

Jefferson Chase Condominium

DOCUMENTATION

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DECLARATION OF CONDOMINIUM
FOR
JEFFERSON CHASE CONDOMINIUM

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DECLARATION OF CONDOMINIUM

FOR

JEFFERSON CHASE CONDOMINIUM

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Exhibits

- Exhibit "A" - Description of Property
- Exhibit "B" - Bylaws of the Condominium
- Exhibit "C" - Condominium Plat
- Exhibit "D" - Schedule of Percentage Interests and Votes
- Exhibit "E" - Description of Expansion Area

DECLARATION OF CONDOMINIUM
JEFFERSON CHASE CONDOMINIUM

THIS DECLARATION OF CONDOMINIUM ("Declaration"), made and entered into this 15th day of December, 2006, by Prospect Managers LLC, a Maryland limited liability company ("Declarant").

WHEREAS, the Declarant is the owner in fee simple of certain land and premises and the buildings constructed or to be constructed thereon and all appurtenances thereto (hereinafter called the "Property") located in the City of Frederick, Frederick County, State of Maryland, and more particularly described in Exhibit "A", attached hereto and made a part hereof; and,

WHEREAS, the Declarant desires to establish a Condominium pursuant to Real Property Article, Title 11, Section 11-101, *et seq.*, of the *Annotated Code of Maryland* (2003), as amended, and it is the desire and intention of the Declarant to divide the Property into condominium units and to sell and convey the same subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens hereinafter set forth, each of which is for the benefit of the Property and the owners thereof from time to time; and,

WHEREAS, prior to the recordation hereof the Declarant has filed for record in the Office of the Clerk of the Circuit Court of Frederick County, Maryland, a certain condominium plat entitled "Jefferson Chase Condominium" (hereinafter referred to as the "Condominium Plat"), which Condominium Plat (consisting of two (2) sheets) is recorded in Condominium Plat Book 82, at Plat Nos. 141 - 142.

NOW, THEREFORE, the Declarant hereby submits the Property to the provisions of the Act.

ARTICLE 1
DEFINITIONS

Unless the context shall plainly require otherwise, the following words when used in this Declaration and/or any and all exhibits attached hereto shall have the following meanings:

Section 1.1. "Act" means the Maryland Condominium Act, as amended from time to time.

Section 1.2. "Association" means the entity comprised of all Unit Owners, sometimes hereinafter referred to as the "Council of Unit Owners".

Section 1.3. "Association Roster" means the record of each Unit Owner's name and address required to be maintained by the Association in accordance with Section 11-109(c) of the Maryland Condominium Act, and shall include the names and addresses of each Unit Owner's mortgagee(s).

Section 1.4. "Board of Directors" means the Board of Directors of the Council of Unit Owners of the Condominium and each member thereof a "member" of the Board of Directors or a "Director".

Section 1.5. "Bylaws" means the Bylaws of the Council of Unit Owners of the Condominium.

Section 1.6. "Common Elements" means all of the Property other than "Units," and includes both "General Common Elements" and "Limited Common Elements".

Section 1.7. "Common Expenses" means any expenses associated with the maintenance, operation, inspection, administration, repair, or replacement (including, without limitation, any reasonable reserves) of the General Common Elements, except to the extent specifically provided otherwise in this Declaration or the Bylaws, or of the Limited Common Elements that are intended to benefit less than all of the Units and Unit Owners and which may be assessed by the Board of Directors against the Unit or Units to which such Limited Common Elements are appurtenant. The Common Expenses shall also include expenses which may be assessed against a particular Unit as provided in this Declaration and the Bylaws and all expenses designated as such by resolution of the Board of Directors, or by this Declaration or the Bylaws.

Section 1.8. "Common Profits" means any income collected or accrued by or on behalf of the Association, other than income derived from assessments against a Unit or Units pursuant to the provisions of this Declaration or the Bylaws.

Section 1.9. "Condominium" means the Property having the status of a "Condominium" pursuant to and as defined in the Act.

Section 1.10. "Condominium Plat" means a certain condominium plat entitled "Jefferson Chase Condominium" filed by the Declarant for record in the Office of the Clerk of the Circuit Court for Frederick County, Maryland.

Section 1.11. "Council of Unit Owners" means the entity comprised of all Unit Owners, sometimes hereinafter referred to as the "Association".

Section 1.12. "Covenants and Restrictions" means the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens set forth in this Declaration and the Bylaws for the Condominium.

Section 1.13. "Declarant" shall mean and refer to Prospect Managers LLC, a Maryland limited liability company, and its successors and assigns to whom any of the rights, reservations, easements, interests, exemptions, privileges or powers of the Declarant are specifically assigned or transferred in writing.

Section 1.14. "Declaration" shall refer to this document and all exhibits attached hereto, as amended from time to time.

Section 1.15. "Eligible Mortgage Holder" means a holder, insurer, or guarantor of a first mortgage on a Unit who has submitted a written request for notice from the Council of Unit Owners of amendments to the Condominium documents or other significant matters which would affect the interests of the mortgagee.

Section 1.16. "Expansion Area" means and the refers to the real property described on Exhibit "E" attached to and made a part of this Declaration, including all appurtenances thereto and all improvements now or hereafter to be located thereon, which property may be annexed to and made a part of the Condominium in accordance with Article 7 of this Declaration.

Section 1.17. "Extraordinary Actions" refers to actions taken by or on behalf of the Council of Unit Owners as more particularly described in Article 9, Section 9.9 hereof.

Section 1.18. "General Common Elements" means all of the "Common Elements" except "Limited Common Elements".

Section 1.19. "Limited Common Elements" include those Common Elements designated as such in this Declaration or on the Condominium Plat as described in Article 3, Section 3.2, hereof.

Section 1.20. "Percentage Interest" means the undivided interest of each Unit Owner, as set forth in Exhibit "D", with respect to Common Elements of the Condominium and the Common Profits and Common Expenses of the Council of Unit Owners.

Section 1.21. "Property" means the land and premises and the buildings constructed or to be constructed thereon and all appurtenances thereto, located in Frederick County, State of Maryland, and more particularly described in Exhibit "A" of this Declaration.

Section 1.22. "Rules" means the written rules and regulations adopted from time to time by the Board of Directors of the Council of Unit Owners in accordance with the Act, the Declaration and the Bylaws.

Section 1.23. "Supplementary Declaration" has the meaning set forth in Article 7, Section 7.2(c) herein.

Section 1.24. "Unit" means a three-dimensional area, as described below and as shown on the Condominium Plat, and includes all improvements contained within such area except such improvements as are expressly excluded in this Declaration or on the Condominium Plat. Unless otherwise designated on the Condominium Plat: (a) the lower boundary of any Unit located upon a concrete slab or slabs on the ground floor of the Condominium building is a horizontal plane (or planes), the elevation of which coincides with the elevation of the lower unexposed surface of such concrete slab or slabs extended to intersect the lateral or perimetrical boundaries thereof; (b) the lower boundary of any Unit located above the ground floor of the Condominium building is a horizontal plane (or planes), the elevation of which coincides with the centerline of the horizontal plane shared with neighboring Unit(s) below extended to intersect the lateral or perimetrical boundaries thereof; (c) except for Units on the top floor of the building, the upper boundary of each Unit is a horizontal plane (or planes), the elevation of which coincides with the

centerline of the horizontal plane shared with neighboring Unit(s) above extended to intersect the lateral or perimetrical boundaries thereof; (d) the upper boundary of each Unit on the top floor of the building is a horizontal (or in some cases inclined) plane (or planes), the elevation of which coincides with the outermost exposed surface of the roof, extended to intersect the lateral or perimetrical boundaries thereof; (e) the lateral or perimetrical boundaries of those portions of each Unit which do not abut another Unit is a vertical plane (or planes) which coincides with the outermost exposed surfaces of the exterior walls thereof, including the windows and doors thereof, extended to intersect the upper and lower horizontal boundaries thereof and to intersect the other lateral or perimetrical boundaries of the Unit; and (f) the lateral or perimetrical boundary of a Unit designed or intended to constitute the boundary between two separate contiguous Units shall coincide with the center line of the party wall(s) between such Units. Unless otherwise designated on the Condominium Plat, all portions of a wall, floor, ceiling, door, window or other improvement that constitute the boundary between a Unit and any Common Element area (whether interior or exterior) shall be part of the Unit. Unless otherwise designated in this Declaration or on the Condominium Plat as a Common Element, (i) any mechanical equipment, fixtures and appurtenances located within or outside of any Unit and designated to serve only that Unit, such as pipes, wires, cables, conduits, electrical receptacles and outlets, ducts, flues (including, without limitation, fireplace flues), chutes, appliances and the like, and (ii) any patios, terraces, decks and balconies which are designated to serve only that Unit, shall be considered a part of the Unit. Notwithstanding the boundaries of the Units as defined in this Section, the Association shall have the exclusive control over and the right and obligation to maintain the building exteriors, roof, foundation and other components of the Condominium, which are deemed by the Board of Directors to be of benefit to multiple Unit Owners.

Section 1.25. "Unit Owner" means any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, which owns a Unit; provided, however, that any person, group of persons, corporation, partnership, 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 a Unit Owner solely by reason of such interest.

ARTICLE 2

CREATION OF CONDOMINIUM REGIME

Section 2.1. Submission of Property to Act.

(a) The Property and all appurtenances thereto shall be held, conveyed, divided, subdivided, leased, rented, occupied, improved, hypothecated and/or encumbered subject to the Act and the Covenants and Restrictions herein set forth, including the provisions of the Bylaws (a copy of which is attached hereto and made a part hereof as Exhibit "B"), all of which are declared and agreed to be in aid of a plan for the division of the Property into a Condominium pursuant to the Act, and all of which shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant and by any person acquiring or owning an interest in the Property, including, without limitation, any person, group of persons, corporation, partnership, trust or other entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation; provided, however, that the rights, reservations, easements, interests, exemptions, privileges and powers of the

Declarant shall inure to the benefit of and be enforceable by only those successors and assigns of the Declarant to whom any of the same have been specifically assigned or transferred in writing.

(b) By the recordation of this Declaration, the Council of Unit Owners hereby assumes all liability, responsibility and duty for the care, operation and maintenance of the Common Elements except as otherwise provided herein, and each Unit Owner hereby assumes or agrees to assume all liability and duty for the care, operation and maintenance of his or her respective Unit, subject, however, to any rights and/or obligations the Council of Unit Owners or each Unit Owner may have pursuant to this Declaration and the Bylaws. Further, the Council of Unit Owners and each Unit Owner, on their own behalf, and on behalf of their successors and assigns, hereby agrees to indemnify and hold Declarant, its successors and assigns harmless from any loss, liability or damage (including attorneys' fees and court costs) arising out of or resulting from the failure of the Council of Unit Owners or each Unit Owner to care for, maintain or properly operate the Common Elements or Units, as applicable.

Section 2.2. Description of the Units. The general description and number of each Unit, including its area, location and such other data as may be necessary or appropriate for its identification, is set forth on the Condominium Plat, a copy of which Condominium Plat is annexed hereto as Exhibit "C" (and by this reference is made a part hereof). Unless otherwise designated in this Declaration or on the Condominium Plat as a Common Element, the following features shall be deemed to be part of each Unit (i) any mechanical equipment, fixtures and appurtenances located within or outside of a Unit that serve or benefit only that Unit, such as pipes, wires, cables, conduits, electrical receptacles and outlets, hose bibs, valves, ducts, flues (including, without limitation, fireplace flues), chutes, skylights, appliances, light fixtures and the like, (ii) any patios, terraces, decks and balconies that serve or benefit only that Unit, (iii) any porches, stoops, foyers and entry areas that serve or benefit only that Unit, and (iv) any overhangs, roofs, eaves and other structures that cover or otherwise enclose any such porch, stoop, foyer or entry area and that serve or benefit only that Unit.

Section 2.3. Name of Condominium. The name by which the Condominium shall be known is "Jefferson Chase Condominium".

ARTICLE 3 COMMON ELEMENTS

Section 3.1. General Common Elements. The General Common Elements means all of the Common Elements except Limited Common Elements, and shall (unless otherwise specifically designated herein or on the Condominium Plat), include the following:

(a) The Property, other than the Units, including, without limitation, structural foundation, landscaping, telephone, electric meter, fire pump and other common utility rooms, trash rooms and chutes, laundry rooms, mail rooms, lobby area, stairs and stairwells, and/or hallways or corridors (not located within any Unit), and communication ways; and,

(b) The components or installations of central services and utilities such as power, light, gas, water, sewer, telephone, cable television service and broadband or high speed internet service, including, without limitation, tanks, pumps, motors, fans, compressors, pipes,

valves, controls and other similar equipment to be used in common (unless designated as part of a Unit or as a Limited Common Element pursuant to this Declaration or the Condominium Plat); and,

(c) Any facilities designated for common use by Unit Owners, including, but not limited to, such amenities and recreational areas such as the fitness room, picnic area, "tot lot", and "bark park"; and

(d) Common lawn and grassy areas, common sidewalks, driveways, paved areas, roadways and streetways, including driving areas, surface parking spaces and storage areas (unless any of the above are otherwise specifically designated as Limited Common Elements herein or on the Condominium Plat); and

(e) All other elements of common use or necessary to the Condominium's existence, upkeep and/or safety.

Subject to applicable law, the Board of Directors, in its discretion, may, but shall not be required to, assign all or any portion of the General Common Element parking spaces as "reserved" for the exclusive use of designated Unit Owners; provided, however, that the Board of Directors shall give due consideration to the parking rights of all Unit Owners prior to making any such reservation.

Section 3.2. Limited Common Elements. All areas designated as Limited Common Elements are reserved for the exclusive use of the Unit Owner(s) of the Unit(s) to which they are declared to be appurtenant by appropriate designation in this Declaration or on the Condominium Plat. If no such designation is made in this Declaration or on the Condominium Plat, then the Limited Common Elements shall be deemed to be appurtenant to Unit(s) to which they are adjacent or which they are rationally intended to serve and benefit. The right of the Unit Owner(s) to whose Unit(s) the Limited Common Elements are appurtenant to use and enjoy the same shall be subject to the Rules as the Board of Directors of the Council of Unit Owners may from time to time enact, and are further subject to each Unit Owner's responsibility to pay any charges imposed by the Board of Directors for the use and maintenance of such Limited Common Elements. Pursuant to the Act, the Council of Unit Owners may assess the costs incurred in maintaining any Limited Common Elements against the Unit(s) to which such Limited Common Elements are appurtenant. The Limited Common Elements may include, but are not limited to, certain surface parking spaces and storage spaces that have been designated herein or on the Condominium Plat as Limited Common Element parking spaces or storage spaces.

ARTICLE 4 PERCENTAGE INTEREST AND VOTING RIGHTS

Each Unit shall have the same incidents as real property, and the Unit Owner shall hold the same in fee simple and shall have a common right to a share with the other Unit Owners of an undivided fee simple interest in the Common Elements, which shall be known as the Unit Owner's Percentage Interest in the Common Elements. The Percentage Interest in the Common Elements appertaining to each Unit is set forth in Exhibit "D". This percentage is also the

Percentage Interest of each Unit Owner in the Common Profits and Common Expenses of the Council of Unit Owners. Each owner of a Unit shall be entitled to one (1) vote in the Council of Unit Owners. Except as otherwise specifically provided in this Declaration, the Percentage Interests heretofore described and votes herein established shall not be changed without the unanimous written consent of all of the Unit Owners and the mortgagees (as defined in the Act) evidenced by an appropriate amendment to this Declaration recorded among the Land Records of Frederick County, Maryland; shall not be separated from the Unit to which they appertain; and shall be deemed conveyed or encumbered with the Unit even though such Percentage Interests and/or votes are not expressly mentioned or described in the conveying deed or other instrument. Subject to the provisions of the Bylaws of the Council of Unit Owners and this Declaration, a Unit Owner may, pursuant to and in accordance with the Act, grant a part of his or her Unit to another Unit Owner and the part of the Unit conveyed may be incorporated as part of such other Unit, whereupon the Unit Owner shall reallocate a portion of his or her Percentage Interest in the Common Elements of the Condominium and Percentage Interest in the Common Profits and Common Expenses of the Council of Unit Owners in accordance with the Act.

ARTICLE 5

COVENANT AGAINST PARTITION; ENCROACHMENTS; EASEMENTS

Section 5.1. Covenant Against Partition. The Common Elements, both General and Limited, shall remain undivided and, except as otherwise provided herein and in the Act, shall remain appurtenant to the designated Unit. No Unit Owner or any other person shall bring any action for partition or division thereof except as may be provided for herein and in the Act.

Section 5.2. Encroachments. If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, as a result of the construction, reconstruction, repair, shifting, settlement or movement of the Units and/or Common Elements, or if any such encroachment shall occur hereafter as a result of construction, reconstruction, repair, shifting, movement or settlement, or otherwise, a valid easement for the encroachment and for the maintenance of the same exists so long as the encroaching Unit and/or Common Elements shall stand. In the event any Unit, any adjoining Unit, or any adjoining Common Elements shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then constructed, reconstructed or repaired, encroachment of parts of the Common Elements upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Elements resulting from such construction, reconstruction or repair shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the encroaching improvements shall stand.

Section 5.3. General Easements.

(a) The Council of Unit Owners (through its Board of Directors, if applicable), its agents and employees, shall have:

(i) An irrevocable right and exclusive easement to enter those portions of the Units for which the Association has exclusive control and the right and obligation to

maintain, including, without limitation, the building exteriors, roof, foundation, Common Elements of the Condominium and other components which are deemed by the Board of Directors to be of benefit to multiple Unit Owners.

(ii) An irrevocable right and an easement to enter Units to make inspections and repairs to Units or Common Elements when the repairs reasonably appear necessary for public safety or to prevent damage to other portions of the Condominium. Except in cases involving manifest danger to public safety or property, the Council of Unit Owners (or the Board of Directors, if applicable) shall make a reasonable effort to give notice to the owner of any Unit to be entered for the purpose of such maintenance and repair. If damage is inflicted on the Common Elements or any Unit through which access is taken, the Council of Unit Owners, if it is responsible for such damage, is liable for the prompt repair of such damage. An entry by the Council of Unit Owners through its Board of Directors, agents, and employees for the purposes specified in this Section 5.3(a) shall not be considered a trespass. An easement for mutual support shall exist in the Units and the Common Elements.

