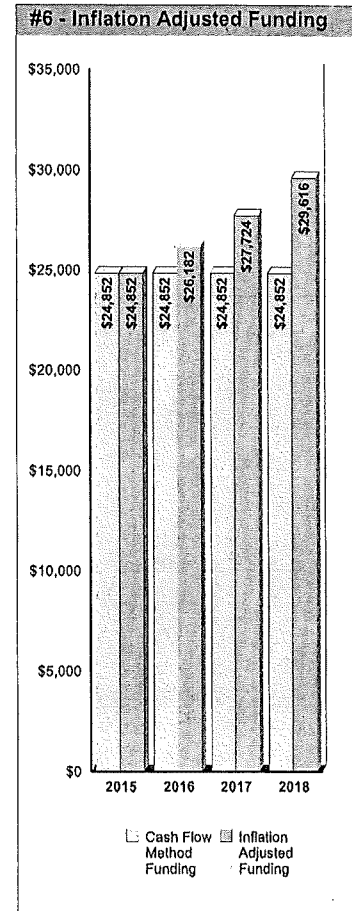
The \$27,724 inflation adjusted funding in 2017 is a 11.55 percent increase over the non-inflation adjusted 2017 funding of \$24,852.

\$29,616 2018 - INFLATION ADJUSTED FUNDING

A new analysis calculates 2018 funding based on three assumptions;

- Replacement Reserves on Deposit totaling \$91,236 on January 1, 2018.
- All 2017 Projected Replacements listed on Page C2 accomplished at a cost to Replacement Reserves less than \$6,896.
- Construction Cost Inflation of 4.50 percent in 2017.

The \$29,616 inflation adjusted funding in 2018 is a 19.17 percent increase over the non-inflation adjusted funding of \$24,852.



YEAR FIVE & BEYOND

The inflation adjusted funding calculations outlined above are not intended to be a substitute for periodic evaluation of common elements by an experienced Reserve Analyst. Industry Standards, lender requirements, and many state and local statutes require a Replacement Reserve Study be professionally updated every 3 to 5 years.

INFLATION ADJUSTMENT

Prior to approving a budget based upon the 2016, 2017 and 2018 inflation adjusted funding calculations above, the 4.50 percent base rate of inflation used in our calculations should be compared to rates published by the Bureau of Labor Statistics. If there is a significant discrepancy (over 1 percent), contact Miller Dodson + Associates prior to using the Inflation Adjusted Funding.

INTEREST ON RESERVES

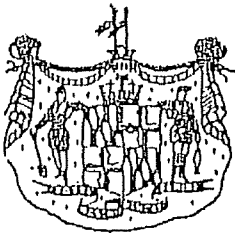
The recommended funding calculations do not account for interest earned on Replacement Reserves.

In 2015, based on a 1.00 percent interest rate, we estimate the Association may earn \$642 on an average balance of \$64,182, \$687 on an average balance of \$68,716 in 2016, and \$808 on \$80,822 in 2017. The Association may elect to attribute 100 percent of the earned interest to Reserves, resulting in a reduction in the 2015 funding from \$24,852 to \$24,210 (a 2.58 percent reduction), \$26,182 to \$25,495 in 2016 (a 2.62 percent reduction), and \$27,724 to \$26,915 in 2017 (a 2.92 percent reduction).

REPLACEMENT RESERVE STUDY - SUPPLEMENTAL COMMENTS

- Federal Hill Atrium has 20 units. The type of property is a condominium association.
- The Cash Flow Method calculates the minimum annual funding necessary to prevent Replacement Reserves from dropping below the Minimum Balance. Failure to fund at least the recommended levels may result in funding not being available for the Projected Replacements listed in the Replacement Reserve Inventory.
- The accuracy of the Replacement Reserve Analysis is dependent upon expenditures from Replacement Reserves being made ONLY for the 46 Projected Replacements specifically listed in the Replacement Reserve Inventory. The inclusion/exclusion of items from the Replacement Reserve Inventory is discussed on Page B1.

DECLARATION OF
COVENANTS,
CONDITIONS
AND
RESTRICTIONS



The State of Maryland

Executive Department

OFFICE OF THE SECRETARY OF STATE

ORDER OF REGISTRATION

WHEREAS The Maryland Condominium Act provides for the registration of condominiums in this State; and

WHEREAS RAR ASSOCIATES DEVELOPMENT CORP. has submitted an application and required application fee for the registration of a condominium known as:

 THE FEDERAL HILL ATRIUM CONDOMINIUM , and

WHEREAS said application has been reviewed and found to be complete and acceptable for registration under Chapter 246 of the laws of Maryland 1981.


NOW THEREFORE BE IT ORDERED that the condominium known as:

 THE FEDERAL HILL ATRIUM CONDOMINIUM (20 Units)

is hereby registered with the Secretary of State of Maryland.

IN TESTIMONY WHEREOF I have hereunto set my hand and caused to be affixed the Seal of the Secretary of State at Annapolis, Maryland

this 12th day of April 19 84 .


Secretary of State

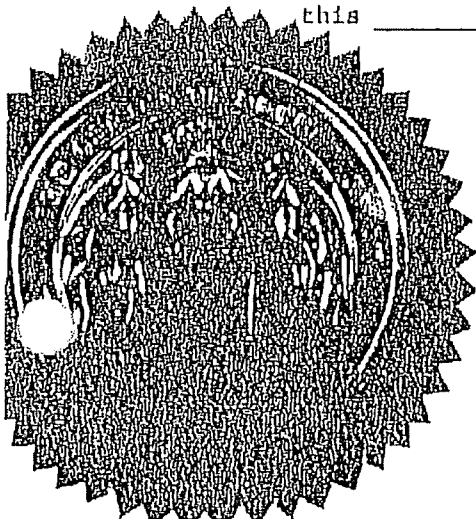


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DECLARATION OF
THE FEDERAL HILL ATRIUM CONDOMINIUM

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CSHR # 4318 #
 D-REC 57.50
 MISC 0 #
 W748170 C318 R02 111:44
 08/16/84

DECLARATION

FOR

THE FEDERAL HILL ATRIUM CONDOMINIUM

THIS DECLARATION, Made this _____ day of _____, 19____, by RAR Associates Development Corporation, a Maryland corporation, hereinafter referred to as the "Developer".

WHEREAS, the Developer holds fee simple title to certain land situated in Baltimore City, Maryland and described in Exhibit "1" attached hereto and made a part hereof (hereinafter called the "Property") and desires to submit the whole of said land, together with the buildings erected thereon and all rights, alleys, ways, privileges, appurtenances and advantages thereunto belonging, or in any way appertaining, to a Condominium Regime established under the provisions of the Maryland Condominium Act, Sections 11-101, et. seq., of the Real Property Article of the Annotated Code of Maryland, (1981 Replacement Volume), as amended (hereinafter called the "Act") and hereby to establish for the Property a Condominium Regime (hereinafter called the "Regime").

NOW, THEREFORE, THIS DECLARATION WITNESSETH: that RAR Associates Development Corporation, its successors and assigns, does hereby expressly establish and declare the following:

1. Creation of the Condominium Regime.

A. The Developer hereby submits the land described in "Exhibit 1" and the improvements constructed thereon hereinafter described and shown on the Condominium Plats, Sheets 1 thru 5, (recorded simultaneously herewith), entitled "Plats of Condominium Subdivision for the Federal Hill Atrium Condominium" to a Regime provided for by the "Act", and establishes a Regime as therein provided containing one (1) building having a total of twenty (20) units and common elements.

B. Said land as improved by the buildings and improvements constructed thereon is more fully described in Plats recorded among the Land Records of Baltimore City simultaneously herewith consisting of three (3) sheets designated as:

Sheet 1 - Plat of Condominium Subdivision for
The Federal Hill Atrium Condominium.

Sheets 2 and 3 - Description of Units,
The Federal Hill Atrium Condominium.

Said Plats being considered a part hereof as if fully incorporated herein.

2. Description of the Buildings. The Federal Hill Atrium Condominium consists of one (1) building containing a total of twenty (20) separately designated and legally described fee simple estates, each consisting of a Condominium Unit, as shown on the Condominium Plats for the Federal Hill Atrium Condominium prepared and certified by John C. Mellema, Sr., Inc., 6100 Baltimore National Pike, Baltimore, Maryland 21228, licensed to practice in the State of Maryland, which Plats are intended to be recorded simultaneously herewith. The building is a three (3) story structure with a lower level.

3. The Name of the Condominium. This Condominium Regime shall be known as: THE FEDERAL HILL ATRIUM CONDOMINIUM.

4. Units.

A. Each Unit shall be conveyed by the name of the Condominium, its Building and Unit number which number is designated on Sheet 2 of the Plats for said Condominium. The dimensions, area and location of each Unit are shown on the Plats of the Condominium as described above.

B. Each one or two floor Condominium Unit shall consist of an enclosed space or spaces designated as a single family or commercial dwelling. The Unit shall occupy that part of the building as shown on the Plats recorded as aforesaid.

C. Each Unit shall consist of:

1. A three dimensional area generally described by planes as follows, the location of these planes is specifically designated on the Condominium Plats aforesaid:

a. Bottom. The bottom of each Unit is a horizontal plane along the underside of the plywood subfloor and extending in every direction to the points where it closes with vertical planes forming the perimeter on the Unit;

b. Top. The top of each Unit is formed by the lower surface of the joists that support the roof of the building and the imaginary plane that connects the surface of the joists (the body of such joists being a common element), or if the Unit is separated from another Unit or portion of the Condominium premises by a floor, the rough surface of the joists supporting that floor that face the particular Unit and the imaginary plane that connects the surface of the joists (the body of such joists being a common element).

c. Perimeter. The perimeter of each Unit is circumscribed by vertical planes which are formed by the stud interior surface of the plasterboard forming the walls of the Unit and are more particularly shown on the Condominium Plats.