(b) Each of the sidewalks, lanes, driveways, paved areas, roadways, and surface parking spaces (not including Limited Common Element parking spaces assigned as appurtenant to individual units pursuant to Article 3 of this Declaration), and other General Common Elements shall be subject to an easement in favor of all of the Unit Owners for reasonable and necessary pedestrian and vehicular ingress and egress to and from the improvements within the Property and to and from all public and private roadways and streets serving the Property. Each Unit Owner shall have a right of ingress and egress to and from such Unit Owner's Unit. Notwithstanding this easement, subject to applicable law, the Board of Directors, in its discretion, may, but shall not be required to, assign all or any portion of General Common Element surface parking spaces as "reserved" for the exclusive use of designated Unit Owners; provided, however, that the Board of Directors shall give due consideration to the parking rights of all Unit Owners prior to making any such reservation.

(c) There is hereby reserved unto the Declarant (and its successors and assigns to whom such easement has been specifically assigned in writing) for the benefit of the Declarant and its agents a nonexclusive easement over, across and through all of the Property and Common Elements, except for Units conveyed by the Declarant, for the purpose of access, the storage of building supplies and materials and equipment in the Common Elements, and, without any limitation, for any and all purposes reasonably related to the completion of the construction, improvement and repair of the Property, whether in connection with the conversion of the Property to the Condominium or for any other purpose, and the marketing, sales and leasing of Units.

(d) There is hereby reserved unto the Declarant (and its successors and assigns to whom such easement has been specifically assigned in writing), for the benefit of the real property described in Exhibit "A" attached hereto and made a part hereof and for the benefit of the Declarant, its agents and any person or entity at any time owning any portion of the real property described in Exhibit "A", a non-exclusive perpetual blanket easement and right of passage on, through, over, under, and across all of the Property and Common Elements for ingress, egress, installation, replacement, repair, maintenance and use of all utilities, including, but not limited to, water, sewer, drainage, gas, cable television and internet service, telephones

and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Property from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles and other equipment on the Property, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Property, including any improvements constructed thereon and to have construction vehicles, personnel, equipment and the like exercise the aforesaid right of ingress and egress over the Property. There is further reserved unto the Declarant (and its successors and assigns to whom such right has been specifically assigned in writing), the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this Section 5.3(d). In the exercise of any rights under this Section 5.3(d), there shall be no unreasonable interference with the use of the Property or any Unit for residential purposes, or with Common Elements for the purposes for which each is reasonably intended. Any person or entity exercising any rights under this Section 5.3(d) shall be obligated to promptly repair, at their own expense, any damage caused by the exercise of such rights and to restore, to the extent practicable, any damaged real or personal property to the condition of such property prior to the exercise of such rights.

(e) There is hereby reserved unto the Declarant (and its successors and assigns to whom such easement has been specifically assigned in writing) for the benefit of the Declarant and its agents a nonexclusive easement and right of access to the Common Elements and Units for the purpose of making necessary inspections of the Units and/or Common Elements relative to its responsibilities as Declarant, and for the purpose of performing installations, alterations and/or repairs to the Units and/or the mechanical and electrical services and other Common Elements in the Units or elsewhere in the Condominium relative to its responsibilities as Declarant, and to correct any condition which violates the provisions of any warranty regarding the Units and/or Common Elements, provided that requests for entry to a Unit are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency such right of entry to a Unit shall be immediate, whether the Unit Owner is present at the time or not.

(f) There is hereby reserved unto the Declarant, and its successors and assigns to whom such easement has been specifically assigned in writing, for the benefit of the Property and the Expansion Area, and for the benefit of the Declarant and its successors and assigns to whom such right has been specifically assigned in writing, a non-exclusive perpetual blanket easement and right of passage on, through, over, under and across all of the Property, including the Common Elements, to facilitate and enable the construction, repair and/or renovation of buildings, improvements and related facilities upon the Property and the Expansion Area and to conduct all other construction, repair and/or renovation related activities on the Property and the Expansion Area as are deemed necessary or desirable by the Declarant, in its sole discretion, or its successors and assigns to whom such right has been specifically assigned in writing. The Declarant, and its successors and assigns to whom such right has been specifically assigned in writing, shall have all rights and privileges reasonably necessary to the exercise of the foregoing easement, including, without limitation, a reasonable right of ingress and egress on, over and through the Property and Common Elements by construction equipment and construction personnel. In the exercise of any rights under this Section 5.3(f), there shall be no unreasonable interference with the use of the Property or any Unit for residential purposes or with the

Common Elements for the purposes for which they are reasonably intended. Any person or entity exercising any rights under this Section 5.3(f) shall be obligated to promptly repair, at their own expense, any damage caused by the exercise of such rights and to restore, to the extent practicable, any damaged real or personal property to the condition of such property prior to the exercise of such rights. This paragraph 5.3(f) shall not be amended or modified without the prior written consent of the Declarant.

(g) The Expansion Area, including all improvements located within the Expansion Area, is hereby declared to have an easement over the Property and all improvements thereon for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting. There shall be valid easements for the maintenance of said encroachments so long as they shall exist. This Paragraph 5.3(g) shall not be amended or modified without the prior written consent of the Declarant.

ARTICLE 6

DECLARANT'S RIGHT TO RENT OR SELL UNITS

Anything contained in this Declaration or the Bylaws of the Council of Unit Owners to the contrary notwithstanding, the Declarant shall have the right to transact any business on the Property and utilize, without any charge, any portion of the Property (including the Common Elements) necessary or desirable to maintain a sales/rental office or trailer and the right to create and maintain model Units to consummate sales or rentals of Units, including, but not limited to, the right to maintain employees in the sales or rental office and/or trailer, and to show model Units and other Units for sale or rent. The sales or rental office, the furniture and furnishings in model Units, if any, signs and all items pertaining to the sale or rental of Units by the Declarant shall not be considered Common Elements but shall remain the property of the Declarant. The right to consummate rentals of Units and to maintain and start a rental or management office shall extend to any managing agent or rental agents employed by the nominees or designees of the Declarant. Such sales, rental or management office may also be utilized for the sale, rental or management of other Units in the area for so long as the Declarant shall own any portion of the Property.

In furtherance of the rights granted Declarant in this Article 6, no act of omission or commission shall be taken by any Unit Owner, or the Council of Unit Owners, which, in the sole discretion of the Declarant, would infringe upon the Declarant's ability to sell or rent Units, including, without limitation, altering the design, location or appearance of any of the Common Elements, failing to maintain any portion of the Condominium in accordance with sound property management standards or otherwise detracting from the aesthetic nature of the Condominium established by the Declarant.

ARTICLE 7

RIGHT TO EXPAND CONDOMINIUM

Section 7.1. Reservation of Right to Expand Condominium. The Declarant hereby reserves the right to expand the Condominium without the consent of the Unit Owners and to annex to the Property additional land and improvements thereon, provided that this reserved right shall terminate on the tenth (10th) anniversary after the date of the recordation of this

Declaration and shall otherwise comply with the provisions of Section 11-120 of the Act. Notwithstanding the foregoing, the Declarant shall be under no obligation to expand the Condominium and any such expansion shall be at the Declarant's sole discretion.

Section 7.2. Conditions of Right to Expand Condominium.

(a) The land and the improvements now or hereafter to be located thereon which may be annexed to and made a part of the Condominium are described in Exhibit "E" attached hereto (the Expansion Area) and made a part hereof.

(b) The total number of Residential Units that may be contained in the Condominium is one hundred twenty (120); however, such Units may be added in stages.

(c) The Percentage Interest in the Common Elements, in the Common Expenses and Common Profits of the Council of Unit Owners and the number of votes appurtenant to any Unit following the addition of any group of Units to the Condominium shall be determined in accordance with the method set forth in Exhibit "D" attached hereto and made a part hereof. The Declarant shall set forth in a supplementary declaration (as used in this Article 7, the "Supplementary Declaration") at the time of such expansion the Percentage Interests and votes for all Units following the expansion, said figures to be computed in the manner set forth in Exhibit "D".

(d) The expansion of the Condominium shall not be effective until such time as there has been recorded among the Land Records for Frederick County, Maryland (i) the Supplementary Declaration setting forth the new Percentage Interest in the Common Elements and Percentage Interest in the Common Profits and Common Expenses appurtenant to each Unit and the vote appertaining thereto, and (ii) an amendment to the Condominium Plat setting forth with respect to the new property which has been added to the Condominium the information that is required to be shown upon the Condominium Plat, pursuant to Section 11-105 of the Act.

Section 7.3. Effect of Expansion. Upon the recordation of the Supplementary Declaration and amendment to the Condominium Plat, each Unit Owner shall automatically have the Percentage Interest in the Common Elements and Percentage Interest in the Common Profits and Common Expenses and the vote appurtenant to his or her Unit set forth in the Supplementary Declaration. The interest of each mortgagee, as that term is defined in the Act, shall attach by operation of law to the Percentage Interest in the Common Elements appurtenant to the Unit with respect to which it holds a lien. In addition, the assessments for the Common Expenses of the Condominium on each Unit listed on a Supplementary Declaration shall commence upon the recordation of such Supplementary Declaration.

Section 7.4. Power of Attorney. There is hereby reserved unto the Declarant (or such other party as may in writing be designated by the Declarant) an irrevocable Power of Attorney, coupled with an interest, for the purpose of reallocating the Percentage Interests and voting rights appurtenant to each of the Units in the Condominium in accordance with the provisions of this Declaration and to execute, acknowledge and deliver such further instruments as may from time to time be required in order to accomplish the purposes of this Article 7. Each Unit Owner and each mortgagee of a Unit shall be deemed to have acquiesced in amendments to this Declaration

and in amendments to the Condominium Plat for the purpose of adding the aforesaid additional Units and Common Elements to the Condominium, as set forth above, and shall be deemed to have granted unto the Declarant (or such other party as may in writing be designated by the Declarant), an irrevocable Power of Attorney, coupled with an interest, to effectuate, execute, acknowledge and deliver any such amendments and each such Unit Owner and mortgagee shall be deemed to have agreed and covenanted to execute such further assurances and instruments, if any, as may be required by the Declarant and its successors or assigns, to properly accomplish such amendments.

Section 7.5. Future Improvements. Any improvements situated on property added to the Condominium in accordance with this Article 7 of the Declaration and the Act will be substantially completed prior to annexation and will be substantially consistent in terms of quality of construction and structure type with the initial improvements of the Condominium, unless otherwise approved by the Federal National Mortgage Association ("FNMA"). The Declarant reserves the right to modify the architectural type, style, size and floor plans of the Units and buildings within any property to be annexed within the Condominium.

Section 7.6. FHA Approval. So long as the Federal Housing Administration ("FHA") insures, or agrees to insure, loans made with respect to the sales of Units within the Condominium, no annexation of additional real property shall be made pursuant to this Article 7 of the Declaration except in accordance with a general plan for the expansion of the Condominium previously approved in writing by the FHA or, if no such general plan was approved by the FHA, except following the prior written approval of the FHA. FHA approval shall not be withheld if the additional real property to be annexed substantially conforms to the plan of expansion included as part of Exhibit "E" hereto and the other requirements of HUD Handbook 4265.1, Appendix 24, dated October, 1980, as amended, (or other applicable HUD requirements) have been met. Failure to obtain such approval may result in the Units located within the annexed property not being eligible for FHA insured loans, but such failure shall not be deemed to preclude or be a waiver of the Declarant's right to annex additional real property within the jurisdiction of the Condominium.

ARTICLE 8 WATER, SEWER AND OTHER UTILITIES

Each present and future Unit Owner and, if applicable, tenants of each Unit Owner, shall grant a right of access to his or her Unit to the managing agent employed by the Unit Owner or the Council of Unit Owners and/or any other person authorized by the Council of Unit Owners for the purpose of making inspections of the plumbing system, the electrical system, the cable service and other common utilities, if any, or for the purpose of correcting any plumbing, electrical, cable and other utility problems in any Unit which might affect that Unit, any other Unit in the building or any of the Common Elements. In the event of an emergency, such entry shall be immediate whether the Unit Owner or tenant is present or not, provided that if such entry is not needed on an emergency basis the managing agent or other authorized person shall provide the Unit Owner or tenant with reasonable prior notice of such entry. The managing agent or other authorized person may permit employees or agents of the applicable utility company serving the Property to enter the premises for the purpose of making corrections in order to protect the utility systems serving the Property. The provisions of this Article shall not be

deemed to alter the responsibilities of the Association and/or any Unit Owner for the maintenance and repair of the Units and/or Common Elements as specified elsewhere in this Declaration or in the Bylaws.

ARTICLE 9
MISCELLANEOUS

Section 9.1. Construction and Enforcement.

(a) The provisions hereof shall be liberally construed to achieve the purpose of creating a uniform plan for the operation of the Property as a Condominium. Enforcement of this Declaration, the Bylaws attached hereto and the Rules shall be by the Declarant, any Unit Owner and/or the Council of Unit Owners or its Board of Directors by any proceeding at law or in equity against any person or persons violating any of the same, either to restrain or enjoin violation or to recover damages, or both, and against any Unit to enforce any lien created hereby; and the failure or forbearance by the Council of Unit Owners or the Unit Owner of any Unit to enforce any of the Covenants and Restrictions herein or in the Bylaws or Rules shall in no event be deemed a waiver of the right to do so thereafter. The Unit Owners shall have the same rights of enforcement against the Council of Unit Owners as the Council of Unit Owners has against the Unit Owners.

(b) There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the provisions of this Declaration, the Bylaws attached hereto or the Rules, as amended from time to time, cannot be adequately remedied by action at law or exclusively by recovery of damages.

(c) This Declaration, together with the Condominium Plat, describes the Condominium and the Units and Common Elements. In the event there are any variations between the wording of this Declaration and the Condominium Plat, the wording of this Declaration shall control.

Section 9.2. Severability. Invalidation of any part of this Declaration by judgment, decree or order shall in no way affect any other provisions hereof, each of which shall remain in full force and effect.

Section 9.3. Captions. The captions contained in this Declaration are for convenience only, are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration.

Section 9.4. Amendments. This Declaration may be amended only in accordance with the Act and Section 9.8 of this Declaration. Any amendment to this Declaration shall not become effective until such time as it has been recorded in the same manner as this Declaration among the Land Records of Frederick County, Maryland.

Section 9.5. Consents. Notwithstanding any other provision of this Declaration, unless otherwise provided by statute (or in case of condemnation or insurable loss to the Units and/or Common Elements of the Condominium), neither the Declarant, the Council of Unit Owners nor

the Board of Directors shall take any of the following actions unless the approvals indicated have been obtained:

(a) by act or omission, seek to abandon or terminate the Condominium project unless at least eighty percent (80%) of the Unit Owners (except in the case of a taking of all the Units by eminent domain under Section 11-112 of the Act) and at least sixty-seven percent (67%) of the Eligible Mortgage Holders (or at least fifty-one percent (51%) of such Eligible Mortgage Holders in the case of the substantial condemnation or substantial destruction of the Property) have given their prior written approval;

(b) change the pro rata interest or obligations of any Unit unless all of the first mortgagees and all Unit Owners of the Units have given their prior written approval (except in connection with expansion of the Condominium pursuant to Article 7 hereof);

(c) provided that any Unit is then encumbered by a deed of trust or mortgage which is insured by the FHA or guaranteed by the VA, (i) amend or merge the Condominium regime with a successor Condominium regime, or (ii) construct units within the future phases, if any, of the Condominium which are inconsistent, in terms of quality of construction, with the Units presently within the Condominium, without prior written approval of the FHA and the Administrator of the VA;

(d) except as provided pursuant to the Act or other applicable law, or in case of condemnation or substantial loss to the Units and/or Common Elements, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements by act or omission without the prior consent of two-thirds (2/3) of the first mortgagees (based on one (1) vote per first mortgage owned) or two-thirds (2/3) of the Unit Owners (other than the Declarant);

(e) except as provided pursuant to the Act or other applicable law, use hazard insurance proceeds for losses to any of the Property (whether Units or Common Elements) for other than the repair, replacement or reconstruction of the Property and the improvements situated thereon without the prior written consent of two-thirds (2/3) of the first mortgagees (based on one (1) vote per first mortgage owned), or two-thirds (2/3) of the Unit Owners (other than the Declarant);

(f) restore or repair the Condominium after a partial condemnation other than substantially in accordance with the Declaration and the original plans and specifications, unless at least fifty-one percent (51%) of the Eligible Mortgage Holders (based on one (1) vote for each First Mortgage owned) have given their prior written approval;

(g) reallocate interests in the Common Elements after the partial destruction of the Condominium unless at least fifty-one percent (51%) of the Eligible Mortgage Holders have given their prior written approval; or

(h) unless the consent of the Unit Owners to which at least sixty-seven percent (67%) of the votes in the Council of Unit Owners are allocated (or such higher percentage as may otherwise be required by this Declaration or the Act) and the approval of Eligible Mortgage Holders holding mortgages on Units which have at least fifty-one percent (51%) of the votes of

Units subject to mortgages or deeds of trust held by Eligible Mortgage Holders is obtained, amend any material provision of this Declaration, the Bylaws or Condominium Plats which establishes, provides for, governs or regulates any of the following:

- (i) Voting rights;
- (ii) Increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens or the priority of such liens;
- (iii) Reductions in reserves for maintenance, repair and replacement of the Common Elements;
- (iv) Responsibility for maintenance and repairs;
- (v) Reallocation of interests in the Common Elements or rights to their use;
- (vi) Definition of Unit boundaries or the exclusive easement rights appertaining to Units;
- (vii) Convertibility of Units into Common Elements or of Common Elements into Units;
- (viii) Expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Condominium;
- (ix) Hazard or fidelity insurance requirements;
- (x) Imposition of any restrictions on the leasing of Units;
- (xi) Imposition of any restrictions on the right of a Unit Owner to sell or transfer his or her Unit;
- (xii) A decision by the Council of Unit Owners to establish self management if professional management has been required previously by this Declaration, the Bylaws or an Eligible Mortgage Holder;
- (xiii) Restoration or repair of the Condominium (after damage or partial condemnation) in a manner other than that specified in this Declaration, the Bylaws or the Act;
- (xiv) Any action to terminate the Condominium after substantial destruction or condemnation occurs;
- (xv) Any provisions that expressly benefit mortgage holders, insurers or guarantors of first mortgages; or
- (xvi) Any provisions regarding the powers and duties of the Board of Directors or the Council of Unit Owners.

An amendment shall not be considered material for purposes of this Section 9.5(h) if such amendment is for purposes of correcting typographical errors or omissions, or is for purposes of clarification only.

Section 9.6. Successors of Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned or transferred (exclusively or non-exclusively) by the Declarant to its successors and assigns (hereinafter referred to as an "Assignee") by an instrument in writing. Unless expressly otherwise agreed between the parties to any such assignment or transfer (i) the Declarant shall not assume or be responsible for any liabilities, warranties or obligations which have or may accrue to any such Assignee under this Declaration or pursuant to law in connection with such Assignee's development of any lot or parcel of land subject, or to be subjected, to this Declaration, including, but not limited to, any liabilities, warranties or obligations concerning any Units, Common Elements, buildings or other improvements constructed, or to be constructed, by or on behalf of any such Assignee, and (ii) such Assignee shall not assume or be responsible for any liabilities, warranties or obligations which have or may accrue to the Declarant under this Declaration or pursuant to law in connection with the development of any lot or parcel of land subject, or to be subjected, to this Declaration, including, but not limited to, any liabilities, warranties or obligations concerning any Units, Common Elements, buildings or other improvements constructed, or to be constructed, by or on behalf of the Declarant. Any such written assignment or transfer shall specify that the Assignee has the obligation to meet the registration and disclosure requirements of the Act regarding any Units, Common Elements, buildings or other improvements constructed, or to be constructed, by or on behalf of such Assignee.

Section 9.7. Declarant Reserved Rights. No amendment to this Declaration or the Bylaws may remove, revoke, modify or amend any of the rights, reservations, easements, interests, exemptions, privileges or powers of the Declarant under this Declaration or the Bylaws, or any provision of this Declaration or the Bylaws that otherwise inures to the benefit of the Declarant, without the prior written consent of the Declarant (collectively, the "Declarant's Rights"). The Declarant's Rights may be exercised by the Declarant for so long as the Declarant owns any Units or other portion of the Property or any property adjacent to the Property and for so long as the Declarant has any obligations with respect to the development or repair of the Property. In no event shall any of the Declarant's Rights be deemed terminated, waived, transferred or assigned to the Unit Owners or the Council of Unit Owners merely on account of the Declarant ceding control of the Board of Directors to the Unit Owners.

Section 9.8. Declarant's Power of Attorney. The Declarant hereby reserves for itself, its successors, transferees and assigns, for a period of ten (10) years from the date the first Unit is conveyed to an individual purchaser, or until it conveys title to the last Unit, whichever occurs first, the right to execute on behalf of all contract purchasers, Unit Owners, Eligible Mortgage Holders, mortgagees, and other lienholders or parties claiming a legal or equitable interest in the Condominium, any such agreements, documents, amendments or supplements to this Declaration, the Bylaws or the Condominium Plat which may be so required by FNMA, FHA, VA, the Federal Home Loan Mortgage Corporation ("FHLMC"), the Government National Mortgage Association ("GNMA") or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Condominium, or institutional lender or title insurance company

designated by the Declarant. Subject to Section 11-103.1 of the Maryland Condominium Act, Declarant hereby reserves for itself, its successors, transferees and assigns, for a period of ten (10) years from the date the first Unit is conveyed to an individual purchaser, or until it conveys title to the last Unit, whichever occurs first, the right to execute on behalf of all contract purchasers, Unit Owners, Eligible Mortgage Holders, Mortgagees, and other lienholders or parties claiming a legal or equitable interest in the Condominium, any such agreements, documents, amendments or supplements to this Declaration, the Bylaws or the Condominium Plat which may be so required to correct (i) any typographical error or omission, or other error, in the percentage interests or number of votes appurtenant to any unit, (ii) any typographical error, omission or other incorrect reference to another prior recorded document, (iii) an engineer or surveyor error contained in the Condominium Plat, or which amendment or supplement is for the sole purpose of clarification.

(a) By acceptance of a deed to any Unit or by the acceptance of any other legal or equitable interest in the Condominium, each and every such contract purchaser, Unit Owner, Eligible Mortgage Holder, mortgagee or other lienholder or party having a legal or equitable interest in the Condominium does automatically and irrevocably name, constitute, appoint and confirm the Declarant, its successors, transferees and assigns, as attorney-in-fact for the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

(b) No such agreement, document, amendment, supplement or other instrument which adversely affects the value or substantially alters the floor plan of a Unit, or changes the Percentage Interest appurtenant to such Unit, or substantially increases the financial obligations of the Unit Owner, or reserves any additional or special privileges for the Declarant not previously reserved, shall be made without the prior written consent of the affected Unit Owner(s) and all owners of any mortgage(s) encumbering the Unit(s) owned by the affected Unit Owner(s). Any such agreement, document, amendment, supplement or instrument which adversely affects the priority or validity of any mortgage which encumbers any Unit shall not be made without the prior written consent of the owners of all such mortgages.

(c) The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Units and be binding upon the heirs, personal representatives, successors, transferees and assigns of any of the foregoing parties. Further, said power of attorney shall not be affected by the death or disability of any principal and is intended to deliver all right, title and interest of the principal in and to said power of attorney. Said power of attorney shall be vested in the Declarant, its successors, transferees and assigns until the initial conveyance of all Units planned to be within the Condominium or the expiration of same.

Section 9.9. Extraordinary Actions. Although the Board of Directors shall generally have broad powers to regulate, govern and manage the Condominium, the power to approve certain Extraordinary Actions (as defined below) shall remain vested in the Council of Unit Owners. Any provision of this Declaration or the Bylaws to the contrary notwithstanding, the Board of Directors shall not be authorized to take any Extraordinary Actions without the affirmative vote of Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners present, in person or by proxy, and voting at any meeting of the Association. As used

herein, the term "Extraordinary Actions" shall mean any and all actions taken by or on behalf of the Council of Unit Owners, including, without limitation, commencing or maintaining any litigation, arbitration or similar proceeding (except for routine common expense collection matters, or actions required to enforce the restrictions on the use of Units, Rules or architectural controls set forth in Article 5 of the Bylaws) which would reasonably require the expenditure of funds in excess of Ten Thousand Dollars (\$10,000.00) in the aggregate during any fiscal year of the Association. However, Extraordinary Actions shall not be deemed to include actions by the Council of Unit Owners in connection with the normal care, upkeep, repair, maintenance or replacement of any of the existing Common Elements, including the establishment and utilization of reserves for the repair or replacement of existing Common Elements. Such actions with respect to the normal care, upkeep, repair, maintenance or replacement of any of the existing Common Elements shall be subject to Article 5, Sections 5.2, 5.3 and 5.4 of the Bylaws. Each planned expenditure of more than Ten Thousand Dollars (\$10,000.00) shall require the aforesaid consent of Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners present, in person or by proxy, and voting at any meeting of the Association.

Section 9.10. Non Merger. Notwithstanding that all or portions of the Property may be owned by the same entity, all of the rights, easements and other provisions of this Declaration shall not be deemed to be extinguished by merger.

(SIGNATURE PAGE FOLLOWS)

IN WITNESS WHEREOF, the Declarant has caused this writing to be executed and delivered in its name and on its behalf on the day and year first above written.

ATTEST/WITNESS:

DECLARANT:

PROSPECT MANAGERS LLC, a Maryland limited liability company

By: Osprey Property Company LLC, a Maryland limited liability company, its Manager

Denise Miller

By: Brett Guy
Brett Guy
Vice President

STATE OF Maryland

*
* to wit:
*

COUNTY OF Anne Arundel

I HEREBY CERTIFY that on this 15th day of December, 2006, before me, a Notary Public in and for the aforesaid jurisdiction, personally appeared Brett Guy, known to me (or satisfactorily proven) to be the Vice President of Osprey Property Company LLC, a Maryland limited liability company, Manager of Prospect Managers LLC, and that such person, being authorized to do so, executed the foregoing and annexed instrument for the purposes therein contained.

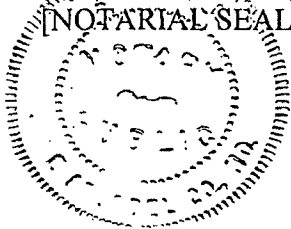
IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Signature]

Notary Public

My Commission Expires: 8/1/09

[NOTARIAL SEAL]



* * *

DECLARANT'S CERTIFICATION

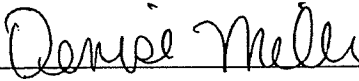
I HEREBY AFFIRM under penalty of perjury that the notice requirements of Section 11-102.1 of the Real Property Article of the Annotated Code of Maryland, if applicable, have been fulfilled.

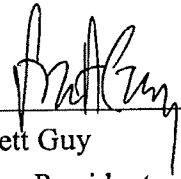
ATTEST/WITNESS:

DECLARANT:

PROSPECT MANAGERS LLC, a
Maryland limited liability company

By: Osprey Property Company LLC, a
Maryland limited liability company,
its Manager

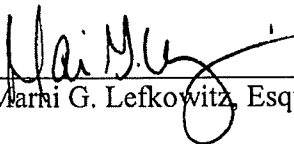


By: 

Brett Guy
Vice President

ATTORNEY'S CERTIFICATE

I HEREBY CERTIFY that the foregoing instrument was prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.



Marki G. Lefkowitz, Esquire

Exhibit "A"

Legal Description of Phase 1

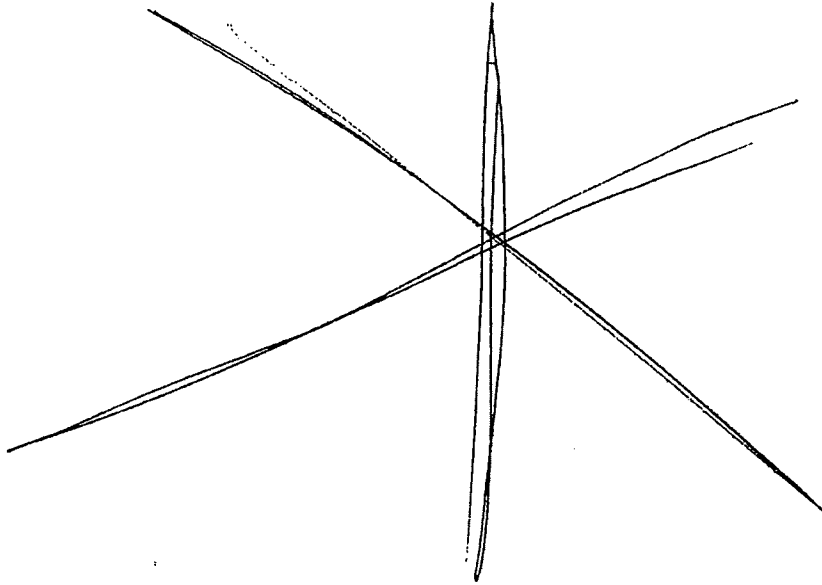
BEING KNOWN AND DESIGNATED as Remainder Parcel "E" on that certain Subdivision Record Plat entitled "Final Subdivision Plat, Lot 1 & Remainder - Parcel "E", Prospect Plaza", which Plat is recorded among the Land Records of Frederick County, Maryland in Plat Book 47, folio 45;

SAVING AND EXCEPTING those areas designated on the Condominium Plat for Jefferson Chase Condominium - Phase 1, recorded among the Land Records of Frederick County, Maryland in Plat Book 82, Plat Nos. 141, 142 as "Area Reserved For Expansion In Accordance With The Declaration".

Exhibit "B"

Bylaws of the Condominium

Attached.



BYLAWS
OF THE
COUNCIL OF UNIT OWNERS
OF
JEFFERSON CHASE CONDOMINIUM

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BYLAWS
OF THE
COUNCIL OF UNIT OWNERS
OF
JEFFERSON CHASE CONDOMINIUM

ARTICLE 1
PLAN OF CONDOMINIUM OWNERSHIP

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

Section 1.2. Definitions. In these Bylaws, all words shall have the same meanings as designated in the Declaration unless otherwise apparent from the context.

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

ARTICLE 2
COUNCIL OF UNIT OWNERS

Section 2.1. Purpose and Status of Association. The purpose of the Association shall be to operate and maintain the Condominium for the benefit of the Unit Owners and to exercise the powers conferred upon it by the Act and these Bylaws. The Association shall be an unincorporated entity.

Section 2.2. Name and Mailing Address. The Association hereby organized and formed for the purposes set forth above shall be known as "Council of Unit Owners of Jefferson

Chase Condominium". Unless changed from time to time by the Board of Directors, the office and mailing address of the Association and the Board of Directors shall be the same as the managing agent for the Association.

Section 2.3. Powers of the Association. The Association shall have all of those powers enumerated in the Declaration and these Bylaws. All powers residing in the Association, except for such as are in the Act, the Declaration or these Bylaws expressly reserved to the Association shall be delegated to and exercised by the Board of Directors of the Association and/or the managing agent employed by the Board of Directors on behalf of the Association.

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

Section 2.5. Annual Meetings. Within sixty (60) days from the date that deeds to Units representing fifty percent (50%) of the votes in the Association (based on the total number of anticipated units in the Condominium) have been delivered by the Declarant and title closed thereon, the Declarant shall notify the Unit Owners and a meeting of the Association shall be held for the purpose of electing members to the Board of Directors. Notice of such meeting shall be given in accordance with the provisions of Section 2.8 of this Article 2. Subsequent annual meetings of the Association should be held on the same date of each year as the first annual meeting or any other reasonably similar date as determined by the Board of Directors. Subsequent annual meetings of the Association shall be held for the purpose of electing Directors to succeed those whose terms shall have expired as of the date of such annual meetings, and for the transaction of such other business as may come before the meeting.

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

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

Section 2.8. Notice of Meetings. It shall be the duty of the Secretary to provide notice, in accordance with Article 13, Section 13.1 of these Bylaws, of each annual or special meeting of the Association at least ten (10) days, but not more than ninety (90) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit Owner of record, at the address shown on the Association Roster. If the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these Bylaws, the notice of meeting shall be given at least thirty (30) days prior to such meeting. The mailing of a notice of

meeting in the manner provided in this Section shall be considered service of notice as of the date of such mailing. In addition to the mailing of notice of each annual and special meeting, notice may be personally delivered to each Unit Owner at his or her address as shown on the Association Roster. Service of notice shall be proven by affidavit of the person serving such notice. Notice may also be given by electronic mail as provided in the Act, as the same may be amended from time to time. Attendance by a Unit Owner at a meeting in person or by proxy shall constitute waiver of notice of the time, place and purposes of such meeting. All meetings of the Association shall be held at places and times convenient to the greatest number of Unit Owners.

Section 2.9. Adjournment of Meeting. If any meeting of the Association cannot be held because a quorum of members has not attended, a majority of the Unit Owners present may adjourn the meeting and call for an additional meeting provided at least fifteen (15) days notice of the time, place and purpose of the additional meeting is given to all Unit Owners. Notwithstanding, if a quorum is not obtained, the Association may proceed with an additional meeting in accordance with the requirements of Section 5-206 of the Corporations and Associations Article, *Annotated Code of Maryland*, as amended, so long as the notice of meeting meets the requirements of such statutory provision.

Section 2.10. Voting.

(a) Each Unit Owner, or, subject to the proxy limitations set forth below, a person designated by such Unit Owner to act as proxy on his or her behalf (and who need not be a Unit Owner), shall be entitled to cast the vote appurtenant to his or her Unit at all meetings of the Association. The designation of any such proxy shall be made in writing and filed with the Secretary, in a form approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Each proxy shall be revocable at any time by written notice to the Secretary by the Unit Owner who so designated the proxy, and shall automatically expire one hundred eighty (180) days following its issuance unless granted to a mortgagee or lessee. Proxies may be utilized to establish a quorum pursuant to Section 2.13 of this Article 2 and may be utilized to vote on any other matter at the meeting of the Association; provided, however, that an undirected proxy may not be utilized to vote for nominees to the Board of Directors of the Association.

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

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

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

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

(b) No Unit Owner shall be entitled to vote at a meeting of the Association unless and until he or she (1) shall have furnished the Association with his or her name and current mailing address and the name and current mailing address of his or her mortgagee(s), if any, for listing on the Association Roster in accordance with Section 11-109(c) of the Act, and (2) is current in the payment of the monthly installment of his or her assessments in accordance with Article 5, Section 5.6, of these Bylaws, provided that a Unit Owner that is not current in the payment of such assessments shall not be entitled to vote at any meeting of the Association if the Unit Owner is sixty (60) days or more delinquent in the payment of any installment or the Council of Unit Owners has recorded a statement of condominium lien on that Unit Owner's Unit and the amount necessary to release the lien has not been paid at the time of the meeting.

Section 2.11. Open Meetings. All meetings of the Association shall be open to all owners (and if the Unit Owner is an entity, such entity's authorized representative) and occupants of Units or their agents (and other interested parties in the discretion of the Board of Directors or as required by law).

Section 2.12. Majority of the Unit Owners. As used in these Bylaws, the term "majority of the Unit Owners" shall mean those Unit Owners having more than fifty percent (50%) of the total authorized votes of all Unit Owners present, in person or by proxy, and voting at any meeting of the Association.

Section 2.13. Quorum. Except as otherwise provided in these Bylaws or in the Act, the presence in person or by proxy of Unit Owners having more than twenty-five percent (25%) of the total authorized votes of all Unit Owners constitutes a quorum at all meetings of the Association.

Section 2.14. Majority Vote. The vote of a majority of the Unit Owners shall be binding upon all Unit Owners for all purposes except where in the Declaration, under the Act or pursuant to these Bylaws a higher percentage vote is required.

Section 2.15. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each Unit Owner shall be entitled to receive out of the assets of the Association available for distribution to the members thereof an amount equal to his or her Percentage Interest in the Common Profits and Common Expenses of the Association.

ARTICLE 3 BOARD OF DIRECTORS

Section 3.1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors acting on behalf of the Association. Until the first annual meeting of the Association as provided for in Article 2, Section 2.5, of these Bylaws, and thereafter until their successors shall have been elected by the Unit Owners, the Board of Directors shall consist of three (3) Directors to be designated by the Declarant. Thereafter, the Board of Directors shall be composed of an uneven number of not less than three (3) or more than five (5) Directors, all of whom shall be elected by the Unit Owners. To qualify for election, Directors must either be Unit Owners or designees of the Declarant (for so long as the Declarant shall be a Unit Owner). At the first annual meeting of the Association the number of Directors shall be established by the vote of a majority of the Unit Owners and the number of Directors may be changed at any subsequent annual meeting of the Association by the vote of a majority of the Unit Owners, subject to the limitations stated in this Section; provided, however, that any change in the number of Directors shall not operate to curtail or extend the term of office of any incumbent Director. Within one hundred twenty (120) days from the date that deeds to Units representing seventy-five percent (75%) of the Units planned to be within the Condominium have been delivered by the Declarant and title closed thereon, or five (5) years from the date of recordation of the Declaration, whichever occurs earlier, the non-Declarant Unit Owners shall elect a majority of the members of the Board of Directors. The foregoing shall not preclude the non-Declarant Unit Owners from electing a majority of the members of the Board of Directors at an earlier date.