2. Any air space lying upward from the bottom of the Unit, inward from the perimeter of the Unit and below the top of that Unit;

3. Improvements which shall include, but not be limited to:

a. Interior partitions; doors and windows; pipes; conduits; ducts; switches, vents, wiring, fixtures or other facilities for the provision of heat, ventilation, air conditioning, plumbing, electrical power, lighting, telephone service (to the extent the ownership is not retained by the company supplying such service), or television reception; and all plumbing, electrical and mechanical equipment within the Unit designed for use by that Unit only;

4. The heat pump, heat pump pad, and the air space above (but extending only up to the plane forming the top of the Unit), as they appear on the aforesaid Plats, even though the same may be within the General or Limited Common Elements as defined herein; and

5. All improvements contained within the aforesaid three dimensional space.

D. It is the intention that each Condominium Unit shall consist of that space shown on the Condominium Plats recorded as aforesaid as the Unit area both in the horizontal and in the vertical.

E. Each Unit and the General and Limited Common Elements (described generally hereinafter), are more specifically shown on the Plats aforesaid and Developer intends that said Plats shall diagrammatically govern where this Declaration is silent.

F. Each unit in each building marked "residential" on said Condominium Plats shall be used only for residence purposes by the Unit Owner or Owners thereof, his family, guests or invitees, or the lessees of the Unit Owner, their families, guests or invitees, except that the Board of Directors of the Council of Unit Owners may approve (which approval may be rescinded) incidental use of a portion of a particular Unit for personal office use; and except that the Developer, until all Units have been sold and settled for, may use one or more Units, at its discretion, for model Units for purposes of sale, and may also maintain a sales office in one or more of the Units, at its discretion, for the same period of time. No Unit may be leased by any Unit Owner, except a mortgagee, for a period of less than one (1) year.

ANNEX 200 1000 2000

G. No building or structure shall ever be erected, constructed, altered, reconstructed, placed or permitted to remain on all or any part of the land of the Condominium other than dwelling units designed for single family occupancy including residential Condominium Units and the designated "non-residential" Units, in connection with the establishment of a Condominium Regime pursuant to Title XI of the Real Property Article of the Annotated Code of Maryland, (1981 Replacement Volume), as amended, together with areas designated in the buildings which render service facilities to the Regime such as, but not limited to, a utility room, if any, and associated improvements for the exclusive use and benefit of all Condominium Unit Owners, as hereinafter provided.

5. Percentage Interests.

A. Each Unit shall have the Percentage Interest in the Common Elements and Common Expenses and Common Profits of the Condominium Regime as listed on "Exhibit 2" of this Declaration. The Percentage Interests may be changed only in accordance with the "Act".

6. Description of Common Elements.

A. All areas and facilities which are not part of a Unit compromise the Common Elements, as graphically shown on the Plats aforesaid, including, but not limited to: all streets, curbs, sidewalks, entrance walks, every foundation wall, exterior wall, portion of a party wall, roof, column, girder, beam, support, stairway, floor, partition, entrance and exit, front steps, landscaped areas, atrium, conduits, sewers, water mains, storm drains and other lines, exterior lighting, mailbox clusters, roof deck, sky lights, and all other devices rationally of common use and necessary to the upkeep, use and safety of the building, and all other conduits and wire outlets and utility lines regardless of location and all other parts of the Regime and all apparatus and installations existing in the building or for common use or necessary or convenient to the existence, maintenance or safety of the Regime.

B. The General Common Elements shall be exclusively owned in common by all of the Unit Owners. The Common Elements shall remain undivided and no Unit Owner shall bring any action for partition or division of the whole or any part thereof except as otherwise provided by the "Act" and in that event all mortgagees must, in writing, consent.

C. Except as hereinabove provided, all Common Elements in The Federal Hill Atrium Condominium are subject to perpetual easement for the use in common thereof for ingress, egress and utilities. This provision and covenant shall run with the land and the benefits and burdens thereof, shall inure to the benefit of and be binding upon the Developer, its successors and assigns and the Unit Owners, their heirs, successors, personal representatives and assigns.

D. The cost of maintaining, repairing and replacing the Common Elements, both Limited and General, shall be borne by the Council of Unit Owners as an item of the Common Expense except as hereinafter provided.

E. Each Unit Owner, in proportion to his Percentage Interest in the Common Expenses and Common Profits, shall contribute toward payment of the Common Expenses and no Unit Owner shall be exempt from contributing toward said Common Expenses either by waiver of the use or enjoyment of the Common Elements, or any of them, or by the abandonment of his Unit. The contribution, levied and assessed as a lien, all in the manner set forth in the By-Laws which are being recorded among the Land Records of Baltimore City simultaneously herewith (hereinafter called the "By-Laws").

F. As defined in the "Act", this Regime has the following Limited Common Element:

1. The storage areas shown on the Condominium Plats marked as Limited Common Elements.

7. Condominium Units and Common Elements.

A. If any Common Element, or any part thereof, now or at any time hereafter, encroaches upon any Unit, or any Unit encroaches upon any Common Element, whether such encroachment is attributable to construction, settlement, or shifting of the building, or any other reason whatsoever beyond the control of the Board of Directors or any Unit Owner, there shall forthwith arise, without the necessity of any further or additional act or instrument, a good and valid easement for the maintenance of such encroachment, either for the benefit of the Board of Directors or for the Unit Owner, their respective heirs, personal representatives, successors or assigns, to provide for the encroachment and non-disturbance of the Common Element, or the Unit, as the case may be. Such easement shall remain in full force and effect so long as the encroachment shall continue.

B. Conveyance or other disposition of a Unit shall be deemed to include and convey, or be subject to, any easement arising under the provisions of this Paragraph without specific or particular reference to such easement.

8. Pipes, Ducts, Cables, Wires, Conduits, Public Utility Lines and Other Common Elements Located Inside of Units. Each Unit Owner shall have an easement in common with the owners of all other Units to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving his Unit. Each Unit shall be subject to an easement in favor of the Owners of all other Units to use the pipes, ducts, cables, wires, conduits, public utility lines and other Common Elements serving such other Units and located in such Unit.

9. Easements. In addition to the easements reserved on the Plats aforesaid which are for the benefit of the Developer, its successors and assigns and Trustees under Deeds of Trust:

A. Developer, for itself, its successors and assigns, hereby declares that every Unit Owner shall have a perpetual easement in, upon, through and over the land shown on the Plat recorded simultaneously herewith, to keep, maintain, use, operate, repair and replace his Unit in its original position and in every subsequent position in which it changes by reason of the gradual forces of nature and the elements.

B. Developer hereby reserves unto itself, its successors and assigns, an easement in, through and over the Common Elements, for as long as the said Developer, its successors and assigns and Trustees under Deeds of Trust, shall be engaged in the construction, development and sale of Units, which easement shall be for the purpose of construction, installation, maintenance and repair of existing buildings and appurtenances thereto, for ingress and egress to all Units and all Common Elements, and for use of all sidewalks, walkways, roadways, parking areas, existing and future model units for sales promotion and exhibition. In addition, Developer hereby reserves the irrevocable right to enter into, upon, over or under any Unit for a period of two (2) years after the date of delivery of the Unit deed for such purposes as may be reasonably necessary for the Developer or its agents to complete the Regime or service any Unit thereof.

C. Developer reserves unto itself, its successors, assigns and agents, an easement in, upon, through and over the land comprising the Common Elements for the purpose of installation, maintenance repair and replacement of all sewer, water, power and telephone, pipes, lines, mains, conduits, poles, transformers and any and all other equipment or machinery necessary or incidental to the proper functioning of any utility system serving the Regime.

D. Each Unit Owner shall have a perpetual easement for the continuance of any encroachment by his Unit on any adjoining Unit or on any General or Limited Common Element, now existing as a result of construction of the buildings or which may come into

existence hereafter as a result of the reconstruction of the buildings or a Unit after damage by fire or other casualty, or as a result of condemnation or eminent domain proceedings, so that any such encroachment may remain undisturbed so long as the buildings stand.

10. Units Subject to Declaration, By-Laws and Rules and Regulations. All present and future owners, tenants, and occupants of Units shall be subject to, and shall comply with, the provisions of the "Act", of this Declaration and By-Laws, and any Amendments thereto, and the Rules and Regulations as provided for in the By-Laws, as they may be 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 Declaration and By-Laws and any Amendments thereto, and the Rules and Regulations, as they may be amended from time to time, are accepted and ratified by such Owner, tenant, or occupant; and all of such provisions shall be deemed and taken to be covenants running with the land, and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance or lease thereof.

11. Membership in Council of Unit Owners. Each Owner of a Unit shall automatically, upon becoming the Owner of a Unit or Units, be a member of the Council of Unit Owners of this Condominium Regime (hereinafter referred to as the "Council") and shall remain a member of said Council until such time as his ownership ceases for any reason, at which time his membership in said Council shall automatically cease. Each Unit shall have one (1) vote at meetings of the Council and said one (1) vote is appurtenant to each Unit.