Section 3.2. Powers and Duties. The Board of Directors shall have and shall exercise the powers and duties of the Association as set forth in Article 2, Section 2.3 hereof, and may do all such acts and things except as by law or by the Declaration or by these Bylaws may not be, or have not been, delegated to the Board of Directors by the Unit Owners. Without limiting the generality of the foregoing, the Board of Directors' powers shall include the following:

- (a) Operation, care, upkeep and maintenance of the Common Elements and those portions of the Units for which the Association has exclusive control or the maintenance, repair and replacement responsibility.
- (b) Determination of the Common Expenses required for the affairs of the Association.
- (c) Collection of the Common Charges and Expenses from the Unit Owners.

- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.
- (e) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.
- (f) Purchasing of Units at foreclosure or other judicial sales or through negotiated sale in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of the Association, borrowing funds secured by such Unit and/or mortgaging or otherwise encumbering such unit to fund the purchase of such Unit and holding such Unit for use by the Condominium, renting such Unit or selling such Unit as determined by the Board of Directors.
- (g) Obtaining of insurance for the Condominium.
- (h) Making of repairs, additions, replacements and improvements to or alterations of the Common Elements and those components of the Unit for which the Council of Unit Owners has the maintenance, repair and replacement responsibility, in accordance with the other provisions of these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (i) To sue and be sued, complain and defend, or intervene in litigation or administrative proceedings on behalf of two or more Unit Owners, but only with respect to matters affecting the Common Elements and other components for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to the Declaration and these Bylaws, i.e., the Common Elements and those components of Units (if any) for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws and the Declaration..
- (j) Enacting uniform Rules from time to time which govern the use and operation of the Condominium, as well as the conduct and the enjoyment of the Unit Owners; provided, however, that such Rules are adopted in accordance with the Act and Article 5, Section 5.15, of these Bylaws or the Declaration; and provided further that no such Rules shall be so construed so as to impair in any manner the lien of any mortgage or deed of trust with respect to any Unit and/or the Common Elements if such Rules are promulgated after the recordation of said mortgage or deed of trust.
- (k) Enforcing obligations of Unit Owners, allocating Common Profits and Common Expenses, if any, and doing anything and everything else necessary and proper for the sound management of the Condominium. In this connection, the Board of Directors shall have the power to enforce the provisions of the Act, the Declaration, Bylaws and Rules and, if permitted by law, to levy reasonable fines against Unit Owners for violations of the same after notice and an opportunity to be heard is given pursuant to the Act. Collection of fines may be enforced against the Unit Owner or Unit Owners involved as if the fines are a common charge owed by the particular Unit Owner or Unit Owners. Where a Unit Owner persists in violating the Rules, the Board of Directors may require him to post a bond, satisfactory to it, to secure future compliance with the Rules.
- (l) Controlling the use of all Common Elements.

(m) Establishing reasonable reserve funds for emergencies and unforeseen contingencies and for the repair and replacement of Common Elements.

(n) Monitoring compliance with the requirements of any conservation easements and other restrictions imposed on the Common Elements.

(o) Notwithstanding any provision of these Bylaws to the contrary, the Board of Directors is hereby irrevocably appointed as attorney-in-fact for all Unit Owners, and for each of them, exercise the right in the Board's discretion to settle, compromise, waive, discharge, acquit and release any and all demands, claims, actions, causes of action, suits, litigations, proceedings, mediations, arbitrations, judgments, determinations, findings, orders and awards whatsoever, at law, in equity, or otherwise, relating to or arising out of matters affecting the Common Elements or any components of the Condominium for which Council has the responsibility to maintain, repair and replace, or any matter related to or covered by insurance policies maintained by the Council of Unit Owners. The Board of Directors is hereby authorized to enter into, execute, acknowledge, deliver and record all agreements, releases, consents, certificates, papers, documents and other instruments as may be deemed necessary or desirable by the Board of Directors to effectuate the foregoing, and to generally say, do, act, transact, negotiate, determine, commence, accomplish and finish all matters and things whatsoever relating to the foregoing, as fully, amply and effectually, to all intents and purposes, as each Unit Owner, if present, ought or might do personally. The Unit Owners hereby ratify, approve and confirm all and whatsoever the Board of Directors shall lawfully do or cause to be done, in and about the premises, by virtue of the foregoing power of attorney, which is hereby expressly declared and acknowledged to be coupled with an interest in the subject matter hereof, and the same shall run with the title to any and all Units and be binding upon the heirs, personal representatives, successors, transferees and assigns of any of the foregoing parties. Further, the foregoing power of attorney shall not be affected by the death or disability of any principal, and is intended to deliver all right, title and interest of the principal in and to such power of attorney.

(p) Generally, to exercise the powers of the Association as set forth in the Act, subject to the Declaration and these Bylaws and to do every other act not inconsistent with the law, which may be appropriate to promote and attain the purposes set forth in the Act, the Declaration and these Bylaws.

Section 3.3. Managing Agent. The Board of Directors may employ for the Association a professional managing agent at a compensation established by the Board of Directors. All management agreements entered into on behalf of the Association shall (a) be for a term not in excess of one (1) year, (b) provide that either party may terminate the agreement, without cause, upon ninety (90) days written notice, without a termination fee (except that management agreements entered into while the Declarant is in control of the Association shall be terminable without cause on thirty (30) days written notice), (c) provide that the Board of Directors may, for cause, terminate such agreement upon thirty (30) days written notice (without a termination fee) and (d) provide for renewal upon agreement by the parties for successive one (1)-year periods.

Section 3.4. Election and Term of Office. The Directors of the Association designated by the Declarant in accordance with Article 3, Section 3.1, above shall hold office at the pleasure of the Declarant until the first annual meeting of the Association as provided for in Article 2,

Section 2.5, of these Bylaws. At the first annual meeting of the Association, the members of the Board of Directors shall be elected by the Unit Owners. Commencing with the first annual meeting of the Association, the terms of office of the members of the Board of Directors shall be fixed at three (3) years. In the alternative, at the first annual meeting, or any annual meeting thereafter, Unit Owners having not less than fifty percent (50%) of the total authorized votes of all Unit Owners may vote to establish the term of office for all Directors to be for a period less than three (3) years, or to establish staggered terms for the Directors of from one (1) to three (3) years. Any change in the term of office of Directors shall not operate to curtail or extend the term of office of any incumbent Director. Each Director shall hold office until the next meeting of the Board of Directors following the election of his or her successor. However, a member of the Board of Directors shall be deemed to have resigned whenever such Director, his or her spouse, firm, corporation or other entity he or she is associated with, sells the Unit which qualified such individual to become a member of the Board of Directors. All election materials prepared with Association funds shall list candidates in alphabetical order and shall not suggest a preference among candidates. At each election of members to the Board of Directors the Unit Owners or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise pursuant to the provisions of the Declaration and these Bylaws.

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

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

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

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

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

Section 3.9. Regular and Special Meetings. All regular meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods at such time and place as shall have been made known to all members in accordance with the procedures set forth below.

Section 3.10. Open Meeting Requirements.

(a) All regular or special meetings of the Board of Directors or any committee created by the Board of Directors shall be open to all Unit Owners (and if the Unit Owner is an entity, such entity's authorized representative) or their agents (and other interested parties in the discretion of the Board of Directors or as required by law), except that such meetings may be held in closed session for the following purposes:

- (i) Discussion of matters pertaining to employees and personnel;
- (ii) Protection of the privacy or reputation of individuals in matters not related to Association business;
- (iii) Consultation with legal counsel;
- (iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;
- (v) Investigative proceedings concerning possible or actual criminal misconduct;
- (vi) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or
- (vii) On an individually recorded affirmative vote of two-thirds (2/3) of the members of the Board of Directors (or committee, if applicable) present, for some other exceptional reason so compelling as to override the general public policy in favor of open meetings.

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

Section 3.11. Notice of Board Meetings. The Secretary shall maintain a current roster of names and addresses of each Unit Owner to which notices of regular meetings of the Board of Directors or any committee created by the Board of Directors shall be sent at least annually. Special meetings of the Board of Directors shall be held whenever called by direction of the President or Vice President, and must be called by the President or the Secretary upon written request of a majority of the Board of Directors. Notice of special meetings of the Board of Directors or any committee created by the Board of Directors shall be given to each Unit Owner, by posting or otherwise, not less than seventy-two (72) hours nor more than ninety (90) days prior to the date of the special meeting, except upon the declaration of an emergency by the person calling the meeting, in which event such notice may be waived and the meeting may be held by telephonic or video conference. Unless otherwise indicated in the notice thereof, any and all business may be transacted at any regular or special meeting of the Board of Directors. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held at places and times convenient to the greatest number of Unit Owners. Board or committee members may participate in such meeting by telephone or video conference so long as all participating members can hear all others simultaneously.

Section 3.12. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time, place and purpose thereof.

Section 3.13. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors, except as may otherwise be provided in the Declaration or these Bylaws. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such meeting at which a quorum is present, any business which might have been transacted at the meeting originally called and adjourned may be transacted without further notice.

Section 3.14. Fidelity Insurance. To the extent reasonably available, blanket fidelity insurance shall be required to be maintained by the Board of Directors for all officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for their services. Where the Board of Directors has delegated some or all of the responsibility for the handling of funds to a managing agent, such managing agent shall be

covered by its own fidelity insurance policy which must provide the same coverage as fidelity insurance maintained by the Board of Directors. Except for fidelity insurance that a managing agent obtains for its personnel, all other fidelity insurance policies shall name the Association as the insured and should have their premiums paid as a common expense by the Association. Fidelity insurance obtained by a managing agent shall name the Association as an additional insured. The total amount of fidelity coverage required shall be sufficient to cover the maximum funds (including reserve funds) that will be in the custody of the Association or managing agent at any time while the fidelity insurance policy is in force, but must at least equal the sum of three (3) months aggregate assessments on all Units within the Condominium plus any reserves. Fidelity insurance policies shall contain waivers by the insurers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The fidelity insurance policies shall provide that they cannot be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association, all Eligible Mortgage Holders and each servicer servicing a mortgage in the Condominium owned or securitized by the Federal National Mortgage Association ("FNMA").

Section 3.15. Compensation. No member of the Board of Directors shall receive any compensation for acting as such, but a Director may be reimbursed for actual out-of-pocket expenses incurred by him in the proper performance of his or her duties.

Section 3.16. Liability of the Board of Directors; Indemnification.

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

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

(c) The provisions of "(a)" and "(b)" above shall also apply to each and every officer of the Association and the members of any committee created by the Board of Directors.

Section 3.17. Executive Committee. The Board of Directors may, by resolution duly adopted, appoint an Executive Committee to consist of three (3) members of the Board of Directors. The Executive Committee shall have and may exercise all of the powers of the Board

of Directors in the management of the business and affairs of the Association during the intervals between the meetings of the Board of Directors insofar as may be permitted by law, except that the Executive Committee shall not have power (a) to determine the common charges and expenses required for the affairs of the Association, or (b) to adopt or amend the Rules covering the details of the operation and use of the Condominium.

Section 3.18. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and consistent with the purposes set forth in the Declaration. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm, entity or association in which one or more of the Directors are directors or officers or are pecuniarily or otherwise interested, shall be either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his, her or their votes are counted for such purpose, if such action complies with the provisions of Section 2-419 of the Corporations and Associations Article of the Annotated Code of Maryland (1999), as amended, or its successor statute.

Section 3.19. Delegation of Power to Board. Except as may be provided otherwise by law or by the Declaration or these Bylaws, all of the powers and duties of the Council of Unit Owners are hereby delegated to the Board of Directors so as to permit the Board of Directors to fulfill all of its powers, functions and duties under the provisions of the Act, the Declaration and these Bylaws.

Section 3.20. Committees. The Board of Directors may appoint an Architectural Control Committee and, if necessary, an Executive Committee, as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its powers and duties.

ARTICLE 4 OFFICERS

Section 4.1. Designation. The principal officers of the Association shall be the President (who shall also act as chairman of the Board of Directors of the Association), the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary or desirable. The President and Vice President, but no other officers, must be members of the Board of Directors; all other officers may but shall not be required to be members of the Board of Directors.

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

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

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

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

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Association (including copies of all resolutions adopted thereat), and of the Board of Directors; shall count the votes at meetings of the Council of Unit Owners; shall have charge of such books and papers as the Board of Directors may direct; shall maintain the roster of Unit Owners and shall, in general, perform all the duties incident to the office of secretary of a stock corporation organized and existing under the laws of the State of Maryland.

Section 4.7. Treasurer.

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

(b) The Treasurer shall give a bond, the premium therefor to be considered a common expense, in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his or her office and for the restoration, in case of his or her death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control.

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

ARTICLE 5
OPERATION OF THE CONDOMINIUM

Section 5.1. Determination of Common Expenses and Fixing of Common Charges.

Unless otherwise expressly provided herein, Common Expenses of the Association, in general, shall include maintenance, operation, repair, or replacement of the Common Elements and those portions of the units for which Council of Unit Owners has the responsibility to maintain, repair and replace. They include, but are not limited to:

- (a) Management fees;
- (b) Insurance premiums; real estate taxes (if any);
- (c) Charges for landscaping, snow removal, trash removal and maintenance of the sidewalks, driveways and streetways, open spaces, parking areas, retaining walls, swimming pool and picnic area, recreation facilities and all Common Elements of the Condominium;
- (d) Attorneys' fees, and like administrative costs;
- (e) Reserves for replacements or other expenses of a non-recurring nature;
- (f) Service contracts and employees' salaries;
- (g) Payment of utility bills and like expenses (except to the extent that such bills or expenses are individually metered for any Unit in which event such bills or expenses shall be the responsibility of the Unit Owner receiving the benefit of such individually metered service) commonly metered utilities may be assessed against the Units based upon usage rather than Percentage Interest, as determined by the Board of Directors in its sole discretion; and
- (h) Such other expenses as shall be necessary or desirable in the judgment of the Board of Directors for the administration and operation of the Condominium, or which may be declared to be Common Expenses by the Act, the Declaration, these Bylaws or by resolution of the Council of Unit Owners.

Section 5.2. Preparation and Approval of Budget. Each year, at least thirty (30) days before the adoption of a budget for the Condominium, the Board of Directors shall cause to be prepared and submitted to the Unit Owners a proposed annual budget for the next fiscal year of the Association. The proposed annual budget shall contain, at a minimum, an estimate of the total amount of income the Association expects to receive, as well as an estimate of expenses for administration, maintenance, utilities, general expenses, reserves and capital items that are expected for the next fiscal year. The budget shall be adopted at an open meeting of the Board of Directors. The Board of Directors shall thereafter send to each Unit Owner a copy of the approved budget which sets forth the amount of the Common Expenses payable by each Unit Owner, on or before thirty (30) days preceding the beginning of the fiscal year to which the budget applies or as soon thereafter as is possible. The said budget shall constitute the basis for determining each Unit Owner's contribution for the Common Expenses of the Condominium. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay

his or her allocable share of the Common Expenses, as herein provided, whenever the same shall be determined, and in the absence of any annual budget, each Unit Owner shall continue to pay his or her allocable share of the Common Expenses at the then existing rate established for the previous fiscal period until the new payment is established. The Board of Directors may determine, at its discretion, to round the Unit Owners' allocable share of the Common Expenses of the Association to the nearest half dollar or whole dollar amount. All budget figures and other information set forth in any proposed annual budget prepared by the managing agent, including, without limitation, the estimated Common Expenses, income and assessments, and the reserve analysis and projected life expectancy of reserve items, are based on estimates made by the managing agent, and shall not be deemed to be part of any contract, or to constitute the basis of the bargain, between the Declarant and any unit purchaser, nor shall such budget figures or other information be deemed to give rise to or constitute any representation or warranty whatsoever, whether express or implied, regarding the level of assessments or any other matter and neither the Board of Directors or the Declarant have authorized any other party to make any such representation or warranty, and such other parties are without legal authority to enforceably make any such representation or warranty. All budget figures are, of course, estimates and neither the managing agent, the Declarant or the Board of Directors can be certain that sufficient funds have been budgeted to cover all Common Expenses that may be incurred. Because actual expenditures may differ from estimated expenditures, due to possible changes in the future expenses of the Condominium and other variable factors, such estimates are not intended nor shall they be considered as guarantees of any kind whatsoever. The budget shall take into consideration the budget process and contributions that the Condominium may receive from neighboring properties pursuant to the Swimming Pool Easement, so long as the same shall be applicable.

Section 5.3. Reserves.

(a) As part of the annual budget the Board of Directors shall build up and maintain an adequate reserve for working capital and contingencies, and an adequate reserve for substantial periodic repair and replacement of the Common Elements and Limited Common Elements and those portions of the units required to be repaired and/or replaced by the Association, including, without limitation, reserves for the routine inspection, maintenance and long term repair of any on-site storm water management facilities serving and/or benefiting the Condominium. Insurance deductibles associated with insurance policies of the Association should also be funded through the reserves maintained by the Association. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Board of Directors deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except where an emergency requires an expenditure to prevent or minimize loss from further damage to, or deterioration of, the Common Elements or Limited Common Elements reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Board of Directors and by the affirmative vote of Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners present, in person or by proxy, and voting at any meeting of the Association. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may, subject to the limitations of Section

5.4 below, levy a further assessment, which shall be assessed against the Unit Owners according to their Percentage Interests, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next regular payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment.

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

Section 5.4. Amendment to Budget: Special Assessments. Any expenditure, including, without limitation, any expenditure intended to be funded by a special assessment, which is deemed necessary by the Board of Directors (other than those required because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the Unit Owners or a significant risk of damage to the Condominium) that, if made, would result in an increase in the amount of assessments for the current fiscal year of the Condominium in excess of fifteen percent (15%) of the budgeted amount previously adopted shall be approved by an amendment to the budget adopted at a special meeting of the Association, upon not less than ten (10) days written notice to the Unit Owners, by the affirmative vote of Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners present, in person or by proxy, and voting at such meeting. Any provision of the foregoing to the contrary notwithstanding, any such amendment to the budget shall be subject to such additional approvals as may be provided in the Declaration or these Bylaws.

Section 5.5. Initial Working Capital Fund Assessment.

(a) When the first Board of Directors takes office, it shall determine the budget for the period commencing upon the conveyance of legal title to the first Unit by the Declarant and ending on the last day of the fiscal year established by the Board of Directors in which such conveyance occurs. The Board of Directors shall establish an initial working capital fund equal to two (2) months regular assessments through a special assessment (the "Initial Working Capital Fund Assessment") which shall be levied against each Unit Owner upon purchase of a Unit from the Declarant. The Initial Working Capital Fund Assessment shall not be deemed to constitute advance payment of regular assessments. The Declarant will deliver the funds so collected to the Board of Directors, who shall maintain the funds in a segregated account for the use and benefit of the Association to provide the necessary working capital for the Council of Unit Owners. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, or for such other purposes related to the operation of the Association as the Board of Directors may determine.

(b) Upon conveyance of any Unit for which the Declarant has paid an Initial Working Capital Fund Assessment, the purchasing Unit Owner shall pay the Declarant the full amount of such assessment paid by the Declarant with respect to such Unit. Any Initial Working Capital Fund Assessment paid by the Declarant shall be deposited in the segregated account

maintained for such funds by the Board of Directors. Prior to the date that the non-Declarant Unit Owners shall elect a majority of the members of the Board of Directors pursuant to Article 3, Section 3.1 of these Bylaws, the Declarant shall not use any Initial Working Capital Assessment to pay Declarant expenses, reserve contributions, construction costs or budget deficits.

Section 5.6. Payment of Common Charges; Lien.

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

(b) No Unit Owner may be exempted from liability for the assessment of Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his or her Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his or her Unit subsequent to the date of recordation of a conveyance by him or her in fee of such Unit. Prior to or at the time of such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a Unit shall be jointly and severally liable, in accordance with the Act, with the selling Unit Owner for all unpaid assessments against the selling Unit Owner for the selling Unit Owner's proportionate share of the Common Expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling Unit Owner amounts paid by the purchaser therefor; provided, however, that no purchaser from a selling Unit Owner other than the Declarant shall be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments greater than the amount set forth in any resale certificate provided by the Association or its managing agent. The conveyance of a Unit shall not affect any lien established by the Association against such Unit. Notwithstanding anything contained herein to the contrary, any mortgagee who comes into possession of a Unit by virtue of foreclosure of a deed of trust or mortgage or a deed or other conveyance in lieu of foreclosure shall take the Unit free of any liens or claims for unpaid assessments or charges against such Unit which accrue prior to the time such mortgagee comes into possession thereof except for liens or claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Units, including the mortgaged Unit. The sale or transfer of a Unit by virtue of foreclosure of a deed of trust or mortgage or a deed or other conveyance in lieu of foreclosure shall not relieve such mortgagee, the purchaser at such sale or transfer, or any subsequent Unit Owner from liability for any assessments thereafter coming due, nor from the lien of such subsequent assessments, which lien, if any, shall have the same effect and may be enforced in the same manner as provided herein. Notwithstanding anything herein to the contrary, the lien of the Association against any Unit shall be subordinate to the First Mortgage (as defined in Article 6, Section 6.5 hereof) against such Unit, unless otherwise provided by law. Any assessment of the Association shall also be subordinate to any mortgage against a Unit

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guaranteed by the Veterans Administration ("VA") or the Federal Housing Administration ("FHA").

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

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

Section 5.7. Collection of Assessments.

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

(b) Except as may be otherwise required by applicable law, amounts collected for past due assessments and related costs shall be applied in the following order:

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

Section 5.8. Default in Payment of Common Charges.

(a) The lien for unpaid assessments may be enforced and foreclosed in such manner as may from time to time be provided in the Act and the Maryland Contract Lien Act. Any assessment, until paid, may at the election of the Board of Directors bear interest up to the maximum rate permitted by law at the time the assessment became due. In addition, the Board of Directors may impose late charges and/or the costs of collection (including reasonable attorneys' fees), if any, with respect to any assessment which has not been fully paid when due. Such late charges and other costs shall not exceed the permissible amounts provided for in the Act, and shall otherwise comply therewith. All such interest, late charges and other costs shall constitute a lien upon the Unit which is appurtenant to such Unit until fully paid as provided in Article 5, Section 5.6, above.

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

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

Section 5.9. Statement of Common Charges; Resale Certificate.

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

(b) Upon written request by a Unit Owner and receipt of a reasonable fee therefor, the Board of Directors shall furnish a certificate containing the information required by Section 11-135(a) of the Act.

Section 5.10. Insurance.

(a) The Board of Directors shall be required to comply with the insurance requirements of the Act and, to the extent not in violation of the Act, shall also comply with the provisions of this Article 5, Section 5.10.

(b) The Board of Directors shall be required to obtain and maintain a master or blanket type of hazard insurance policy covering the Units and all of the Common Elements that are normally included in a policy of this type, including, but not limited to, fixtures, building service equipment and common personal property and supplies belonging to the Association. The policy must also cover fixtures, equipment and other personal property inside individual Units if such items are typically conveyed as part of the Unit.

(c) The hazard insurance policy shall afford, as a minimum, protection against loss or damage by fire and all other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available. The insurance should cover one hundred percent (100%) of the current replacement cost (less a reasonable deductible) of the insured property. Coverage need not include land, foundations, excavations or other items that are usually excluded from insurance coverage. Unless a higher maximum amount is required pursuant to the law of the State of Maryland, and to the extent reasonably available and commercially

reasonable, the maximum deductible amount for coverage of the Common Elements is the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount. To the extent reasonably available and commercially reasonable, the maximum deductible related to coverage on individual Units is the lesser of One Thousand Dollars (\$1,000.00), or one percent of the Unit's replacement cost.

(d) Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by the Best's Insurance Reports of B or better (or its equivalent), or a rating that meets any other applicable standard established by FNMA. Each insurer must be specifically licensed or authorized by law to transact business within the State of Maryland. The policy contract shall provide that no assessment may be made against the mortgagee, and that any assessment made against others may not become a lien on the mortgaged Unit superior to the First Mortgage.

(e) The hazard insurance policy must provide that the insurance carrier shall notify the Association and each mortgagee named in the mortgagee clause in writing at least thirty (30) days before it cancels or substantially changes the Condominium's coverage. In addition, each Eligible Mortgage Holder shall receive timely written notice of any lapse, material modification or cancellation of any insurance policy covering the Condominium.

(f) All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly acceded by private institutions as mortgage investors in the area in which the mortgaged premises are located and must name as mortgagee either the FNMA or the servicers for the mortgages FNMA holds on Units. The following endorsements are also required: (i) an Inflation Guard Endorsement (if reasonably available); (ii) a Building Ordinance or Law Endorsement if the enforcement of any building, zoning or land use law would result in loss or damage, increased cost of repairs or reconstruction or additional demolition and removal costs; (iii) a Steam Boiler and Machinery Coverage Endorsement if the Condominium has central heating or cooling, which should provide for the insurer's minimum liability per accident per location to be at least equal to the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the structure(s) housing the boiler or machinery; and (iv) a Special Condominium Endorsement which provides that any Insurance Trust Agreement will be recognized, the right of subrogation against Unit Owners will be waived, the insurance will not be prejudiced by any acts or omissions of individual Unit Owners that are not under the control of the Association, and that the policy will be primary, even if a Unit Owner has other insurance that covers the same loss.

(g) If the Condominium is located in a Special Flood Hazard Area designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 or VO on a Flood Insurance Rate Map, the Association must maintain a "master" or "blanket" policy of flood insurance on the Condominium. If the Condominium is not comprised of high rise or other vertical buildings, the amount of flood insurance shall be at least equal to the lesser of one hundred percent (100%) of the insurable value of all structures and improvements situated in such Special Flood Hazard Area or the maximum coverage available under the applicable National Flood Insurance Administration program. If the Condominium is comprised of high rise or other vertical buildings, (i) the Association must obtain a Residential Condominium Building Association policy which covers the Property, including all Common Elements and Units; (ii) the amount of

such flood insurance shall be at least equal to one hundred percent (100%) of the insurable value of all structures and improvements situated in such Special Flood Hazard Area; (iii) the contents coverage should equal one hundred percent (100%) of the insurable value of all contents, including any machinery and equipment that are not part of the building, but which are owned in common by the Unit Owners; and (iv) the coverage for each unit should be the lesser of Two Hundred Fifty Thousand Dollars (\$250,000.00) or the amount of its replacement cost; provided that if such required coverage exceeds the maximum available coverage under the National Flood Insurance Program, such coverage must be equal to the maximum amount that is available. Unless a higher deductible amount is required under the laws of the State of Maryland, the maximum deductible amount for flood insurance policies shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the policy's face amount. The funds to cover this deductible amount should be included in the Association's operating reserve account.

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

(i) The named insured under all insurance policies shall be the Council of Unit Owners of Jefferson Chase Condominium, for the use and benefit of each Unit Owner. The "loss payable" clause should show the Council of Unit Owners of Jefferson Chase Condominium, as a trustee for each Unit Owner and the holder of each Unit's mortgage. The Council of Unit Owners shall hold any proceeds of insurance in trust for Unit Owners and their First Mortgage holders, as their interests may appear. Each Unit Owner and each Unit Owner's mortgagee, if any, shall be beneficiaries of the policies to the extent of the Unit Owner's Percentage Interest in the Common Profits and Common Expenses of the Council of Unit Owners. Certificates of insurance shall be issued to each Unit Owner and mortgagee upon request. The policies must also contain the standard mortgage clause and must name as mortgagee FNMA or the servicers for the mortgages held by FNMA on Units within the Condominium, FHLMC and/or such other mortgagees as hold mortgages on Units, as well as their successors and assigns.

(j) Notwithstanding any provision of the Declaration or these Bylaws relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform

such other functions as are necessary to accomplish this purpose. The insurance policy(ies) covering the Condominium obtained by the Association shall provide that any Insurance Trust Agreement will be recognized.

(k) Except to the extent inconsistent with applicable law, each Unit Owner is deemed to appoint the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: (1) the collection and appropriate disposition of the proceeds thereof; (2) the negotiation of losses and execution of releases of liability; and (3) the execution of all documents and the performance of all other acts necessary to accomplish such purpose.

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

Section 5.11. Repair or Reconstruction After Fire or Other Casualty.

(a) Except as hereinafter provided, and as provided in the Act (and inconsistent herewith), in the event of damage to or destruction of the Condominium as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration thereof (including any damaged Units, and any fixtures, equipment or other property covered by the Association's insurance installed therein on the date of recordation of the Declaration, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures, personal property or equipment installed by Unit Owners in the Units), and the Board of Directors shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration, as provided below.

(b) Immediately after a casualty causing damage to the Condominium for which the Association has the responsibility of maintenance, repair, and/or replacement, the Board of Directors shall obtain reliable and detailed estimates of the cost to place the damaged portions of the Condominium in as good a condition as existed before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desire.

(c) In the event of reconstruction or repair (as estimated by the Board of Directors) which shall exceed One Hundred Thousand Dollars (\$100,000.00), all proceeds of insurance shall be paid to the Association and the Board of Directors shall hold such funds in trust for the Association and such funds shall be paid out from time to time as the reconstruction or repair progresses in accordance with the following:

(i) the reconstruction or repair shall be in the charge of an architect or engineer, or other professional designated by the Board of Directors, who may be, but shall not be required to be, an employee of the Association, and hereinafter called the "Architect";

(ii) any restoration or repair of the project shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by at least fifty-one percent (51%) of the Eligible Mortgage Holders

(based upon one vote for each First Mortgage owned), and two-thirds (2/3) of the owners (other than the sponsor, developer or builder) of the individual condominium units;

(iii) each request for an advance of the proceeds of insurance shall be reviewed and approved by the Board of Directors and shall be accompanied by a certificate from the Architect to the effect that (i) all work then completed has been performed in accordance with the plans and specifications; and (ii) the amount requested to be advanced is due to the contractor responsible for the restoration or repair, or to subcontractors, materialmen, laborers, engineers, architects or to other persons responsible for services or materials in connection with such restoration or repair, or for fees or the like necessarily incurred in connection with the same; and (iii) when added to amounts previously advanced, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials delivered to the date of such request;

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

(d) Upon completion of the reconstruction or repair and payment in full of all amounts due on account thereof, any remaining proceeds of insurance, if any, shall be considered as one fund and shall be divided among the owners of all the Units in the same proportion as that previously established for ownership of appurtenant undivided interests in the Common Elements, after first paying out of the share of the owner of any Unit (to the extent such payment is required by any lien or and to the extent the same is sufficient for such purpose), all liens upon said Unit.

Section 5.12. Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the Rules adopted by the Board of Directors, or the breach of these Bylaws or of any provision of the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; provided, however, that no structure or improvement may be altered or demolished until proper judicial proceedings have been instituted; or (b) to enjoin, abate or remedy by appropriate legal proceeding, either at law or in equity, the continuance of any such breach. All attorney's fees and costs incurred by the Association to enforce any of the Rules, or any provision of these Bylaws or any provision of the Declaration shall be the responsibility of the violating Unit Owner(s) and/or residents. Such attorney's fees and costs shall constitute a lien upon the Unit until fully paid and shall be collectable in the same manner as any assessments levied by the Association.

Section 5.13. Maintenance and Repair.

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

(i) Except as otherwise provided in paragraph (b) of this Section 5.13, all of the General Common Elements and Limited Common Elements (if any), whether located inside or outside of the Units and those portions of the units for which the Association has the responsibility to maintain, repair and replace. The Association shall have exclusive control over those areas for which the Association has maintenance, repair and replacement responsibilities. Except as otherwise provided herein or with the prior written approval of the Association, no Unit Owner shall enter upon or make use of any area inside or outside of his/her Unit that is under the exclusive control of the Association; and

(ii) Except as otherwise provided in paragraph (b) of Section 5.13 below, all exterior walls and exterior surfaces of the buildings constituting the Condominium; the roofs of the buildings constituting the Condominium; chimneys; Unit party walls and all other portions of the Units which contribute to the support of the buildings constituting the Condominium, such as the outside walls of such buildings and all fixtures on the exterior thereof; the boundary walls of Units; floor slabs, and all load-bearing columns; but excluding, however, the interior walls, interior ceilings and interior floor coverings of the Units, and excluding the surfaces of all walls, floors and ceilings of the Units; and

(iii) The sanitary and storm sewer systems and appurtenances; all water, electric, gas, heating, air conditioning, plumbing and telephone lines, facilities and systems that are deemed Common Elements, including all conduits, ducts, plumbing, wiring and other facilities (including cable television systems, master antennae systems and broadband or high speed internet service that are commonly provided) whether located inside or outside of any Unit for the furnishing of all utility services into two (2) or more Units, but excluding therefrom all air-handling units, heating units, air-conditioning units, fireplaces, lighting fixtures, plumbing (including, but not limited to, the components of any sprinkler system), electrical appliances and systems, fixtures and other components of the dwelling within a single Unit which are located within the boundary of such Unit and/or in a Limited Common Element designated in the Declaration or on the Condominium Plat as being appurtenant to that Unit and which serve that Unit and no other; all television master antenna systems located outside the specific boundaries of any Unit, and all roof drainage pipes, gutters and leaders; and

(iv) Except as otherwise provided in paragraph (b) of this Section 5.13, all patios, terraces, sunrooms, decks, and balconies designated in the Declaration or on the Condominium Plat as a part of a Unit or as a Limited Common Element appurtenant to a Unit; and

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

(vi) Cleaning of the exterior surface of the Unit windows and maintenance of the exterior surface of the Unit entry doors that face the Common Element hallways.

The cost of the Association's maintenance, repair and replacement responsibilities under Section 5.13(a)(i) through (iii) shall be charged to all Unit Owners as a common expense. The cost of the Association's maintenance, repair and replacement responsibilities under Sections 5.13(a)(iv) through (vi) may, in the sole discretion of the Board of Directors, be charged to all Unit Owners as a common expense or be assessed against the Unit receiving such services and shall be collectible in the same manner as any other assessment levied by the Association.

(b) By the Unit Owner.

(i) Except for the portions of any Unit required or authorized to be maintained, repaired and replaced by the Association, each Unit Owner shall be responsible for the maintenance, repair and replacement, at his or her expense, of such Unit and all improvements therein and components thereof, including, without limitation, the following: all interior walls, ceilings, windows, doors, door locking mechanisms and hardware, floors, kitchen and bathroom fixtures and equipment, and all air-handling units, heating units, air-conditioning units, fireplaces, lighting fixtures, plumbing (including, but not limited to, the components of any sprinkler system), electrical appliances and systems, fixtures and other components of such dwelling which are located within the boundary of such Unit, and/or in a Limited Common Element designated in the Declaration or on the Condominium Plat as being appurtenant to that Unit and which serve that Unit and no other. Each Unit Owner shall be responsible for performing, at his or her expense, all normal day-to-day maintenance of any patio, terrace, deck, or balcony which is designated in the Declaration or on the Condominium Plat as being a part of his or her Unit or as a Limited Common Element appurtenant to his or her Unit, including keeping it in a clean and sanitary condition, and free and clear of snow, ice and any accumulation of water, and shall also make, at his expense, all repairs thereto caused or permitted by his negligence, misuse or neglect. In the event any Unit Owner shall fail to maintain any such patio, terrace, deck or balcony, or any Limited Common Element appurtenant to his or her Unit, the Association shall be responsible for such maintenance, the cost of which may be assessed against such Unit and shall be collectible in the same manner as any other assessment levied by the Association. Notwithstanding anything herein to the contrary, the Association shall be responsible for the maintenance, repair and replacement of all structural components of the buildings constituting the Condominium. Any costs incurred by the Association in connection with the maintenance, repair or replacement of any Unit or of any Limited Common Element appurtenant to a Unit, may be assessed against such Unit and shall be collectible in the same manner as any other assessment levied by the Association;

(ii) If the cause of any damage to or destruction of any portion of the Condominium originates from any Unit, other than those components of the Unit for which the Council has the responsibility to maintain, repair and replace, the Owner of such Unit shall reimburse the Association for the cost of any property insurance deductible in an amount not to exceed One Thousand Dollars (\$1,000.00), or such other amount as may be permitted under Section 11-114 of the Act, as amended (the "Deductible Reimbursement"). The Deductible Reimbursement shall be collected by the Association from the Unit Owner obligated to pay such

reimbursement in the same manner as set forth in Article 5 of these Bylaws for the collection of common charges. Any property insurance deductible in excess of the Deductible Reimbursement shall be a common expense of the Association; and

(iii) Each Unit Owner shall perform his or her responsibilities under this Section 5.13 in such a manner as shall not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors or the managing agent any defect or need for repairs for which the Association is responsible.