12. Notice to Mortgagees. All amendments to this Declaration, as such amendments are provided for hereinafter, must be approved in writing by the holder of any mortgage or the Trustee under any Deed of Trust on any Unit and said holder or Trustees shall be given thirty (30) days written notice of any such proposed amendment or amendments prior to the meeting of the Council provided for in Paragraph 18 of this Declaration.

13. Exterior Modifications. Unit Owners may not make exterior changes to their Units without first obtaining consent, in writing, of the Architectural Standards Committee, established in the By-Laws recorded herewith.

14. Maintenance and Repair

A. The following items of maintenance shall be performed by the Unit Owners and such maintenance shall not be an item of Common Expense subject to the lien for assessments created herein:

1. The repair, replacement and maintenance of all glazing in Units including windows and doors;
2. The washing of all exterior windows and glass door lites;
3. The painting, where applicable, the exterior surface of all doors;

15. Eminent Domain.

A. In this paragraph the term "taking under the power of eminent domain" includes any sale in settlement of any pending or threatened condemnation proceeding.

B. This Declaration specifically provides for an allocation of any award for a taking under the power of eminent domain of all or a part of the condominium. This Declaration also provides for (1) reapportionment or other change of the percentage interests appurtenant to each unit remaining after taking; (2) the rebuilding, relocation or restoration of any improvements so taken in whole or in part; and (3) the termination of the condominium regime following any taking.

C. Unless otherwise provided in this Declaration any damages for a taking of all or part of a condominium shall be awarded as follows:

1. Each unit owner shall be entitled to the entire award for the taking of all or part of his respective unit and for consequential damages to his unit.

2. Any award for the taking of limited common elements shall be allocated to the unit owners of the units to which the use of those limited common elements is restricted in proportion to their respective percentage interests in the common elements.

3. Any award for the taking of general common elements shall be allocated to all unit owners in proportion to their respective Percentage Interests in the common elements.

D. Unless otherwise provided in this Declaration following the taking of a part of a condominium, the Council of Unit Owners shall not be obligated to replace improvements taken but promptly shall undertake to restore the remaining improvements of the condominium to a safe and habitable condition. Any costs of such restoration shall be a common expense.

E. Unless otherwise provided in this Declaration following the taking of all or a part of any unit, the Percentage Interests appurtenant to the unit shall be adjusted in proportion as the amount of floor area of the unit so taken bears to the floor area of the unit prior to the taking. The Council of Unit Owners promptly shall prepare and record an amendment to the Declaration reflecting the new Percentage Interests appurtenant to the unit. Subject to sub-paragraph G, (1) following the taking of part of a unit the votes appurtenant to that unit shall be appurtenant to the remainder of that unit and (2) following the taking of all of a unit the right to vote appurtenant to the unit shall terminate.

F. All damages for each unit shall be distributed in accordance with the priority of interests at law or in equity in each respective unit.

G. Except to the extent specifically described in the condemnation declaration or grant in lieu thereof, a taking of all or part of a unit may not include any of the Percentage Interests or votes appurtenant to the unit.

16. Termination of Regime. Each Unit Owner in The Federal Hill Atrium Condominium covenants and agrees that abandonment or termination of the Regime herein created is subject solely to and shall be accomplished in strict accordance with the "Act".

17. Administration of Condominium. In accordance with the provisions of the By-Laws, the Condominium shall be operated like a non-stock business corporation, the Council being considered the corporation and the Unit Owners being considered the members. As provided in the By-Laws, the Unit Owners shall elect officers.

18. Amendment of Declaration. Except as may otherwise be provided by the "Act", this Declaration may be amended in the following manner:

A. For so long as Developer shall own all of the Units, Developer shall have the sole right to amend this Declaration (including any amendments altering the percentage of ownership in Common Elements) which amendment need only be signed and acknowledged by the Developer and recorded among the Land Records of Baltimore City. Such amendment shall specifically refer to the recording date identifying this Declaration.

B. An amendment or amendments to this Declaration may be proposed by the Board of Directors, acting upon a vote of the majority of the Directors, or by the Unit Owners holding a majority of votes of the units in the Council, whether meeting as the Council or by instrument in writing signed by them. Upon any

amendment or amendments to this Declaration being proposed by said Board of Directors or any Unit Owners, such proposed amendment or amendments shall be transmitted to the President of the Council, or other officer of the Council in the absence of the President, who shall thereupon call a special meeting of the Council for a date not sooner than twenty (20) days nor later than sixty (60) days, from receipt by him of the proposed amendment or amendments; and it shall be the duty of the Secretary to give to each Unit Owner written or printed notice of such special meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than fifteen (15) days, nor more than forty-five (45) days before the date set for such special meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the Unit Owner at his post office address as it appears on the books of the Council, the first class postage thereon prepaid. Any Unit Owner may, by written waiver of notice signed by such Unit Owner, waive such notice and such waiver, when filed in the records of the meeting, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice of such member. At such meeting the amendment or amendments proposed must be approved by an affirmative vote of all Unit Owners of the Regime, as then constituted, and approved by all holders of mortgages or Trustees under Deeds of Trust on Units, as provided herein, in order for such amendment or amendments to become effective. Thereupon, such amendment or amendments of this Declaration shall be transcribed and certified by the President and Secretary for the Council as having been duly adopted, and the original or an executed copy of such amendment or amendments so certified and executed with the same formalities as a deed shall be recorded in the Land Records of Baltimore City, Maryland, such amendment or amendments to specifically refer to the recording data identifying the Declaration. Thereafter, a copy of said amendment or amendments in the form in which the same were placed on record by the Council shall be delivered to all of the Unit Owners and mailed to the holders of mortgages or Trustees under Deeds of Trust listed in the registry to be maintained by Article XVIII, Section 2, of the By-Laws, but delivery and mailing of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments. At any meeting held to consider such amendment or amendments, the written vote of any Unit Owner shall be recognized if such Unit Owner is not in attendance at such meeting, or represented thereat by written proxy, provided such written vote is delivered to the Secretary of the Council at or prior to such meeting.

C. Anything in sub-paragraph B to the contrary notwithstanding, no amendment to this Declaration shall alter or amend any rights granted to Developer under the provisions hereof unless the Developer and any other beneficiary thereof shall consent in writing to such amendment.

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

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

21. Compliance. This Declaration is set forth in compliance with the requirements of Section 11-101, et seq. of the "Act". In the event of any conflict between the "Act" and this Declaration, the provisions of the "Act" shall control.

22. Captions. The captions and Table of Contents contained in this Declaration are for convenience only, and are not part of this Declaration, and are not intended in any way to limit or enlarge the terms and provisions of this Declaration.

23. Gender, Etc. Whenever in this Declaration 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.

WITNESS the hand and seal of said Developer as of the date first herein written.

WITNESS:

RAR ASSOCIATES
DEVELOPMENT CORPORATION

By: Ron Russo (SEAL)
Ron Russo, President

STATE OF MARYLAND, CITY OF BALTIMORE, TO WIT:

On this 14th day of AUGUST, 1984, before me, the undersigned, a Notary Public of the State aforesaid, personally appeared Ron Russo, who acknowledged himself to be the President of RAR Associates Development Corporation, a Maryland corporation, and that he, as such President, being authorized so to do, executed the foregoing Declaration for the purposes therein contained, as his act.

Sharon L. Ruocco
Notary Public

My Commission Expires:

I hereby affirm under penalty of perjury that the notice requirements of Section 11-102.1 of the Real Property Article, if applicable, have been fulfilled.

By: Ron Russo
Ron Russo

DECLARATION FOR THE FEDERAL HILL ATRIUM CONDOMINIUM

EXHIBIT 1

Beginning for the same at the point formed by the intersection of the south side of Hughes Street, 20 feet wide and the east side of Charles Street, 66 feet wide, and running thence binding on the south side of said Hughes Street, north 86 degrees 37 minutes 20 seconds east 80.00 feet to the west side of Ricketts Court, 10 feet wide; thence leaving the south side of Hughes Street and binding on the west side of said Ricketts Court, south 03 degrees 18 minutes 00 seconds east 76.57 feet; thence leaving the west side of Ricketts Court south 86 degrees 43 minutes 48 seconds west 80.00 feet to intersect the east side of said Charles Street, and thence binding on the east side of said Charles Street, north 03 degrees 18 minutes 00 seconds west 76.42 feet to the place of beginning.

All courses and distances in the above description are referred to the true meridian as adopted by the Baltimore Survey Control System.

Also together with the privilege of ingress and egress, by the property known as No. 723 S. Charles Street, into a 3 foot pedestrian easement contiguous to the north outlines of and through the properties adjoining on the south thereof known as No.'s 2,4,6,8,10 and 12 E. Montgomery Street, extending from Charles Street Easterly 80 feet to Ricketts Court.

DECLARATION FOR THE FEDERAL HILL ATRIUM CONDOMINIUM

EXHIBIT 2

<u>Unit Number</u>	<u>Square Feet</u>	<u>Percentage Interest In Common Elements and In Common Profits and Common Expenses</u>
LL1	655	3.9
LL2	725 684	4.4
LL3	1110	6.7
LL4	1120	6.7
101	770	4.6
102	880 868	5.3
103	1175	7.1
104	950	5.7
201	675	4.1
202	675	4.1
203	875	5.3
204	760	4.6
205	740	4.4
206	875	5.3
301	675	4.1
302	675	4.1
303	875	5.3
304	760	4.6
305	740	4.4
306	875	5.3
Total	16,585	100

REC'D FOR RECORD AUG 16 1984 2:10
& RECORDED IN THE LAND RECORDS OF
BALTIMORE CITY, LIBER S. E. B 2280
PAGE 22/ SAUNDRA E. BANKS, CLERK

AMENDMENT TO DECLARATION
THE FEDERAL HILL ATRIUM CONDOMINIUM

THIS AMENDMENT TO DECLARATION OF THE FEDERAL
HILL ATRIUM CONDOMINIUM, made this 20 th day of
September, 1984, by the Council of Unit Owners of The Federal
Hill Atrium Condominium, hereinafter referred to as "Council".