(c) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality.

(d) Mold. According to the U.S. Environmental Protection Agency (the "EPA"), "molds are part of the natural environment. Outdoors, molds play a part in nature by breaking down dead organic matter such as fallen leaves and dead trees, but indoors, mold growth should be avoided." U.S. Environmental Protection Agency. *A Brief Guide to Mold, Moisture and Your Home* (EPA Document 402-K-02-003), 2002. Molds reproduce through airborne mold spores. According to the EPA report, mold may begin growing inside of a home "when mold spores land on surfaces that are wet. There are many types of mold, and none of them will grow without water or moisture." The EPA has stated that "moisture control is the key to mold control." According to the EPA, "it is impossible to get rid of all mold and mold spores indoors; some mold spores will be found floating through the air and in house dust." *Mold Remediation in Schools and Commercial Buildings* (EPA Document 402-K-01-001), 2001. Though the presence of mold inside of the Condominium can never be completely eliminated, positive steps can be taken to reduce the occurrence of mold growth. Sections 5.13.(d)(i) and 5.13(d)(ii) below summarize some of the steps recommended by the EPA in the publication *A Brief Guide to Mold, Moisture and Your Home* (EPA Document 402-K-02-003) which, pursuant to this Section 5.13(d), the Association and the Unit Owners are required to take.

(i) The Association shall regularly clean and repair roof gutters. Unit Owners shall run the bathroom fan or open the window when showering and use exhaust fans or open windows whenever cooking, running the dishwasher or dishwashing.

(ii) The Association shall take the following steps in all portions of the Condominium it is required to maintain pursuant to Section 5.13 (a) and each Unit Owner shall take the following steps in all portions of the Condominium it is required to maintain pursuant to Section 5.13 (b):

- Water leaks and spills should be cleaned quickly. If wet or damp materials or areas are dried 24 – 48 hours after a leak or spill happens, in most cases mold will not grow.
- Air conditioning drip pans should be kept clean and the drain lines unobstructed and flowing properly.
- Indoor humidity should be kept low. If possible, below 60 percent (ideally between 30 and 50 percent) relative humidity.

- Condensation or moisture collecting on windows, walls or pipes, should be dried quickly. In addition, action should be taken quickly to reduce the moisture/water source causing such condensation.
- Appliances that produce moisture, such as clothes dryers, stoves and kerosene heaters should be properly vented to the outside where possible.
- Air conditioners and/or de-humidifiers should be utilized when needed.
- Cold surfaces, such as cold water pipes, should be covered with insulation.

For more information on mold and the health effects of mold, the publications referenced above may be referred to. Websites for the U.S. Environmental Protection Agency (www.epa.gov) and the Centers for Disease Control and Prevention (www.cdc.gov) contain additional information on this issue. A search of other government agencies' websites may also be helpful.

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

(f) **Used Property.** The Condominium is a conversion of a previously occupied rental project and, as a result, is not newly constructed. Many components of the Units and Common Elements are not newly constructed and/or newly installed and are "used" property that will require regular care, maintenance and replacement over time given their age and useful life. In order to maximize the useful life of the Units and Common Elements, the Association shall promptly and diligently comply with its maintenance obligations pursuant to Section 5.13 (a) and each Unit Owner shall promptly and diligently comply with its maintenance obligations pursuant to Section 5.13 (b).

Section 5.14. Restrictions on Use of Units. In order to provide for the congenial occupancy of the Condominium and for the protection of the values of the Units, the use of the Condominium shall be restricted to and shall be in accordance with the following provisions:

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

(b) No immoral, improper, offensive, or unlawful use shall be made of the Condominium or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules,

regulations, or requirements of any governmental agency having jurisdiction thereof, relating to the maintenance and repair of any portion of the Condominium, shall be complied with, by and at the sole expense of the Unit Owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Condominium.

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

(d) Except for uses permitted by the Declaration or Bylaws which may not be prohibited pursuant to law, no industry, business, trade, occupation or profession of any kind, commercial, religious, educational, or otherwise, designed for profit, altruism, exploration, or otherwise, shall be conducted, maintained, or permitted on any part of the Condominium. Except as expressly permitted by law, no Unit Owner may post any advertisement, poster or sign of any kind on the exterior of his or her Unit or in the windows of his or her Unit or on any of the Common Elements; provided, however, a temporary sign not more than six (6) square feet in size advertising the sale or rental of a Unit shall be permitted. Any such temporary real estate sign shall be removed promptly following the sale or rental of such Unit. The right is reserved by the Declarant or its agents to use any unsold Unit or Units for display purposes and to display "For Sale" or "For Rent" signs for unsold Units; such right to exist for as long as the Declarant owns any Unit.

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

(f) Only exterior antennas and satellite dishes specifically permitted by applicable federal governmental regulations shall be permitted within those portions of a Unit under the exclusive control of a Unit Owner. The Board of Directors may impose reasonable rules and regulations regarding the location and screening of any permitted antennas and satellite dishes, subject to applicable governmental regulations.

(g) No transient tenants may be accommodated in any Unit, nor shall any Unit be utilized for hotel purposes. No portion of a Unit (other than the entire Unit) may be rented unless the prior written approval of the Board of Directors is obtained. All agreements of the lease of a Unit shall provide that the terms of the lease shall be subject in all respects to the provisions of the Act, Declaration and Bylaws and that any failure of the lessee to comply with the terms of such provisions shall be a default under the lease, which default may be remedied by the Unit Owner in accordance with the lease and by the Council of Unit Owners, in accordance with the Act. All leases must be in writing. The limitations of this Section 5.14(g) shall not apply to any institutional mortgagee of any Unit who comes into possession of the Unit by reason of any remedies provided by law or in the mortgage, or as a result of foreclosure sale or other judicial sale, or as a result of any proceeding, arrangement, assignment, or deed in lieu of foreclosure.

(h) Portions of a Unit visible from the exterior of the Unit and the Limited Common Elements must be kept in an orderly condition so as not to detract from the neat appearance of the community. In this regard, no motorcycles or other motorized vehicles may be parked on the patios, terraces, decks, balconies or porches. The Board of Directors, in its sole discretion, may determine whether the portions of a Unit visible from the exterior of the Unit and the Limited Common Elements are orderly. If an Owner shall fail to keep the portions of the Owner's Unit or the Limited Common Elements (if any) appurtenant thereto, that are visible from the exterior of such Unit or Limited Common Elements orderly, the Board of Directors may have any objectionable items removed from the portions of the Unit that are visible from the exterior of the Unit or the Limited Common Elements so as to restore their orderly appearance, without liability therefor, and charge the Unit Owner for any costs incurred in connection with such removal.

(i) With the exception of lawn care equipment used by the Association, motorized vehicles may only be used or maintained on the roadways within or adjacent to the Condominium and no unlicensed vehicles are allowed within the Condominium.

(j) Trash shall be stored in accordance with county health regulations within the Unit or upon the Common Element dumpster site, if any, set aside by the Board of Directors for such storage. If applicable, trash shall not be set out for collection prior to the night before the date of collection and the empty containers shall be returned to the proper place of storage promptly after collection. Trash shall not be stored or placed upon patios, terraces, decks, balconies or porches.

(k) The maintenance, keeping, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit or upon the Common Elements, except that this shall not prohibit the keeping of no more than one (1) dog, cat, caged bird or other small domestic animal as a pet provided (i) it is not kept, bred or maintained for commercial purposes; (ii) such domestic pet is not a source of annoyance or nuisance to the other residents of the Condominium; (iii) such domestic pet is maintained in strict conformance to all laws and ordinances, and (iv) such domestic pet does not weigh more than twenty-five (25) pounds at maturity. The Board of Directors shall have the authority, after a hearing, to determine whether a particular pet is a nuisance or a source of annoyance and such determination shall be conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Pets shall not be permitted upon the Common Elements unless accompanied by a responsible person and unless they are carried or leashed. The person accompanying any pet is responsible for the removal and disposal of any solid waste deposited by the pet upon any portion of the Condominium. Any member who keeps or maintains any pet upon any portion of the Condominium shall indemnify and hold the Association and each of their members free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet. The Board of Directors shall have the right to adopt such additional Rules applicable to the Unit Owners regarding pets as it may from time to time consider necessary or appropriate.

(l) Except as herein elsewhere provided, no junk vehicle, commercial vehicle (including vans used for commercial use and vehicles displaying commercial signage), truck (as defined by the Maryland Department of Motor Vehicles and/or by common usage and practice,

not including light pick-up trucks of three-quarter (3/4) ton capacity or less used for non-commercial purposes), unlicensed or inoperable motor vehicle (which shall include, without limitation, any vehicle which would not pass applicable state inspection criteria), trailer, mobile home, camp truck, house trailer, recreational vehicle, boat or other similar vehicles, machinery or equipment of any kind or character (not including such equipment and machinery as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and any equipment and machinery as the Association may require in connection with the maintenance and operation of the Condominium) shall be kept upon any portion of the Condominium or upon the public or private streets adjacent to the Condominium (except for bona fide emergencies), nor shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. The Association may, in the discretion of the Board of Directors, provide and maintain a suitable area designated for the parking of such vehicles. The Board of Directors may establish supplemental Rules regarding parking and traffic control within the Condominium.

(m) Sufficient carpeting or rugs shall be maintained so as to provide substantial coverage of each of the floor surfaces (not including foyers, kitchens and bathrooms) in Units located over other Units to adequately reduce transmission of sound between Units. Additional washers, dryers and other major appliances may not be installed in a Unit without the prior written approval of the Board of Directors.

(n) No outdoor cooking or barbequing shall be permitted on any patios, terraces, decks, balconies or porches.

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

(p) Notwithstanding any provision contained in this Article 5, Section 5.14, to the contrary, the use and other restrictions set forth in this Section 5.14 shall not apply to the construction or development activities of the Declarant or to the use of the Common Elements and/or Units owned by the Declarant for display, marketing, promotion, sales, rental, leasing or construction purposes or the use of Units as "models", or the use of any portion of the Condominium as a sales, rental or management office for this Condominium or for other condominium projects..

Section 5.15. Rules - Adoption and Enforcement. The Board of Directors may, from time to time, enact uniform Rules which govern the use and operation of the Condominium, as well as the conduct and the enjoyment of the Unit Owners, provided that such Rules are not in conflict with the Declaration or these Bylaws, and provided further that such Rules are adopted in accordance with Section 11-111 of the Act, as amended from time to time.

Section 5.16. Additions, Renovations, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the Common Elements shall require additions, renovations, alterations or improvements costing in excess of Ten Thousand

Dollars (\$10,000.00), and the making of such additions, renovations, alterations or improvements shall have been approved by the Unit Owners in accordance with Section 9.9 of the Declaration, the Board of Directors shall proceed with such additions, renovations, alterations or improvements and may assess the Unit Owners for the cost thereof as a common expense. If such additions, renovations, alterations or improvements, if not made, could reasonably result in a threat to the health or safety of the Unit Owners, or a significant risk of damage to the Condominium, or are necessary to meet applicable code requirements or requirements of the Condominium's master insurance policy, then such additions, renovations, alterations or improvements may be made without the prior approval of Unit Owners. Any additions, renovations, alterations or improvements costing Ten Thousand Dollars (\$10,000.00) or less may be made by the Board of Directors without approval of the Unit Owners, provided said Unit Owners are given at least ten (10) days written notice of a special meeting at which such additions, renovations, alterations, or improvements are approved by an amendment to the budget by the Board of Directors. The cost of any such additions, renovations, alterations or improvements shall constitute a common expense. Any provision of the foregoing to the contrary notwithstanding, any expenditure of reserve funds for the normal care, upkeep, repair, maintenance or replacement of the existing Common Elements pursuant to the terms of these Bylaws shall not require the consent or approval of the Unit Owners under this Section, provided that such expenditures shall otherwise be subject to the Declaration and other applicable provisions of these Bylaws.

Section 5.17. Architectural Control. Except for purposes of proper maintenance and repair or as otherwise permitted or required by law or these Bylaws and subject to the exemption set forth in Section 5.23 of this Article, it shall be prohibited for any Unit Owner to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, walls, signs, exterior antennas (except as specifically permitted by applicable federal governmental regulations), radio broadcasting or receiving devices, terraces, decks, balconies or porches, or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever, the exterior of any Unit or the Common Elements within the Condominium or to combine or otherwise join two (2) or more Units (or parts thereof), or to partition the same, or to remove or alter any window or exterior doors of any Unit, or to make any change or alteration within any Unit which will alter the structural integrity of any building or otherwise affect the property, interest or welfare of any other Unit Owner, materially increase the cost of operation or insuring the Condominium or impair any easement, until complete plans and specifications, showing the nature, kind, shape, materials and location of the same (including, without limitation, any other materials and information as may be specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing as to the effect of any such alterations on the costs of maintaining and insuring the Condominium and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Association, or by the Architectural Control Committee designated by the Board of Directors.

Section 5.18. Architectural Control Committee - Operation. The Architectural Control Committee shall be composed of an uneven number of three (3) or more natural persons designated from time to time by the Board of Directors of the Association and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural Control Committee, then the Board of Directors shall constitute the

Committee. The affirmative vote of a majority of the members of the Architectural Control Committee shall be required in order to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 5.19. Architectural Control Committee - Approvals, Etc. Upon approval of the Architectural Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural Control Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within forty-five (45) days after such plans and specifications (and all other materials and information as may be required by the Architectural Control Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with. Approval by the Architectural Control Committee (or by the Board of Directors, if applicable) shall in no way be construed as to pass judgment on the correctness of the location, structural design, suitability of water flow or drainage, location of utilities, or other qualities of the item being reviewed, nor shall such approval be substituted in lieu of applicable governmental approvals and permits or be deemed to constitute a determination as to compliance with local zoning ordinances, governmental guidelines or restrictions.

Section 5.20. Architectural Control Committee - Limitations. Construction of alterations in accordance with plans and specifications approved by the Architectural Control Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Architectural Control Committee (whether by affirmative action or by forbearance from action), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Architectural Control Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Architectural Control Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Architectural Control Committee without the prior consent in writing of the Architectural Control Committee. Approval of any particular plans and specifications or design shall not be construed as a waiver of the right of the Architectural Control Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 5.21. Architectural Control Committee - Certificate of Compliance. Upon the completion of any construction, alteration or other improvements or structures in accordance with plans and specifications approved by the Architectural Control Committee in accordance with the provisions of this Article, the Architectural Control Committee shall, at the request of the owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements or structures referenced in such certificate have been approved by the Architectural Control Committee and constructed or installed in full

compliance with the provisions of this Article and with such other provisions and requirements of these Bylaws as may be applicable.

Section 5.22. Architectural Control Committee - Rules, Etc. The Architectural Control Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and establish such criteria relative to architectural styles or details, or other related matters, as it may consider necessary or appropriate; provided, however, that such rules and/or regulations are adopted in accordance with the provisions of Section 11-111 of the Act. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of the Declaration or these Bylaws. The Architectural Control Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decision of the Architectural Control Committee shall be final except that any Unit Owner who is aggrieved by any action or forbearance from action by the Architectural Control Committee shall have the right to appeal to the Board of Directors of the Association and, upon the request of such Unit Owner, shall be entitled to a hearing before the Board of Directors.

Section 5.23. Declarant's Exemption. Notwithstanding any provision of Sections 5.17 through 5.22 of this Article to the contrary, the provisions of said Sections 5.17 through 5.22 shall not apply to a Unit owned by the Declarant or its designee which is used as a model or is being or will be offered for sale by the Declarant until a deed to such Unit has been delivered by the Declarant to a purchaser thereof. Further, the aforesaid provisions shall not apply to the Declarant's actions with respect to the Common Elements of the Condominium until the completion of the Declarant's construction thereof, as well as the completion of Declarant's development, marketing, sales, management and leasing activities regarding the Property.

Section 5.24. Right of Access. All Unit Owners hereby grant a right of access to their Units to the managing agent and/or such other persons as may be authorized by the Board of Directors or the managing agent for the purpose of making inspections and for the purpose of performing installations, alterations or repairs to the mechanical and electrical services and other Common Elements in their Units or elsewhere in the Condominium, and to correct any condition which violates the provisions of the Declaration, Bylaws, Rules, or any mortgage covering a Unit, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

Section 5.25. Family Day Care. The use of any Unit within the Property as a "family day care home", as defined in §11-111.1 of the Maryland Condominium Act, is prohibited.

Section 5.26. No Impact Home Based Business.

(a) The use of any Unit within the Condominium as a "no-impact home-based business", as defined in §11-111.1 of the Maryland Condominium Act, is permitted subject to reasonable Rules regarding no-impact home-based businesses that may from time to time be

promulgated by the Board of Directors. In all events, any no-impact home-based business shall be subject to the following:

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

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

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

Nothing contained in this Section 5.26, shall be construed to prohibit the Declarant from the use of any portion of the Condominium, for promotional or display purposes, or as "model homes", a sales and/or construction office, or the like.

ARTICLE 6

MORTGAGES

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

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

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

(a) **Financial Statement.** The Association shall provide any Eligible Mortgage Holder who submits a written request, a copy of an annual financial statement for the preceding fiscal year of the Association within ninety (90) days following the end of such fiscal year. Such financial statement shall be audited by an independent certified public accountant and the cost of the audit shall be a common expense.

Section 6.4. Definition. As used in these Bylaws, the term "mortgagee" shall mean any mortgagee or trustee under a deed of trust that is a lien upon a Unit, or the party secured or beneficiary of any recorded deed of trust, and shall not be limited to institutional mortgages;

and the term "mortgage" shall include a deed of trust. As used generally in these Bylaws, the term "institutional holder" or "institutional mortgagee" shall include banks, trust companies, insurance companies, mutual savings banks, mortgage insurance companies, mortgage companies, credit unions, savings and loan associations, pension funds, FNMA, PHLMC, and any corporation, including a corporation of, or affiliated with, the United States Government, or any agency thereof. "First Mortgage" shall mean a mortgage with priority over all other mortgages. As used in these Bylaws, the term "Eligible Mortgage Holder" shall mean a holder, insurer or guarantor of a First Mortgage on a unit who has requested notice from the Council of Unit Owners of amendments to the condominium documents or other significant matters that would affect the interests of the mortgagee.

Section 6.5. Percentage of Eligible Mortgage Holders. Wherever in the Declaration or these Bylaws the approval or consent of a specified percentage of Eligible Mortgage Holders is required, it shall mean the approval or consent of Eligible Mortgage Holders holding security interests in Units which in the aggregate have allocated to them such specified percentage of votes in the Association as compared to the total allocated to all Units then subject to security interests held by Eligible Mortgage Holders. An Eligible Mortgage Holder who is notified of any proposed amendment(s) to the condominium documents or other matter for which it is entitled to notice as provided in the Declaration or these Bylaws (such notice to be delivered by certified or registered mail, return receipt requested), and which fails to respond within sixty (60) days of receipt of such notice shall be deemed to have consented to the proposed amendment(s) or other matter which the Eligible Mortgage Holder was provided notice of.

Section 6.6. Notice of Actions. The Association shall give prompt written notice to each Eligible Mortgage Holder of (and each Unit Owner hereby consents to, and authorizes such notice):

- (a) Any condemnation loss or any casualty loss that affects a material portion of the Common Elements, Condominium or any Unit subject to a First Mortgage or security interest held, insured, or guaranteed by such Eligible Mortgage Holder.
- (b) Any delinquency in the payment of common expense assessments or charges owed by a Unit Owner whose Unit is subject to a First Mortgage or security interest held, insured, or guaranteed, by such Eligible Mortgage Holder which remains uncured for a period of sixty (60) days.
- (c) Any lapse, cancellation, or material modification of any insurance policy or fidelity insurance maintained by the Association.
- (d) Any proposed amendment to the Declaration, these Bylaws or Condominium Plat effecting a change in the purposes to which any Unit or the Common Elements are restricted.
- (e) Any proposed termination of the Condominium.
- (f) Any proposed action that would require the consent of a specified percentage of Eligible Mortgage Holders as specified in Article 9, Section 9.5 of the Declaration.

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

Section 6.7. Development Rights. No development rights may be voluntarily abandoned or terminated by the Declarant unless all persons holding security interests in the development rights consent to the abandonment or termination.

Section 6.8. Enforcement. The provisions of this Article are for the benefit of Eligible Mortgage Holders and their successors, and may be enforced by any of them by any available means, at law, or in equity.

Section 6.9. Attendance at Meetings. Any representative of an Eligible Mortgage Holder may attend and address any meeting that a Unit Owner may attend.

ARTICLE 7

SALES AND MORTGAGES OF UNITS

Section 7.1. No Severance of Ownership. Except as may be provided in the Act, no Unit Owner shall execute any lease, mortgage or other instrument conveying or mortgaging title to his or her Unit without including therein the appurtenant Common Elements, it being the intention hereof to prevent any severance of such combined ownership. Any such lease, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant Common Elements of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the appurtenant Common Elements of all Units.

ARTICLE 8

CONDEMNATION

In the event of a taking in condemnation (or by purchase in lieu thereof) of a Unit or any part thereof or of part or all of the Common Elements, the Association is hereby appointed by each Unit Owner as its attorney-in-fact in any proceedings, negotiations, settlements or agreements related to such condemnation (or purchase in lieu thereof). Any proceeds from the settlement of such condemnation (or purchase in lieu thereof) shall be payable to the Association for the benefit of the Unit Owners and their mortgage holders. Any distribution of funds in connection with the termination of the Condominium shall be made in accordance with the Act.

ARTICLE 9

RECORDS AND AUDITS

The Board of Directors or the managing agent shall keep books and records in accordance with good accounting practices on a consistent basis. In addition to the provisions of Article 6, Section 6.4 of these Bylaws, on the request of the Unit Owners of at least five percent

(5%) of the Units, an audit by an independent Certified Public Accountant shall be made, provided an audit shall be made not more than once in any consecutive twelve (12)-month period. The cost of such audit shall be a common expense. Every record kept by the Council of Unit Owners and current copies of the Declaration, Bylaws and Rules (if any) of the Association shall be available in accordance with the Act and these Bylaws for examination and copying by any Unit Owner, contract purchaser of a Unit and mortgagee of a Unit (and insurers and guarantors of First Mortgages secured by a Unit or Units), and their respective duly authorized agents or attorneys, during normal business hours and after reasonable notice.

**ARTICLE 10
PARKING SPACES**

Certain surface parking spaces as described in the Declaration and shown on the Condominium Plat are part of the General Common Elements of the Condominium and are hereby unassigned and designated for general use, to be used on a "first come, first served" basis. Additionally, certain surface parking spaces as described in the Declaration and shown on the Condominium Plat may be designated Limited Common Elements appurtenant to particular Units.

Subject to applicable law, the Board of Directors, in its discretion, may, but shall not be required to, assign all or any portion of the General Common Element parking spaces as "reserved" for the exclusive use of designated Unit Owners; provided, however, that the Board of Directors shall give due consideration to the parking rights of all Unit Owners prior to making any such reservation. No vehicle belonging to any Unit Owner, or to any guest or employee of any Unit Owner, shall be parked in a manner that unreasonably interferes with or impedes ready vehicular access to any adjoining parking space. Each Unit Owner shall comply in all respects with such supplementary Rules which are not inconsistent with the provisions of the Declaration or these Bylaws which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the Condominium, and the Board of Directors is hereby, and elsewhere in these Bylaws, authorized to adopt such Rules. Subject to applicable law, the Board of Directors reserves the right to assign and reassign any parking spaces within the Condominium if necessary to fulfill federal, state or local laws, including, without limitation, the Fair Housing Amendments Act of 1988, as amended, and any Unit Owner requested by the Board of Directors to relinquish his or her reserved parking space shall promptly comply with such request.

**ARTICLE 11
EASEMENTS FOR UTILITIES AND RELATED PURPOSES**

Subject to the requirements of Section 11-125 of the Act, the Association is authorized and empowered to grant (and shall from time to time grant) such licenses, easements, leases and/or rights-of-way for sewer lines, water lines, electrical cables, cable television, telephone cables, gas lines, storm drains, underground conduits and/or such other purposes related to the provision of public utilities to the Condominium as may be considered necessary or appropriate by the Board of Directors for the orderly maintenance, preservation, and enjoyment of the Common Elements or for the preservation of the health, safety, convenience and/or welfare of

the owners of the Units or the Declarant and/or as required by the Declaration. The Association shall have the power to grant such licenses, easements, leases and rights-of-way as set forth in Section 11-125 of the Act.

ARTICLE 12
DISPUTE RESOLUTION; ARBITRATION

Section 12.1. Claim Notice; Inspection. Every claim against the Declarant (including any of the Declarant's employees, agents or contractors) by the Council of Unit Owners and/or any Owner or Owners (the "Claimant") regarding the design, construction, or warranty of the Common Elements, any Unit or other portion of the Condominium shall be resolved pursuant to the requirements of this Article. Should the Claimant fail to follow the procedures set forth in Sections 12.1 or Section 12.2, the Declarant may demand binding arbitration as set forth in Section 12.3. Should the Declarant fail to follow the procedures set forth in Sections 12.1 or Section 12.2, either the Declarant or the Claimant may demand binding arbitration as set forth in Section 12.3.

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

(b) Within twenty (20) days after the receipt of the Claim Notice, the Declarant may make a written request to the Claimant to inspect those portions of the Condominium identified in the Claim Notice (the "Inspection Request").

(c) Within ten (10) days after receipt of the Inspection Request, the Claimant shall make available for inspection all portions of the Condominium identified in the Claim Notice during normal working hours or other mutually agreed upon times. If necessary, interior inspections of Units shall occur only during normal business hours or other mutually agreed upon times, only upon prior notice to the Owner or occupant of the Unit, and only with the consent of the Owner of the Unit, which consent may not be unreasonably withheld or delayed.

(d) Such inspection shall be completed within fifteen (15) days after the date the portions of the Condominium identified in the Claim Notice are made available to the Declarant by the Claimant for inspection; provided, however, that if such inspection is not reasonably capable of being completed within such fifteen (15) day period, and provided further that the Declarant commences good faith efforts to commence such inspection within such fifteen (15) day period and thereafter diligently prosecutes such efforts to completion, such fifteen (15) day period shall be extended for the period of time reasonably necessary for the Declarant to commence and complete such inspection. The Declarant shall pay all costs of such inspection, shall restore such portions of the Condominium Declarant shall inspect to the condition that existed immediately before such inspection within five (5) days after the completion of such inspection, and shall indemnify the Claimant for any and all damages resulting from such inspection; provided, however, that if such restoration is not reasonably

capable of being completed within such five (5) day period, and provided further that the Declarant commences good faith efforts to commence such restoration within such five (5) day period and thereafter diligently prosecutes such efforts to completion, such five (5) day period shall be extended for the period of time reasonably necessary for the Declarant to commence and complete such restoration.

Section 12.2. Settlement Statement; Conference.

(a) Within fifteen (15) days after completion of the inspection under Section 12.1 of this Article, the Declarant shall submit a written statement to the Claimant stating the Declarant's proposed settlement of the claim or claims identified in the Claim Notice, and stating whether the Declarant proposes to do any remedial work, pay the Claimant a cash amount, or both (the "Settlement Statement").

(b) If the Declarant delivers a timely Settlement Statement, then within fifteen (15) days after receipt of the Settlement Statement, the Unit Owner or at least a majority of the Board of Directors (if the Claimant is the Council of Unit Owners) shall hold a settlement conference with the Declarant to discuss the claim or claims identified in the Claim Notice and the proposed settlement stated in the Settlement Statement (the "Settlement Conference"). The Claimant and the Declarant may be represented at the Settlement Conference, and any mutually agreed upon continuation thereof, by attorneys and consultants.

(c) If a settlement of the claim or claims identified in the Claim Notice is not reached within fifteen (15) days after the Settlement Conference, or any mutually agreed upon continuation thereof, the Claimant or the Declarant may deliver to the other party a written demand for binding arbitration as set forth in Section 12.3.

(d) Any notice, request, statement, or other communication required to be sent to the Declarant or the Council of Unit Owners under this Article shall be mailed by first-class registered or certified mail, return receipt requested, or sent by facsimile (with evidence of transmission and receipt), or personally served on the party entitled to receive such notice, request statement or other communication.

Section 12.3. Arbitration.

(a) Every claim against the Declarant (including any of the Declarant's employees, agents or contractors) by a Claimant regarding the design, construction, or warranty of the Common Elements, any Unit or other portion of the Condominium which has not been resolved pursuant to Sections 12.1 and Section 12.2 above shall be submitted to binding arbitration in accordance with this Section 12.3, unless the Claimant and the Declarant have otherwise agreed.

(b) Either party may commence the arbitration process called for in this Section by filing a written demand for arbitration with the other party. The arbitration shall be conducted at a location determined by the arbitrator in the Washington, D.C. metropolitan area and will be administered in accordance with the provisions of the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of filing of the demand for arbitration, or such other rules and procedures that are agreed to by all parties. The parties

covenant that they will participate in the arbitration in good faith and that they will share equally in the fees and expenses of the arbitrator. Should Claimant in violation of this Article 12, commence legal action in a court, Declarant shall have the right to have such legal action dismissed and to recover the cost of obtaining the dismissal.

(c) The arbitrator shall determine which is the prevailing party and shall include in the award payment by the non-prevailing party of the prevailing party's reasonable attorneys' fees and expenses. The provisions of this Section 12.3 and any judgment rendered by the arbitrator may be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all costs, fees and expenses, including attorneys' fees, to be paid by the party against whom enforcement is ordered.

(d) EXCEPT TO THE EXTENT OTHERWISE PROVIDED HEREIN EACH CLAIMANT COVENANTS AND AGREES TO HAVE ALL DISPUTES COVERED BY THIS ARTICLE 12 DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THIS SECTION 12.3 AND RELINQUISH ANY RIGHTS THAT MAY BE AVAILABLE TO HAVE SUCH MATTERS LITIGATED IN A COURT OR BY JURY TRIAL, INCLUDING JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. THE REFUSAL BY A PARTY TO SUBMIT TO ARBITRATION IN ACCORDANCE WITH THIS SECTION 12.3 MAY RESULT IN THE PARTY BEING COMPELLED TO ARBITRATE UNDER FEDERAL OR STATE LAW.

Section 12.4. Statute of Limitations; Tolling.

(a) Delivery of the Claim Notice to the Declarant shall, upon receipt by the Declarant, toll any applicable statutes of limitations regarding the claim or claims identified in the Claim Notice for the period of time specified in this Section, except for any statutes of limitations that have already expired pursuant to applicable law.

(b) If the Declarant fails to deliver a timely Inspection Request, the tolling of applicable statutes of limitations provided for by this Section shall cease on the twentieth (20th) day after delivery of the Claim Notice. In all other cases the tolling of applicable statutes of limitations provided for in this Section shall cease on the first to occur of (i) the twentieth (20th) day after the Declarant's failure to deliver a timely Settlement Statement, (ii) the sixtieth (60th) day after the Settlement Conference, or any mutually agreed upon continuation thereof.

Section 12.5. Amendment. Any provision of these Bylaws or the Declaration to the contrary notwithstanding, no amendment to this Article shall be made without the prior written consent of the Declarant, which consent shall be recorded among the Land Records of Frederick County, Maryland; provided, however, that the Council of Unit Owners and the Declarant may mutually agree, in writing, to modify or excuse any of the conditions or time periods set forth in this Article.

ARTICLE 13
MISCELLANEOUS

Section 13.1. Notices. All notices hereunder to the Council of Unit Owners or the Board of Directors shall be sent by personal delivery with a signed receipt, or by first-class registered or certified mail, return receipt requested, postage prepaid, to the Board of Directors or managing agent (if any), to the mailing address specified in these Bylaws. All notices hereunder to any Unit Owner shall be sent by first class United States mail or personally delivered to the address as may have been designated by such Unit Owner from time to time, in writing, for inclusion on the Association Roster. All notices hereunder to mortgagees of Units shall be sent by first-class mail or personally delivered to their respective addresses as designated by them from time to time, in writing, to the Board of Directors. All notices hereunder to the Declarant shall be sent by personal delivery with a signed receipt, or by first-class registered or certified mail, return receipt requested, postage prepaid, to:

Declarant:

Prospect Managers LLC
c/o Osprey Property Company
175 Admiral Cochrane Drive
Suite 201
Annapolis, Maryland 21401

with a copy to:

Ballard Spahr Andrews & Ingersoll, LLP
4800 Montgomery Lane
Suite 350
Bethesda, Maryland 20814
Attention: Shelah F. Lynn, Esquire

Any notice hereunder may also be sent by facsimile (provided the original is, on the same day, sent to the addressee by one of the other methods of delivery set forth in this Section). All notices shall be in writing and shall be deemed to have been given (i) when delivered if by personal delivery, (ii) on the date evidenced by the return receipt if by registered or certified mail, or (iii) on the date of mailing, if mailed by first-class or other mail, postage prepaid; provided, however, that all notices of a change of address shall be deemed to have been given when received. The parties shall be responsible for notifying each other of any change of address.

Any notice hereunder may also be sent by electronic mail in accordance with and subject to the all procedures and requirements of the Act, as amended from time to time.

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

Section 13.3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provision thereof.

Section 13.4. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires, and vice versa.

Section 13.5. Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 13.6. Amendments to Bylaws. Except as elsewhere herein or in the Declaration provided otherwise, these Bylaws may be modified or amended in accordance with Section 11-104(e) of the Act.

Section 13.7. Conflicts. In case any part of these Bylaws conflict with the Act and/or the Declaration, the provisions of the Act and/or Declaration as the case may be, shall control.

END OF BYLAWS

BK 6368 PG 0187

Exhibit "C"

Condominium Plat

The copy of the plat for the Condominium attached to this exhibit is for convenient reference only. See the Recitals of this Declaration for reference to such plat as recorded among the Land Records of Frederick County, Maryland.

EXHIBIT "D"

Schedule of Percentage Interests and Votes

JEFFERSON CHASE CONDOMINIUM

Phase 1 - 30 UNITS (Building B)

Unit Number	Unit Type	Par Value	Percentage Interest
B-1	1 Bedroom	645	2.799%
B-2	1 Bedroom	645	2.799%
B-3	2 Bedroom	850	3.689%
B-4	2 Bedroom	850	3.689%
B-5	2 Bedroom	850	3.689%
B-6	2 Bedroom	850	3.689%
B-7	2 Bedroom	850	3.689%
B-8	2 Bedroom	850	3.689%
B-9	1 Bedroom	645	2.799%
B-10	1 Bedroom	645	2.799%
B-20	1 Bedroom	645	2.799%
B-21	1 Bedroom	645	2.799%
B-22	2 Bedroom	850	3.689%
B-23	2 Bedroom	850	3.689%
B-24	2 Bedroom	850	3.689%
B-25	2 Bedroom	850	3.689%
B-26	2 Bedroom	850	3.689%
B-27	2 Bedroom	850	3.689%
B-28	1 Bedroom	645	2.799%
B-29	1 Bedroom	645	2.799%
B-30	1 Bedroom	645	2.799%
B-31	1 Bedroom	645	2.799%
B-32	2 Bedroom	850	3.689%
B-33	2 Bedroom	850	3.689%
B-34	2 Bedroom	850	3.689%
B-35	2 Bedroom	850	3.689%
B-36	2 Bedroom	850	3.689%
B-37	2 Bedroom	850	3.689%
B-38	1 Bedroom	645	2.799%
B-39	1 Bedroom	645	2.799%
Total: 30 Residential Units		23,040	100.000%

The Percentage Interests appurtenant to each Unit in Phase 1 of the Condominium set forth above were determined in accordance with this Exhibit "D". In Article 7 of this Declaration, the Declarant reserved the right to expand the Condominium in accordance with Section 11-120 of the Maryland Condominium Act. As the Condominium is expanded to include additional Units,

the Percentage Interests appurtenant to any Units previously subjected to the condominium regime (including the Phase 1 Units set forth above), as well as the Percentage Interests for the additional Units that are being added to the condominium regime, will be computed as follows

$$\begin{aligned} & \text{Unit Par Value (see table below for par values for Unit types)} \\ \div & \text{Total Par Values of all Units in the Condominium} \\ = & \text{Unit Percentage Interest} \end{aligned}$$

The above formula was also used to compute the Percentage Interests of the Units in Phase 1 as they are set forth in the schedule above.

Upon expansion of the Condominium based upon current development plans to include Phases 2, 3 and 4, it is intended that the Percentage Interests of all Units will be as set forth below. However, the Declarant makes no representation or warranty that the Condominium will ultimately contain all of the Units listed below. The Declarant reserves the right to (i) change the types of Units in the Condominium, (ii) change the total respective numbers of each Unit type, (iii) modify Unit types, (iv) change the par value assigned to any Unit, and (v) decrease the total number of Units in the Condominium.