WHEREAS, the Declaration and By-Laws of The Federal Hill
Atrium Condominium were recorded among the Land Records of
Baltimore City, Maryland, in Liber 0280, Folio 221 S.E.B. and
Liber 0280, Folio 186 S.E.B., creating The Federal Hill Atrium
Condominium; and

WHEREAS, the Council of Unit Owners of The Federal Hill
Atrium Condominium on the 20th day of September, 1984, by the
requisite vote of the Unit Owners resolved to and did amend the
Declaration of The Federal Hill Atrium Condominium;

NOW, THEREFORE, WITNESSETH:

That the aforementioned Declaration be and they hereby are
amended to provide as follows: see attached page

IN WITNESS WHEREOF, the Secretary of the Board of Directors
of The Federal Hill Atrium Condominium, the unincorporated
Council of Unit Owners of The Federal Hill Atrium Condominium,
certifies that she is the Officer designated in the aforementioned
By-Laws to count the votes at a meeting of the Council of Unit Owners
and that the foregoing Declaration Amendment was approved by unit owners
having the required percentage of the votes of the Council of Unit Owners.

WITNESS:

THE FEDERAL HILL ATRIUM
CONDOMINIUM

Shirley B. Burrell

Secretary

By: *[Signature]*

(SEAL)

President

D-REC 17.00

MISC 0 #

CHECK TL 17.00

#785330 C318 R02 T08:38

09/20/84

STATE OF MARYLAND)
COUNTY OF BALTIMORE) to wit:

I HEREBY CERTIFY, that on this 20th day of September, 1984, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared, Sharon Ruocco, who acknowledged herself to be the Secretary of the Board of Directors of The Federal Hill Atrium Condominium, and that she as Secretary, being authorized to do so, executed the foregoing instrument therein contained by signing the name of the Condominium by herself as Secretary.

IN WITNESS WHEREOF, I hereunto set my hand and Notarial Seal the day and year first written above.

My Commission Expires: July 1, 1986

James E. Mosa, Jr.

I HEREBY CERTIFY, that on this 20th day of September, 1984, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared, Ron Russo, who acknowledged himself to be the President of the Board of Directors of The Federal Hill Atrium Condominium, and that he as President, being authorized to do so, executed the foregoing instrument therein contained by signing the name of the Condominium by himself as President.

IN WITNESS WHEREOF, Iherunto set my hand and Notarial Seal the day and year first written above.

My Commission Expires: July 1, 1986

James E. Mosa, Jr.

DECLARATION FOR THE FEDERAL HILL ATRIUM CONDOMINIUM

EXHIBIT 2

<u>Unit Number</u>	<u>Square Feet</u>	<u>Percentage Interest In Common Elements and In Common Profits and Common Expenses</u>
LL1	637	4.0
LL2	684	4.3
LL3	1083	6.9
LL4	1123	7.1
101	775	4.9
102	868	5.5
103	1169	7.4
104	927	5.9
201	656	4.2
202	659	4.2
203	757	4.8
204	694	4.4
205	697	4.4
206	763	4.8
301	665	4.2
302	687	4.3
303	764	4.6
304	712	4.5
305	691	4.4
306	793	5.0

TOTAL

15,804

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CONFIRMATORY AMENDMENT TO DECLARATION
THE FEDERAL HILL ATRIUM CONDOMINIUM

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THIS CONFIRMATORY AMENDMENT TO DECLARATION OF THE FEDERAL
HILL ATRIUM CONDOMINIUM, made this 6th day of November, 1984,
by the Council of Unit Owners of The Federal Hill Atrium Condo-
minium, hereinafter referred to as "Council."

WHEREAS, the Declaration and By-Laws of The Federal Hill
Atrium Condominium were recorded among the Land Records of Bal-
timore City, Maryland, in Liber S.E.B. 0280, Folio 221 and Liber
S.E.B. 0280, Folio 186, creating The Federal Hill Atrium Condo-
minium and

WHEREAS, the Council of Unit Owners of The Federal Hill
Atrium Condominium on the 20th day of September, 1984, by the
requisite vote of the Unit Owners resolved to and did amend
the Declaration of The Federal Hill Atrium Condominium as here-
inafter provided; and

WHEREAS, the said amendment was certified by Ron Russo
and Ron Ruocco, as President and Secretary of the Council
of Unit Owners by Amendment to Declaration, The Federal Hill
Atrium Condominium dated September 20, 1984 and recorded among
the Land Records of Baltimore City in Liber SEB 305, Folio
258; and

WHEREAS, by an instrument in writing dated October 15,
1984, signed by all Unit Owners and all holders of mortgages
or Trustees under Deeds of Trust on Units as of that date, the
said Unit Owners, mortgagees and Trustees have approved and

ratified the aforesaid Amendment to Declaration, The Federal Hill Atrium Condominium and "First Amended Plat of Condominium Subdivision The Federal Hill Atrium," recorded among the plat records of Baltimore City in Plat Book SEB No. 127 and have authorized the said Ron Russo and Sharon Ruocco as President and Secretary, respectively, of the Council of Unit Owners to take any action deemed necessary or desirable, at their sole discretion, to effectuate or validate the said amendments of plat and Declaration.

NOW, THEREFORE, this Confirmatory Amendment to Declaration, The Federal Hill Atrium Condominium witnesseth that:

1. Amendment of the aforementioned Declaration providing for amendment and revision of square footage and percentage interest in common elements and common profits and common expenses in accordance with Exhibit attached hereto and by reference made a part hereof be and it is hereby approved, ratified and confirmed.

2. The aforesaid "First Amended Plat of Condominium Subdivision The Federal Hill Atrium" be and it is hereby approved, ratified and confirmed.

IN WITNESS WHEREOF, Ron Russo and Sharon Ruocco, respectively President and Secretary of the Council of Unit Owners of The Federal Hill Atrium Condominium certify that the aforesaid Amendment to Declaration of The Federal Hill Atrium and this Confirmatory Amendment to Declaration The Federal Hill Atrium Condominium have been approved by Unit Owners having a

majority of the votes of the Council of Unit Owners.

THE FEDERAL HILL ATRIUM CONDOMINIUM

WITNESS:

Sharon Ruocco
Sharon Ruocco, Secretary

By Ron Russo
Ron Russo, President

(SEAL)

STATE OF MARYLAND, County of Baltimore, to wit:

I HEREBY CERTIFY, that on this 9th day of November, 1984, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared, Sharon Ruocco, who acknowledged herself to be the Secretary of the Council of Unit Owners of The Federal Hill Atrium Condominium, and that she as Secretary, being authorized to do so, executed the foregoing instrument therein contained by signing the name of the Condominium by herself as Secretary.

IN WITNESS WHEREOF, I hereunto set my hand and Notarial Seal the day and year first written above.

Notary Public

My commission expires:

My Commission Expires July 1, 1986

I HEREBY CERTIFY, that on this day of November, 1991, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared, Ron Russo, who acknowledged himself to be the President of the Council of Unit Owners of The Federal Hill Atrium Condominium, and that he as President being authorized to do so, executed the foregoing instrument therein contained by signing the name of the Condominium by himself as President.

IN WITNESS WHEREOF, I hereunto set my hand and Notarial Seal the day and year first above written.

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BY-LAWS

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BY-LAWS

THE FEDERAL HILL ATRIUM CONDOMINIUM

ARTICLE I

Name and Location

Section 1. Name and Location. The name of the Condominium is The Federal Hill Atrium Condominium. The principal office and mailing address of the Council of Unit Owners is 723 S. Charles Street, Baltimore, Maryland 21230.

ARTICLE II

Definitions

Section 1. Declaration. "Declaration" as used herein means that certain Declaration made the _____ day of _____, 198____, by RAR Associates Development Corporation, a Maryland corporation, pursuant to Sections 11-101, et seq., of the Real Property Article of the Annotated Code of Maryland, (1981 Replacement Volume), as amended, by which certain described property including land, was submitted to a Condominium Regime (hereinafter called the "Regime") and which Declaration is recorded among the Land Records of Baltimore City, Maryland, immediately prior hereto and to which these By-Laws are appended.

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 Sections 11-101, et seq., of the Real Property Article of the Annotated Code of Maryland, (1981 Replacement Volume), as amended, the Maryland Condominium Act (hereinafter the "Act").

ARTICLE III

Ownership

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

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the Condominium Regime. The terms "Condominium Regime" or "Regime" as used herein shall include the land, as well as the improvements thereon. In construing these By-Laws, and the government of the Regime pursuant thereto, the provisions of the Corporations and Associations Article of the Annotated Code of Maryland, 1975 Edition, as amended, pertaining to the government of nonstock corporations, shall be considered as governing to the extent not inconsistent with the provisions of the "Act", the Declaration and these By-Laws; the Council being considered the Corporation and the Owners being considered its members. This Council shall be unincorporated as provided in the "Act".

ARTICLE IV

Meeting of Council of Unit Owners

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

Section 2. Annual Meetings. The Organizational and First Meeting of the Council of this Regime shall be held within Sixty (60) days after the date on which fifty percent (50%) of the percentage interests have been conveyed to purchasers for value or within six (6) months from the date of creation of the Regime. Thereafter, annual meetings of the Council shall be held on the First Tuesday in April of each succeeding year. At such meeting there shall be elected by ballot of the Unit Owners, a Board of Directors in accordance with the requirements of Section 5 of Article V of these By-Laws. The Council may also transact such other business of the Regime as may properly come before it. In any event, the Organizational and First Meeting shall take place no later than _____, 198_____.

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

Section 4. Notice of Meetings. It shall be the duty of the Secretary or his agent to mail by first class a notice of each annual or special meeting, stating the purpose thereof as well

as the time and place where it is to be held, to each Unit Owner of record, at his address as it appears on the Ownership Book of the Regime on the date of the Notice, or if no such address appears, at his last known address, at least fifteen (15) but not more than forty-five (45) days prior to such meeting. Service may also be accomplished by the delivery of any such notice to the Unit Owner at his Condominium Unit or last known address. Notice by either such method shall be considered as notice served. Attendance by a Unit Owner at any meeting of the Council 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 Owners representing at least twenty-five percent (25%) of the total votes of the Regime shall be requisite for and constitute a quorum for the transaction of business at all meetings of the Council. If the number of votes at a meeting drops below the quorum and the question of a lack of a quorum is raised, no business may thereafter be transacted.

Section 6. Voting. At every meeting of the Council, each of the Unit Owners shall have the right to cast one vote for each Unit which he owns on each question. The votes established in Paragraph 11 of the Declaration shall be applicable to voting, representing fifty-one percent (51%) of the votes at that meeting, unless the question is one upon which, by expression provision of the "Act", the Declaration or these By-Laws, a different vote is required, in which case such express provision shall govern and control. No Unit Owner shall be eligible to vote at any annual or special meeting of the Council, or be elected to an office or to the Board of Directors against whom the Council has recorded a Statement of Condominium Lien on his Unit and the amount necessary to release the lien has not been paid at the time of the meeting.

Section 7. Proxies. A Unit Owner may appoint any other Unit Owner, the Developer (as defined in the Declaration), Management Agent, Mortgagee, Attorney or Lessee, as his proxy. In no event may any Unit Owner or any other person, firm or corporation, except for the Developer, a mortgagee or the Management Agent, cast more than two (2) votes by proxy in addition to his own vote. Any proxy must be in writing and must be filed with the Secretary only for maximum period of 180 days following its issuance, unless granted to a Lessee. It may be revoked sooner by a written notice of revocation filed with the Secretary and shall be revoked by the death of the Unit Owner.

ARTICLE V

Directors

Section 1. Number and Qualification. The Affairs of the Regime shall be governed by the Board of Directors (hereinafter called the "Board") composed of three (3) persons, a majority of whom, after the Organizational and First Meeting of the Council shall be Unit Owners.

Section 2. Initial Directors. The initial Directors shall be selected by the Developer and need not be Unit Owners. The names of the Directors who shall act as such from the date upon which the Declaration is recorded among the Land Records of Baltimore City, Maryland such time as their successors are duly chosen and qualified are as follows: Ron Russo; Sharon Ruocco; and Jerry Fishman. These Directors shall serve until the Organizational and First Meeting of the Council, at which time the Unit Owners shall elect a Board, all as prescribed herein. Initial Directors may be removed and their successors appointed by the Developer, its successors and assigns, or any Trustees, under Deeds of Trust, in possession.

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

(a) To provide for the care, upkeep and surveillance of the Regime, as it is constituted from time to time and its General and Limited Common Elements, and services and maintenance of the Unit exteriors 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 fines, if levied, from the Unit Owners 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 Regime and for the proper care of the General and Limited Common Elements and to provide services for the Regime in a manner consistent with all applicable State, City and local law, the Declaration and these By-Laws; and

(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 Regime and the use and maintenance of the General and Limited Common Elements, as they are designated, to prevent unreasonable interference with the use and occupancy of the Regime and of the General and Limited Common Elements by the Unit Owners, all of which shall be consistent with all applicable State, City and local law, the Declaration and these By-Laws.

Section 4. Management Agent. The Board of Directors shall employ for the Regime a professional Management Agent at a rate of compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not necessarily limited to, the duties set out in subsections (a) through (d) of Section 3 of this Article. The Council shall not undertake "self-management" or otherwise fail to employ a professional management agent. Any professional management company so employed must have and maintain fidelity bond coverage in an amount equal to or greater than one and one-half times the estimated annual operating expenses and reserves of the Regime.

Section 5. Elections and Terms of Office. The terms of the Directors named herein shall expire when their successors have been elected at the Organizational and First Meeting of the Council and are duly qualified. At the first Meeting of the Council the term of office of the Director receiving the greatest number of votes shall be fixed for three (3) years and the Director receiving the second greatest number of votes shall be fixed at two (2) years. The term of office of the third Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successors 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 on the Board caused by any reason other than the removal of a Director by a vote of the Council shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the Council at the next annual meeting.

Section 7. Removal of Directors. At 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 Council and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Council shall be given an opportunity to be heard at the meeting. The term of any Director who has an unreleased Statement of Lien recorded against him shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 6 of this Article.

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

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

Section 10. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting. A regular or special meeting of the council of unit owners may not be held on less than 10 nor more than 90 days written notice delivered or mailed to each unit owner at the address shown on the roster on the date of the notice.

Section 11. Special Meetings. Special meetings of the Board 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 shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Directors.

Section 12. Open Meeting Requirements. Except as provided a meeting of the council of unit owners or board of directors shall be open and held at a time and location as provided in the notice or bylaws.

(a) A meeting of the board of directors may be held in closed session only for the following purposes:

- (1) Discussion of matters pertaining to employees and personnel;
- (2) Protection of the privacy or reputation of individuals in matters not related to the council of unit owners business
- (3) Consultation with legal counsel;

4) Consultation with staff personnel consultants, attorneys, or other persons in connection with pending or potential litigation;

(5) Investigative proceedings concerning possible or actual criminal misconduct;

(6) Complying with a specific constitutional, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or

(7) On an individually recorded affirmative vote of two-thirds of the board members present, for some other exceptional reason so compelling as to override the general public in favor of open meetings.

(b) If a meeting is held in closed session under subsection (a):

(1) An action may not be taken and a matter may not be discussed if it is not permitted by subsection (a); and

(2) A statement of the time, place, and purpose of any closed meeting, the record of the vote of each board member by which any meeting was closed, and the authority under this section for closing any meeting shall be included in the minutes of the next meeting of the board of directors.

Section 13. Waiver of Notice. Before, or at, any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 14. Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting, following an adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 15. Action Without Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all of the 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.

Section 16. Fidelity Bonds. The Board may require that all officers and employees of the Council handling or responsible for Council or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Council except for the bond required under Section 4 of this Article, which may be paid by the Council.

ARTICLE VI

Officers

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

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

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

Section 4. President. The President shall be the chief executive officer of the Council and member of the board. He shall have all of the general powers and duties which are usually vested in the office of President of a corporation including but not limited to the power to appoint committees from among the Unit Owners, or other person whom he feels are qualified, from the Unit Owners, or

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

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

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

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

ARTICLE VII

Liability and Indemnification of Officers and Directors

Section 1. Liability and Indemnification of Officers and Directors. The Council shall indemnify every officer and director of the Council against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding, including the settlement of any such suit or proceeding if approved by the then Board to which he may be made a party by reason of being or having been, an officer or director of the Council, whether or

not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Council shall be liable to the Council and the Unit Owners for any negligence, including their own individual willful misconduct or bad faith, but shall not be liable for mistakes of judgment or other wise if made in good personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council; except to the extent that such officers or directors may also be Unit Owners, and the Council shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Council, or former officer or director of the Council may be entitled.

Section 2. Common or Interested Directors.

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

(b) For so long as the Developer elects one or more directors to the Board, no contract or other transaction between the Council and one or more of its Directors, or between the Council and any corporation, firm or association, including the Developer, in which one or more of the Directors are directors or officers, or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board, or any committee thereof, which authorizes or approves the contract or other transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist:

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

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

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

(c) For so long as the Developer elects one or more directors to the Board, common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board, or committee thereof, which authorizes, approves or ratifies any contract or other transaction, any may vote thereat to authorize any contract or other transaction with like force and effect as if he were not such director or officer of such other corporation or not so interested.

ARTICLE VIII

Management

Section 1. Management and Common Expenses. The Board shall manage, operate and maintain the Regime and, for the benefit of the Units and the Unit Owners thereof, shall enforce the provisions hereof and may pay out of the Common Expenses, herein elsewhere provided for, the following, which itemization shall not act as a limitation on the Board:

(a) The cost of providing water, sewer, garbage and trash collection, electrical (including street lighting), gas, common television antenna service and other necessary utility services for the Common Elements and, to the extent that the same are not separately metered or billed to each unit, for the units.

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

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

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

(e) The cost of painting, maintaining, replacing, repairing and landscaping the General and Limited Common Elements, including such furnishings and equipment for the General and Limited Common Elements as the Board shall determine are necessary and proper, and the Board shall have the exclusive right and duty to acquire the same; provided, however, that nothing herein contained shall require the Council to paint, repair, or otherwise maintain the interior of any unit or any fixtures or equipment located therein.

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

(g) The cost of the maintenance or repair of any Unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board to protect the General and Limited Common Elements or to preserve the appearance or value of the Regime or is otherwise in the interest of the general welfare of all Unit Owners; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board and not without reasonable written notice to the Unit Owner of the Unit proposed to be maintained or repaired; and, provided, further, that the cost thereof shall be assessed against the Unit on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the Owner of said Unit at which time the assessment shall become due and payable and a continuing lien and obligation of said Unit Owner 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 Regime or any portion thereof, which may, in the opinion of the Board, constitute a lien against any of the General or Limited Common Elements rather than the interest of the Unit Owner of any individual Unit.

(i) The cost of maintaining the Utility Rooms and Fire Escape.

(j) The cost of any maintenance, repair or replacement contracted for, between the Council, or its management agent, and individual Unit Owners having to do with an individual Unit which cost shall be a Common Expense only with respect to that Unit and that the cost thereof shall be assessed against the Unit on which such maintenance, repair or replacement is performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the then Unit Owner of said Unit at which time the assessment shall become due and payable and a continuing lien and obligation of said Unit Owner in all respects as provided in Article IX of these By-Laws.

Section 2. Management Agent. The Board shall delegate such of its duties, powers or functions to the Management Agent, as the Board shall authorize, provided that such delegation may be terminated by either party without cause or payment of a termination fee on a maximum of ninety (90) days written notice and any such contract shall have a maximum term of two (2) years.

Section 3. Duty to Maintain. Except for maintenance requirements herein imposed upon the Council, if any, the Unit Owner of each Unit shall, at his own expense, maintain the interior of his Unit and any and all equipment, appliances or fixtures situated within the Unit and its other appurtenances in good order, condition and repair, in a clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his Unit and such appurtenances. In addition to the foregoing, all Unit Owners, at their own expense, must maintain, repair and replace any plumbing fixtures, garage space, heating and air conditioning equipment, lighting fixtures, refrigerators, freezers, dishwashers, disposals, trash compactors, ranges and/or other equipment that may be in, or appurtenant to such Unit. Any Unit Owner may contract for the performance of any maintenance, repair or replacement of any item listed in this Section with the Management Agent and the cost of the same shall be assessed as provided in Section 1(j) of this Article.

Section 4. Right of Entry. Each Unit Owner shall and does hereby grant right of entry to any person authorized by the Board in case of any emergency originating in, or threatening his Unit, whether the Unit Owner is present at the time or not and also for the purpose of maintaining said Unit as provided in Section 1(i) hereof.

Section 5. Easements for Utilities and Related Purposes. The Council in accordance with Section 11-125(f) of the Act is authorized and empowered to grant, and shall from time to time grant, such licenses, easements and/or rights of way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, T.V. antennas, underground conduits and/or such other purposes related, to the provision of public utilities to the Regime, or for any other purpose as may be considered necessary and appropriate by the Board for the orderly maintenance, preservation and enjoyment of the General and Limited Common Elements or for the preservation of the health, safety, convenience and/or welfare of the Unit Owners and the Developer.

Section 6. Limitation of Liability. The Council shall not be liable for any failure of water supply or other utilities or services to be obtained by the Council or paid for out of the Common Expenses, or for injury or damage to persons or property caused by the elements or by any Unit Owner or any other person, or resulting from electricity, water, snow, or ice which may leak or flow from any portion of the General or Limited Common Elements or from any pipe, drain, conduit, appliance or equipment. The Council shall not be liable to any Unit Owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the General or Limited Common Elements. No diminution or abatement of Common Expense Assessments as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the General or Limited Common Elements, separately contracted maintenance to a Unit, or from any action taken by the Council to comply with any law, ordinance, or with the order or directive of any municipal or other governmental authority.

ARTICLE IX

Condominium Fees/Assessments

Section 1. Annual Condominium Fees/Assessments.

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

- (1) The cost of all operating expenses of the Regime as the same may be constituted from time to time, and services furnished, including charges by the Council for facilities and services furnished by it;
- (2) The cost of necessary management and administration, including fees paid to any Management Agent;
- (3) The amount of all taxes and assessments levied against the Council or upon any property which it is otherwise required to pay, if any;
- (4) The cost of public liability, fire and extended coverage insurance on the Regime and the cost of such other insurance as the Council or the Board may elect;

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

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

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

(8) The cost of all operating expenses, repairs, maintenance and replacements for concrete walkways and utility rooms.

(b) In addition, each Unit Owner shall pay to the Council, monthly, the amount of the separately contracted maintenance, if any for which said Unit Owner is liable under Section 1 (j) of Article VIII.

(c) In addition, each Unit Owner shall pay to the Council, monthly, the amount of any fine levied against him pursuant to any rules and regulations for fining promulgated by the Board in accordance with the procedures in these By-Laws and such fine shall be a lien in the same manner as if it were a Common Expense.

(d) The Board shall determine the amount of the assessment annually, but may do so at more frequent intervals should circumstances so require.

(e) The Council of unit owners shall cause to be prepared and submitted to the unit owners an annual proposed budget at least thirty (30) days before its adoption.

(a) The annual budget shall provide for at least the following items:

- (1) Income;
- (2) Administration;
- (3) Maintenance;
- (4) Utilities;
- (5) General Expenses;
- (6) Reserves; and
- (7) Capital Items.

(b) The budget shall be adopted at an open meeting of the council of unit owners or any other body to which the council of unit owners delegates responsibilities for preparing and adopting the budget.

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

(d) The adoption of a budget shall not impair the authority of the council of unit owners to obligate the council of unit owners for expenditures for any purpose consistent with any provision of this title.

Section 2. Special Assessments. In addition to the regular assessment authorized by this Article, the council may levy in any assessment year a special assessment or assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of an described capital improvement located upon the regime, as then constituted, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board may consider appropriate, provided that any such assessment shall have the assent of the owners representing fifty-one percent (51%) of the total votes of the Regime. A meeting of the Unit Owners shall be duly called for this purpose, written notice of which shall be sent to all owners at least fifteen (15) days, but not more than forty-five (45) days, in advance of such meeting, which notice shall set forth the purpose of the meeting.

Section 3. Reserve for Replacements. The Council shall establish and maintain a reserve fund for replacements by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board and which shall not be less than five percent (5%) of the aggregate monthly installments levied pursuant to the provisions of this Article. Such fund shall be conclusively deemed to be a Common Expense. Such funds shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of the United States of America, Maryland Savings Share Insurance Corporation, or may, in the discretion of the Board, be invested in the obligations of, or fully guaranteed as to principal, by the United States of America, states, municipalities, or countries thereof. The reserve replacements may be expended only for the purpose of effecting the

replacement of the Common Elements and equipment of the Regime and for operation contingencies of a non-recurring nature. The amounts required to be allocated to the reserve for replacements may be reduced, by appropriate resolution of the Board upon the accumulation in such reserve fund of a sum equal to twenty percent (20%) of the full replacement value of the Regime as full replacement value is annually determined by the Board for fire insurance purposes. The proportionate interest of any Unit Owner in any reserve for replacements shall be considered an appurtenance of his Unit and shall not be separately withdrawn, assigned, transferred or otherwise separated from the Unit to which it appertains, and shall be deemed to be transferred with such Unit.

Section 4. Non-Payment of Assessment.

(a) A Unit Owner shall be liable for all assessments, or installments thereof, and fines or other charges coming due while he is the owner of a Unit. In a voluntary grant, the grantee shall be jointly and severally liable with the grantor for all unpaid assessments, fines or other charges against the grantor for his share of the Common Expenses up to the time of the voluntary grant for which a Statement of Condominium Lien is recorded, without prejudice to the rights of the grantee for such assessments.

(b) All assessments, fines, or other charges, until paid, together with interest at the maximum rate permitted on them, actual costs of collection, reasonable attorney's fees or attorney's fees of twenty-five percent (25%), and late charges, at the maximum rate permitted in the "Act" constitute a lien on the Units on which they are assessed. If a statement of lien is recorded within two (2) years after the date the assessment, fine, or other charge becomes due, the lien shall be effective against a Unit from and after the time a Statement of Condominium Lien is recorded among the Land Records of Baltimore City, stating the description of the Unit, the name of the record Owner, the amount of time due and the period for which the assessment was due. The Statement of Condominium Lien shall be signed and verified by an officer or agent of the Council and then recorded. On full payment of the assessment and/or fine for which the lien is claimed the Unit Owner shall be entitled to a recordable satisfaction of the lien.

(c) Any assessment, fine or other charge, or installment thereof, not paid when due shall bear interest, from the date when due until paid, at the maximum permissible legal rate.

(d) The Council shall, upon demand, notify the holder of the first mortgage on any Unit for which any assessment levied pursuant to those By-Laws becomes delinquent for a period in excess of thirty (30) days, and in any other case, where the Unit Owner is in default with respect to the performance of any obligation hereunder for a period in excess of thirty (30) days.

Section 5. Assessment Certificates. The Council shall, upon demand, furnish to any Unit Owner liable for any assessment, fine,

or other charge levied pursuant to the By-Laws (or to any other party legitimately interested in the same), a certificate in writing signed by an officer of the Council or its agent, setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed twenty-five dollars (\$25.00) may be levied in advance by the Council for each certificate so delivered.

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

Section 7. Enforcement. The lien for unpaid assessments, fines, or other charges may be enforced and foreclosed by the Council or any other person specified in the By-Laws, in the same manner, and subject to the same requirements, as the foreclosure of mortgages or deeds of trusts on real property in the State of Maryland. Suit for any deficiency following foreclosure may be maintained in the same proceeding and suit to recover a money judgment for unpaid assessments may be maintained without waiving the lien securing the same. No action may be brought to foreclose the lien unless brought within three (3) years following the recordation of the Statement of Condominium Lien. No action may be brought to foreclose the lien except after ten (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 8. Subordination and Mortgages Protection.

(a) Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these By-Laws upon any Unit in the Regime shall be subordinate to, and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first mortgage, meaning a Mortgage with priority over other mortgages, made in good faith and for value received, provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such Unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser at such sale of the Unit from liability for any assessment thereafter becoming due, nor from the lien of any such subsequent assessment, which lien, if claimed, shall have the same effect, and be enforced in the same manner as provided herein.

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

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

Section 9. Definition. As used herein the term "Mortgage" shall include deed of trust and the term "Holder" or "Mortgagee" shall include the party secured by any deed of trust, any beneficiary thereof and the Trustees named therein, their successors and assigns.

Section 10. Foreclosure of Assessment Lien. Foreclosure of the assessment lien shall not take place until after the mortgagee of that Unit is notified pursuant to Section 4(d) of this Article and the said mortgagee is given fifteen (15) days to obtain compliance by the Unit Owner with the assessment requirements herein before stated.

ARTICLE X

Use Restrictions

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

(a) A real estate sales and/or construction office may be erected, maintained, and operated on any part of the Regime and/or in any building or structure now or hereafter permitted to be erected thereon during the period of original development, construction and sale, and no longer, provided, however, that such offices are used and operated in connection with the original development of the land, or, the construction of the original improvements on the land, or the sale of the Condominium Units originally erected on the land. At such time as the last Unit is conveyed to a purchaser for value, the real estate sales and/or construction office or offices shall be removed from the Regime, within 60 days thereafter.

(b) Any part of any Condominium Unit may be used as a physician's or attorney's office for the treatment of patients and/or for the practice of such professions, provided however, that the physician or attorney resides in the Condominium Unit in which the office is located.

(c) Any Unit designated on the Condominium Plans as non-residential shall be excepted from this Section 1, of this Article subject to all appropriate local zoning requirements but such Unit may be used for residential or non-residential purposes as its owner and his successors from time to time deem appropriate.

(d) If any Unit Owner shall lease his unit for residential purposes, such lease shall first be submitted to the Board for its approval. The Board shall approve or disapprove of any lease solely on the basis of whether such lease contains covenants obligating the Unit Owner's tenant to observe all rules and regulations, of the Board and all restrictions and conditions imposed by the Declaration, By-Laws, Rules and Regulations in force at the time of signing said lease. If the Unit Owner fails to provide these documents, the Board may do so, billing the reasonable cost of same to the Unit Owner. The Board shall have no right to disapprove a lease except as above provided. If the Unit Owner fails to comply with this sub-paragraph, such failure to comply shall be a violation of these By-Laws and enforceable at law or equity by the Board. The Board may adopt a "form" lease for the use of Unit Owners.

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

Section 3. Prohibited Use and Nuisances.

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

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

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

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

(e) The maintenance, keeping, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit, and upon any Common Element; except that this shall not prohibit the keeping of two dogs, two cats and/or caged birds as domestic pets, provided that they are not kept, bred or maintained for commercial purposes, and provided further that the keeping of such dogs, cats and/or caged birds will not constitute such type of noxious or offensive activity as covered in Section 3(a) of this Article. All dogs must be kept inside their respective Owner's Unit or upon the Unit's Limited Common Elements and may be walked on the General Common Elements only on a leash.

(f) Except for such signs as may be posted by the Developer for promotional purposes and signs of a directional nature, no signs of any character shall be erected, posted or displayed upon, in or from or about any Unit or the General or Limited Common Elements.

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

(h) No part of the General or Limited Common Elements shall be used for commercial activities of any character. This subsection shall not apply to the use of Commercial Units as shown on said Condominium Plans or Common Elements by the Developer for display, promotional or sales purposes.

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

(j) No structure of a temporary character, trailer, tent, shack, barn or other out-building shall be maintained upon any of the General or Limited Common Elements at any time except as

permitted by written rule of the Board. Outdoor clothes dryers or clothes lines shall not be maintained upon the Common Elements at any time.

(k) No outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission, shall be maintained upon any Unit or upon any General or Limited Common Elements without the prior written consent of the Board.

(l) Balconies shall be maintained in a neat, safe and orderly manner; and no items or material shall be hung over the balconies or on the outer side of a Unit without the written approval of the Board.

(m) Between 11:00 p.m. and 9:00 a.m., there shall be no loud or unusual noises; musical instruments, radios, televisions, record players, phonographs, Hi-Fi sets, and amplifiers shall be used in such manner as not to disturb other Unit Owners.

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

(o) The Board shall have the power to levy fines against Unit Owners for violation of these By-Laws or the rules and regulations promulgated by the Board hereunder. Said power to levy fines is specifically subject to Article XII hereof.

ARTICLE XI

Architectural Standards

Section 1. Architectural Standards Committee.

(a) Except for the original construction of the Units situate within the property by the Developer and any improvements to any Unit or to the General or Limited Common Elements accomplished concurrently with said original construction, and except for purposes of 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, screens, awning, patio covers, decorations, fences, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, patios, balconies, platforms, porches, walls or to make any change or otherwise alter, including any alteration in color, in any manner

whatsoever, to the exterior of any Unit or upon any of the General or Limited Common Elements within the property until the complete plans and specifications, showing the location, nature, shape, height, material, color, type of construction and/or other proposed form of change, including, without limitation, any other information specified by the Board (or its designated Committee), shall have been submitted to, and approved in writing by the Board, or by an "Architectural Standards Committee" designated by such Board.

(b) In the event the Board, or its designated Committee, fails to approve, or disapprove, such design and location within sixty (60) days after said plans and specifications have been submitted to it, or if no suit to enjoin the addition, alteration or change has been commenced prior to the completion thereof approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE XII

Hearing Procedures

Section 1. Statement of Purpose.

It is the declared intention of the Council that rules and regulations shall be adopted freely by the Board, and without the requirement of a 51% or greater vote of the Council as a requisite to their adoption. All rules and regulations are intended to be adopted as supplements to, and not in lieu of, legally required provisions of these By-Laws. Should any adopted rules or regulations contradict any provisions of these By-Laws, as amended, said provisions of these By-Laws shall take precedence.

Section 2. Rules and Regulations.

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

Section 3. Hearing and Comment.

(a) Any notices of hearings so required shall include the date, time, location, and agenda of the hearings, and shall be communicated by the Board to the Council by published form, or by any reasonable manner, no later than fourteen (14) days after the above regularly scheduled meeting of the Board of Directors.

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

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

(d) The Board shall reconvene on a date no later than its next regularly scheduled meeting following a public hearing for the purpose of considering the relevant issues. Upon majority vote, the Board may modify, adopt or annul the previously proposed rules and regulations. Any modifications, adoptions or annulments of rules or regulations, by this process, shall require a republication by the Board within seven (7) days after said meeting, but shall not again be subject to the Hearing and Comment process. The effective date of any rules and regulations adopted through this process shall be seven (7) days after republication is accomplished.

Section 4. Right of Appeal.

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

(b) The appeal period shall begin on the effective date of the rules and regulations, and shall run for a period of fourteen (14) days.

(c) No appeals shall be considered, except by permission of the Board if filed after the expiration of the appeal period; however, any new Unit Owner, relocating within the community, shall have a like right of appeal, regardless of when a rule was adopted, provided that his appeal is made within one (1) year of his settlement date.

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

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

Section 5. Further Appeal.

Any Unit Owner, upon proper grounds and jurisdiction, may appeal any rules and regulations adopted by the Board to the courts of the State of Maryland.

Section 6. Effects of Rules and Regulations.

Any rules and regulations, when adopted in accordance with the above procedures, shall have the same effect as if they were incorporated in these By-Laws by direct reference. Said rules and regulations, upon proper adoption under the above procedures, shall be enforced in the same manner as all other provisions of the By-Laws.

ARTICLE XIII

Insurance

Section 1. Insurance.

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

(1) Property insurance on the Common Elements and units, exclusive of improvements and betterments installed in units by Unit Owners, insuring against all risks of direct physical loss commonly insured against 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 One Million Dollars (\$1,000,000.00) covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements.

(b) If the insurance described in subsection (a) is not maintained, the Council promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Unit Owners. The Council in any event may carry any other insurance it deems appropriate to protect the Council of Unit Owners of the Unit Owners.

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

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

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

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

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

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

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

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

(g) It is recommended by the Board that each Unit Owner should obtain his own insurance policy on his Unit in the HO-6 form with an "improvements and betterments", "alterations and

additions" or similar endorsement. NOTICE IS HEREBY GIVEN BY THE DEVELOPER THAT THE CONDOMINIUM MASTER POLICY REFERRED TO IN SECTION 1 OF THIS ARTICLE DOES NOT INSURE ANY ADDITIONS, ALTERATION, IMPROVEMENTS, BETTERMENTS OR MODIFICATIONS TO ANY UNIT AS SOLD BY THE DEVELOPER.

ARTICLE XIV

Casualty Damages

Section 1. Use of Insurance Proceeds.

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

- (1) The Condominium is terminated;
- (2) Repair or replacement would be illegal under any State or local health or safety statute or ordinance; or
- (3) Eighty percent (80%) of the Unit Owners, including every owner of a unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild.

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

(c) If the entire Condominium is not repaired or replaced:

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

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

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

(d) If the Unit Owners vote not to rebuild any unit, that unit's entire Common Element interest, votes in the Council of Unit Owners, and Common Expense liability are automatically reallocated upon the vote as if the unit had been condemned and the provisions of the Declaration shall govern, and the Council promptly shall prepare, execute, and record an amendment to the

Declaration reflecting the reallocations. Notwithstanding the provisions of this subsection, the "Act" governs the distribution of insurance proceeds if the Condominium is terminated.

ARTICLE XV

Fiscal Management

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

Section 2. Books and Accounts. Books and accounts of the Council shall be kept under the direction of the Treasurer in accordance with good accounting practices. The same shall include books with detailed account, in chronological order, of the receipts and expenditures affecting the Regime and its administration and shall specify the maintenance and repair expenses of the General 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 Council shall be credit upon the books of the Council to the "Paid-in-Surplus" account as a capital contribution by the Unit Owners.

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

Section 4. Inspection of Books. The books and accounts of the Council and vouchers accrediting the entries made thereupon, shall be available for examination by the Unit Owners and/or their duly authorized agents, attorneys and mortgagees, during normal business hours and for purposes reasonable related to their interests as Unit Owners.

ARTICLE XVI

Amendments

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of Unit Owners representing 51% of the total votes of the Regime at any meeting of the Council duly called

for such purposes in accordance with the provisions of the "Act". Amendments may be proposed by the Board or by a Petition signed by Unit Owners representing at least twenty percent (20%) of the total votes of the Regime. A description of the proposed amendment shall accompany the notice of the regular or special meeting at which such proposed amendment is to be voted upon, and said notice shall also be given to the holders of all first mortgages in the Regime. Any amendment adopted by the Council shall be effective only upon recordation among the Land Records of Baltimore City. The recorded amendment shall set out the Sections of these By-Laws being amended and the applicable provisions of the "Act". The provisions of this Article are subject to the rights of the Developer as set out in Paragraph 18 of the Declaration.

ARTICLE XVII

Mortgages

Section 1. Ownership-Book. The Secretary of the Council or the management agent, if so designated, shall maintain a current roster of names and addresses of each Unit Owner to which notice has been given of meetings of the Council with this information. No Unit Owner may vote at meetings of the Council until this information and that required in Section 2 of this Article is furnished.

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

ARTICLE XVIII

Mortgagees

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

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

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

Section 4. Rental by Mortgagees. All mortgagees shall have the right, notwithstanding any provision herein to the contrary, to rent any Units which such mortgagee or mortgagees may own through foreclosure sale or voluntary sale, free from any restriction herein against leasing.

Section 5. Notice of Loss or Taking. The Board shall notify mortgagees and Federal National Mortgage Association, if applicable, in writing if any loss or taking of the common elements exceeds \$10,000.00 or if damage to a unit exceeds \$1,000.00.

ARTICLE XIX

Compliance-Interpretation-Miscellaneous

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

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

Section 3. Resident Agent. Ron Russo, c/o 723 S. Charles Street, Baltimore, Maryland 21230, a citizen and a resident of Maryland is designated as the person authorized to accept service of process in any action relating to the Regime or to the General or Limited Common Elements, as authorized under the "Act". The Board may, at its discretion, substitute another Resident Agent for the purpose of accepting such service of process as set forth above, provided that proper notification of such change be promptly filed with the Maryland Department of Assessments and Taxation. Council shall comply with the registration requirement of Section 11119 of the "Act".

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

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

Section 6. Captions and Table of Contents. The captions and table of contents contained in these By-Laws are for convenience and ease of use only, and are not part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

Section 7. Gender, Etc. Whenever in these By-Laws the context so required, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

WITNESS, the hand and corporate seal of Ron Russo, President of RAR Associates Development Corporation this 14th day of August, 1984.

WITNESS:

RAR ASSOCIATES
DEVELOPMENT CORPORATION

[Signature] By: [Signature] (SEAL)
Ron Russo, President

STATE OF MARYLAND

SS:

CITY OF BALTIMORE

I HEREBY CERTIFY that on this 14th day of AUGUST, 1984, before me, a Notary Public of the State aforesaid, personally appeared Ron Russo, who acknowledged himself to be the President of RAR Associates Development Corporation, a Maryland corporation, and that he, as such president, being authorized so to do, executed the foregoing By-Laws for the purposes therein contained, by signing the name of the Corporation by himself as President, as his act.

[Signature]
Notary Public

My Commission Expires:

AMENDMENT TO BY-LAWS OF

THE FEDERAL HILL ATRIUM CONDOMINIUM

THIS AMENDMENT TO BY-LAWS OF THE FEDERAL HILL ATRIUM CONDOMINIUM, made this 9 day of November, 2005 by the Council of Unit Owners of The Federal Hill Atrium Condominium, hereinafter referred to as "Council".

WHEREAS, the Declaration and By-Laws of The Federal Hill Atrium Condominium were recorded among the Land Records of Baltimore City, Maryland, in Liber 0280, folio 221, et seq., creating The Federal Hill Atrium Condominium; and

WHEREAS, the Council on the 9 day of November, 2005 by the requisite vote of the Unit Owners resolved to and did amend the By-Laws of the Condominium;

NOW, THEREFORE, WITNESSETH:

That the aforementioned By-Laws be and they hereby are amended, by adding the following:

Paragraph (h) Article XIII Section 1

(1) (a) The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense.

(b) A property insurance deductible is not a cost of repair or replacement in excess of insurance proceeds.

(2) If the cause of any damage to or destruction of any portion of the condominium originates from the Common Elements, the council of unit owners' property insurance deductible is a common expense.

(3) (a) If the cause of any damage to or destruction of any portion of the condominium originates from a unit, the council of unit owners' property insurance deductible is a common expense.

(b) These Bylaws specifically provide that the owner of the unit where the cause of the damage or destruction originated is responsible for the council of unit owners' property insurance deductible; however, the unit owners' responsibility may not exceed \$1,000.

(c) The council of unit owners' property insurance deductible amount exceeding the \$1,000 responsibility of the unit owner is a common expense.

(4) In the same manner as provided under § 11-110 of the Act, the council of unit owners may make an annual assessment

against the unit owner responsible under subparagraph (3) of this Section.

That the aforementioned By-Laws be and they hereby are amended, by deleting the following: of Paragraph (b) Article IX Section 4;

"All assessments, fines, or other charges, until paid, together with interest at the maximum rate permitted on them, actual costs of collection, reasonable attorney's fees or attorney's fees of twenty-five (25%) and late charges, at the maximum rate permitted in the "Act" constitute a lien on the Units on which they are assessed.

And substituting the following:

"All assessments, fines, actual collections charges, or other charges until paid together with interest at the maximum rate permitted on them, actual costs of collection and attorney fees actually incurred by the council in obtaining such recovery, and late charges, at the maximum rate permitted in the "Act" constitute a lien on the Units on which they are assessed.

That the aforementioned By-Laws be and they hereby are amended, by deleting in its entirety the following of Article XVI Section 1 and substituting the following:

These Bylaws may be amended by the affirmation vote of Unit Owners representing 66 2/3% of the total votes of the Regime at any meeting of the Council duly called for such purposes in accordance with the provisions of the "Act". Amendments may be proposed by the board or by a Petition signed by the Unit Owners representing at least twenty percent (20%) of the total votes of the regime. A description of the proposed amendment shall accompany the notice of the regular or special meeting at which such proposed amendment is to be voted upon. Any amendment adopted by the council shall be effective only upon recordation among the land records of Baltimore City. The recorded amendment shall set out the Sections of these By-Laws being amended and the applicable provisions of the "Act". In the same manner as provided under § 11-104 (e) of the Act, the council of unit owners may amend these bylaws by sixty-six and two-thirds percent (66 2/3%).

IN WITNESS WHEREOF, the Secretary of the Board of Directors of The Federal Hill Atrium Condominium, the unincorporated Council of Unit Owners of The Federal Hill Atrium Condominium, certified that he/she is the Officer designated in the aforementioned By-Laws to count the votes at a meeting of the Council of Unit Owners and that the foregoing By-Laws Amendment was approved by unit owners having the required percentage of the votes of the Council of Unit Owners.

WITNESS:

President

THE FEDERAL HILL ATRIUM CONDOMINIUM

BY:

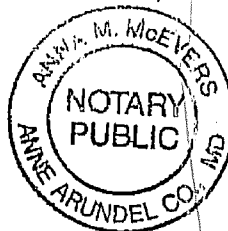
Secretary

STATE OF MARYLAND)
to wit)
CITY OF BALTIMORE)

I hereby certify, that on this 22nd day of December, 2005, before me, the subscriber, a Notary Public of the State aforesaid, personally appeared Katherine Bishop, who acknowledged that he/she is the Secretary of the Board of Directors of The Federal Hill Atrium Condominium and that he/she, as Secretary, being authorized so to do, executed the foregoing instrument herein contained by signing for the Condominium by himself/herself as Secretary.

IN WITNESS WHEREOF, I set my hand and official seal.

[NOTARY SEAL]



Anna M. McEvers
Notary Public

Anna M. McEvers
Printed Name of Notary Public

My Commission Expires: 12/1/07

I hereby certify that this instrument was prepared by or under the supervision of a Maryland attorney.

Michael H. Mannes
Michael H. Mannes, Esq.

MAIL TO: Michael H. Mannes
Michael H. Mannes, P.A.
108 Water Street
Suite 200
Baltimore, Maryland 21202-1001