The Percentage Interest of any Unit may be rounded up or down slightly so that the total Percentage Interests of all Units equals 100.0000%.

JEFFERSON CHASE CONDOMINIUM

Full Expansion- 120 UNITS (Buildings A, B, C and D)

Unit Number	Unit Type	Par Value	Percentage Interest
A-1	1 Bedroom	645	0.700%
A-2	1 Bedroom	645	0.700%
A-3	2 Bedroom	850	0.922%
A-4	2 Bedroom	850	0.922%
A-5	2 Bedroom	850	0.922%
A-6	2 Bedroom	850	0.922%
A-7	2 Bedroom	850	0.922%
A-8	2 Bedroom	850	0.922%
A-9	1 Bedroom	645	0.700%
A-10	1 Bedroom	645	0.700%
A-20	1 Bedroom	645	0.700%
A-21	1 Bedroom	645	0.700%
A-22	2 Bedroom	850	0.922%
A-23	2 Bedroom	850	0.922%
A-24	2 Bedroom	850	0.922%
A-25	2 Bedroom	850	0.922%
A-26	2 Bedroom	850	0.922%
A-27	2 Bedroom	850	0.922%

Unit Number	Unit Type	Par Value	Percentage Interest
A-28	1 Bedroom	645	0.700%
A-29	1 Bedroom	645	0.700%
A-30	1 Bedroom	645	0.700%
A-31	1 Bedroom	645	0.700%
A-32	2 Bedroom	850	0.922%
A-33	2 Bedroom	850	0.922%
A-34	2 Bedroom	850	0.922%
A-35	2 Bedroom	850	0.922%
A-36	2 Bedroom	850	0.922%
A-37	2 Bedroom	850	0.922%
A-38	1 Bedroom	645	0.700%
A-39	1 Bedroom	645	0.700%
B-1	1 Bedroom	645	0.700%
B-2	1 Bedroom	645	0.700%
B-3	2 Bedroom	850	0.922%
B-4	2 Bedroom	850	0.922%
B-5	2 Bedroom	850	0.922%
B-6	2 Bedroom	850	0.922%
B-7	2 Bedroom	850	0.922%
B-8	2 Bedroom	850	0.922%
B-9	1 Bedroom	645	0.700%
B-10	1 Bedroom	645	0.700%
B-20	1 Bedroom	645	0.700%
B-21	1 Bedroom	645	0.700%
B-22	2 Bedroom	850	0.922%
B-23	2 Bedroom	850	0.922%
B-24	2 Bedroom	850	0.922%
B-25	2 Bedroom	850	0.922%
B-26	2 Bedroom	850	0.922%
B-27	2 Bedroom	850	0.922%
B-28	1 Bedroom	645	0.700%
B-29	1 Bedroom	645	0.700%
B-30	1 Bedroom	645	0.700%
B-31	1 Bedroom	645	0.700%
B-32	2 Bedroom	850	0.922%
B-33	2 Bedroom	850	0.922%
B-34	2 Bedroom	850	0.922%
B-35	2 Bedroom	850	0.922%
B-36	2 Bedroom	850	0.922%
B-37	2 Bedroom	850	0.922%
B-38	1 Bedroom	645	0.700%
B-39	1 Bedroom	645	0.700%
C-1	1 Bedroom	645	0.700%
C-2	1 Bedroom	645	0.700%
C-3	2 Bedroom	850	0.922%
C-4	2 Bedroom	850	0.922%
C-5	2 Bedroom	850	0.922%
C-6	2 Bedroom	850	0.922%
C-7	2 Bedroom	850	0.922%
C-8	2 Bedroom	850	0.922%

Unit Number	Unit Type	Par Value	Percentage Interest
C-9	1 Bedroom	645	0.700%
C-10	1 Bedroom	645	0.700%
C-20	1 Bedroom	645	0.700%
C-21	1 Bedroom	645	0.700%
C-22	2 Bedroom	850	0.922%
C-23	2 Bedroom	850	0.922%
C-24	2 Bedroom	850	0.922%
C-25	2 Bedroom	850	0.922%
C-26	2 Bedroom	850	0.922%
C-27	2 Bedroom	850	0.922%
C-28	1 Bedroom	645	0.700%
C-29	1 Bedroom	645	0.700%
C-30	1 Bedroom	645	0.700%
C-31	1 Bedroom	645	0.700%
C-32	2 Bedroom	850	0.922%
C-33	2 Bedroom	850	0.922%
C-34	2 Bedroom	850	0.922%
C-35	2 Bedroom	850	0.922%
C-36	2 Bedroom	850	0.922%
C-37	2 Bedroom	850	0.922%
C-38	1 Bedroom	645	0.700%
C-39	1 Bedroom	645	0.700%
D-1	1 Bedroom	645	0.700%
D-2	1 Bedroom	645	0.700%
D-3	2 Bedroom	850	0.922%
D-4	2 Bedroom	850	0.922%
D-5	2 Bedroom	850	0.922%
D-6	2 Bedroom	850	0.922%
D-7	2 Bedroom	850	0.922%
D-8	2 Bedroom	850	0.922%
D-9	1 Bedroom	645	0.700%
D-10	1 Bedroom	645	0.700%
D-20	1 Bedroom	645	0.700%
D-21	1 Bedroom	645	0.700%
D-22	2 Bedroom	850	0.922%
D-23	2 Bedroom	850	0.922%
D-24	2 Bedroom	850	0.922%
D-25	2 Bedroom	850	0.922%
D-26	2 Bedroom	850	0.922%
D-27	2 Bedroom	850	0.922%
D-28	1 Bedroom	645	0.700%
D-29	1 Bedroom	645	0.700%
D-30	1 Bedroom	645	0.700%
D-31	1 Bedroom	645	0.700%
D-32	2 Bedroom	850	0.922%
D-33	2 Bedroom	850	0.922%
D-34	2 Bedroom	850	0.922%
D-35	2 Bedroom	850	0.922%
D-36	2 Bedroom	850	0.922%
D-37	2 Bedroom	850	0.938%

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Unit Number	Unit Type	Par Value	Percentage Interest
D-38	1 Bedroom	645	0.700%
D-39	1 Bedroom	645	0.700%
Total: 120 Residential Units		92,160	100.000%

Votes

Each Unit shall have one (1) vote appurtenant to such Unit in the Council of Unit Owners.

Exhibit "E"

Description of Expansion Area

Those areas designated on the Condominium Plat for Jefferson Chase Condominium - Phase 1, recorded among the Land Records of Frederick County, Maryland in Plat Book 82, Plat Nos. 141 - 142 as "Area Reserved For Expansion In Accordance With The Declaration".

First Amend. to Bylaws

Circuit Court for
FREDERICK COUNTY
Clerk of the Court.
SANDRA K. DALTON
100 WEST PATRICK STREET
FREDERICK, MD 21701-
(301) 694-1976

Transaction Block: 3072
Book: 6538 Pages: 614
Ref: PROSPECT H
COVENANT AMOUNT
IMP FD SURE \$20.00 20.00
RECORDING FEE 20 20.00
SUBTOTAL: 40.00
TOTAL CHARGES: 40.00
PAYMENTS
CHECK 40.00
TOTAL TENDERED: 40.00

Cashier: LAM Reg # FR03
Rcpt # 4295
Date: Apr 12, 2007 Time: 03:27 pm

**First Amendment to the Bylaws
Jefferson Chase Condominium**

This First Amendment to the Bylaws of the Council of Unit Owners of Jefferson Chase Condominium (this "**Amendment**") is made by PROSPECT MANAGERS LLC, a Maryland limited liability company ("**Declarant**"), effective as of the 4th day of April, 2007.

RECITALS:

A. Jefferson Chase Condominium (the "**Condominium**") was established with respect to certain property located in the City of Frederick, Frederick County, Maryland by a Declaration of Condominium recorded among the Land Records of Frederick County, Maryland on December 20, 2006, in Book 6368 at Page 0116 et seq., as amended and/or supplemented from time to time (the "**Declaration**"). The Bylaws for the Council of Unit Owners of the Condominium were attached as Exhibit "B" to the Declaration (the "**Bylaws**").

B. Declarant is currently the fee simple owner of more than sixty-six and two-thirds percent (66 2/3%) of the Units in the Condominium, and may currently exercise more than sixty-six and two-thirds percent (66 2/3%) of the votes in the Council of Unit Owners of the Condominium.

C. Pursuant to Article 13, Section 13.6 of the Bylaws, the Bylaws may be modified or amended in accordance with Section 11-104(e) of the Maryland Condominium Act, which in turn requires that bylaws may be amended by the affirmative vote of unit owners having at least sixty-six and two-thirds percent (66 2/3%) of the votes in the council of unit owners.

D. The Declarant desires to amend the Bylaws as set forth below.

NOW, THEREFORE, in consideration of the foregoing Recitals, each of which are incorporated into and made a substantive part of this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Bylaws are amended as follows:

1. Unless otherwise defined in this Amendment, capitalized terms used in this Amendment shall have the same meanings as are set forth for them in the Declaration.

2. Section 5.14(k) of the Bylaws is hereby deleted and replaced in its entirety by the following:

“(k) The maintenance, keeping, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit or upon the Common Elements, except that this shall not prohibit the keeping of either (i) no more than one (1) dog, cat, caged bird or other small domestic animal that does not weigh more than one hundred (100) pounds at maturity, or (ii) no more than two

(2) dogs, cats, caged birds or other small domestic animals that do not weigh more than a combined weight of one hundred (100) pounds at maturity, as pet(s) provided that (a) such pet(s) is not kept, bred or maintained for commercial purposes; (b) such domestic pet(s) is not a source of annoyance or nuisance to the other residents of the Condominium; and (c) such domestic pet(s) is maintained in strict conformance to all laws and ordinances. The Board of Directors shall have the authority, after a hearing, to determine whether a particular pet is a nuisance or a source of annoyance and such determination shall be conclusive. Pets shall be attended at all times and shall be registered, licensed and inoculated as may from time to time be required by law. Pets shall not be permitted upon the Common Elements unless accompanied by a responsible person and unless they are carried or leashed. The person accompanying any pet is responsible for the removal and disposal of any solid waste deposited by the pet upon any portion of the Condominium. Any member who keeps or maintains any pet upon any portion of the Condominium shall indemnify and hold the Association and each of their members free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet. The Board of Directors shall have the right to adopt such additional Rules applicable to the Unit Owners regarding pets as it may from time to time consider necessary or appropriate.”

3. In the event of any conflict between this Amendment and the Bylaws or the Declaration, the terms and provisions of this Amendment shall control. Except as otherwise provided in this Amendment, the remaining terms and provisions of the Bylaws shall not be affected and shall remain in full force and effect.

4. In the event any term or provision of this Amendment is invalid or unenforceable for any reason, the remaining terms and provisions of this Amendment shall remain in full force and effect.

5. This Amendment shall be construed and enforced in accordance with the laws of the State of Maryland, and shall become effective upon its recordation among the Land Records of Frederick County, Maryland.

[SIGNATURE PAGE FOLLOWS]

IMP FT SURF \$	20.00
RETARDING FEE	20.00
TOTAL	40.00
Road FROG	Dist ± 4205
SKT 1MM	Rlt ± 3872
Apr 12, 2007	03:27 pm

IN WITNESS WHEREOF, the Declarant has caused this Amendment to be executed and delivered in its name and on its behalf as of the day and year first above written.

WITNESS:

PROSPECT MANAGERS LLC,
a Maryland limited liability company

By: Osprey Property Company LLC, a Maryland limited liability company, its Manager

Denise Miller

By: Brett Guy
Brett Guy, Vice President

STATE OF Maryland
COUNTY OF Anne Arundel

*
* to wit:
*

I HEREBY CERTIFY that on this 4th day of April, 2007, before me, a Notary Public in and for the aforesaid jurisdiction, personally appeared Brett Guy, known to me (or satisfactorily proven) to be a Vice President of Osprey Property Company LLC, a Maryland limited liability company, Manager of Prospect Managers LLC, a Maryland limited liability company, and that such person, in such capacity and being authorized to do so, executed the foregoing and annexed instrument for the purposes therein contained.

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

Barbara R. Breyer
Notary Public

My Commission Expires: April 27, 2010

[NOTARIAL SEAL]



Return to:

Marni Lefkowitz, Esq.
Ballard Spahr Andrews + Ingersoll
1800 Montgomery Lane 4th Floor
Bethesda MD 20814

SUPPLEMENTARY DECLARATION
JEFFERSON CHASE CONDOMINIUM
(Phase 2)

THIS SUPPLEMENTARY DECLARATION, made and entered into this 31st day of May 2007, by Prospect Managers LLC, a Maryland limited liability company (hereinafter and in the exhibits attached hereto sometimes called the "**Declarant**").

WHEREAS, the Declarant is the owner in fee simple of certain land and premises and the buildings constructed or to be constructed thereon (hereinafter called the "**Additional Property**"), located in Frederick County, State of Maryland, and more particularly described on Exhibit "A" attached hereto and made a part hereof; and

IMP. FD SURE \$	20.00
RECORDING FEE	75.00
TOTAL	95.00
Net Pay	\$ 454.96
Net Pay	\$ 5890
May 31, 2007	02:36 PM

WHEREAS, prior to the recordation hereof, the Declarant recorded among the Land Records of Frederick County, Maryland (the "**Land Records**"), in Book 6368 at page 116 et seq., a certain Declaration of Condominium for Jefferson Chase Condominium, with exhibits thereto, (hereinafter referred to as the "**Declaration**"); and

WHEREAS, prior to the recordation hereof, the Declarant has recorded among the Land Records a certain condominium plat entitled "Phase 1, Jefferson Chase Condominium", containing two (2) sheets, at Condominium Plat Book 82, Plat Nos. 141-142 (hereinafter called the "**Condominium Plat**"); and

WHEREAS, by the recordation of the Declaration and the Condominium Plat, the Declarant submitted the Property as described in Exhibit "A" of said Declaration to the provisions of the Real Property Article, Title 11, Section 11401, et seq., of the Annotated Code of Maryland (2003), as amended (hereinafter called the "**Act**"), as a Condominium; and

WHEREAS, the Declarant retained in the Declaration the absolute right, to be exercised within ten (10) years of the date of recordation of the Declaration, to annex into the Condominium the Additional Property, including improvements thereon and appurtenances thereto, thereby submitting same to each and every provision of the Declaration and the Act; and

WHEREAS, prior to the recordation hereof, the Declarant has recorded among the aforesaid Land Records a certain condominium plat entitled "Phase 2, Jefferson Chase Condominium" containing two (2) sheets as Condominium Plat Book 83, Plat Nos. 141-142 (hereinafter called the "**Phase 2 Plat**"), a copy of which is attached hereto as Exhibit "B"; and

WHEREAS, the Declarant intends by the execution and recordation hereof to exercise the aforesaid right to expand the Condominium as originally established by the Declaration to include the Additional Property, as further shown on the Phase 2 Plat.

NOW, THEREFORE, the Declarant hereby grants and declares that all of the Property and Additional Property and all appurtenances thereto shall be held, conveyed, divided or

subdivided, leased, rented and occupied, improved, hypothecated and/or encumbered subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens hereinafter and in the Declaration set forth, including the provisions of the Bylaws of the Council of Unit Owners of Jefferson Chase Condominium (a copy of which is attached to the Declaration as Exhibit "B" and incorporated herein by reference), all of which are declared and agreed to be in aid of a plan for establishing the Property and the Additional Property as a condominium, and all of which shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant and/or any Unit Owner in accordance with the Declaration.

ARTICLE I

As of the recordation of this Supplementary Declaration, the Additional Property and all improvements thereon are hereby annexed into and made a part of the Condominium to the same extent as and if the Additional Property was fully described in Exhibit "A" of the Declaration.

As of the recordation of this Supplementary Declaration, the common elements and condominium units described and shown on the Phase 2 Plat, a copy of which is attached as Exhibit "B" hereto and made a part hereof, are made a part of the Condominium to the same extent as and if they were fully described in the Condominium Plat attached to the Declaration as Exhibit "C".

As of the recordation of this Supplementary Declaration, each Unit in the Condominium shall have the Percentage Interest in Common Elements and votes as set forth in Exhibit "C" attached hereto and made a part hereof, which hereby replaces Exhibit "D" of the Declaration in its entirety, as authorized by Article 7 Section 7.3 of the Declaration.

ARTICLE II

Section 1. Severability. Invalidation of any part of this Supplementary Declaration by judgment, decree or order shall in no way affect any other provision hereof, each of which shall remain in full force and effect. The provisions of this Supplementary Declaration shall be liberally construed so as to effect the expansion of the Condominium as contemplated by the Act, the Declaration and this Supplementary Declaration.

Section 2. Captions. The captions contained in this Supplementary Declaration are for convenience only, are not a part of this Supplementary Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Supplementary Declaration.

Section 3. Definitions. Unless specified herein to the contrary, the defined terms used herein shall have the same meaning as in the Declaration.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Declarant has caused this writing to be executed and delivered in its name and on its behalf on the day and year first above written.

ATTEST/WITNESS:

DECLARANT:

PROSPECT MANAGERS LLC, a
Maryland limited liability company

By: Osprey Property Company LLC, a
Maryland limited liability company,
its Manager

Denise J. Miller

By: Brett Guy
Brett Guy
Vice President

STATE OF Maryland

*

COUNTY OF Anne Arundel

* to wit:

*

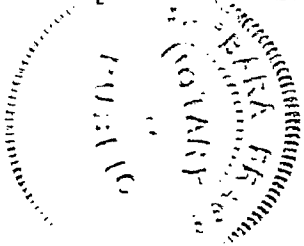
I HEREBY CERTIFY that on this 30th day of May, 2007, before me, a Notary Public in and for the aforesaid jurisdiction, personally appeared Brett Guy, known to me (~~or satisfactorily proven~~) to be the Vice President of Osprey Property Company LLC, a Maryland limited liability company, Manager of Prospect Managers LLC, and that such person, being authorized to do so, executed the foregoing and annexed instrument for the purposes therein contained.

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

Barbara Gregg
Notary Public

My Commission Expires: April 27, 2010

[NOTARIAL SEAL]



Attorney's Certification

I HEREBY CERTIFY that the foregoing instrument was prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.

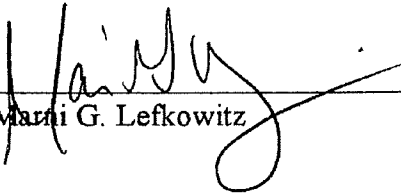

Marti G. Lefkowitz

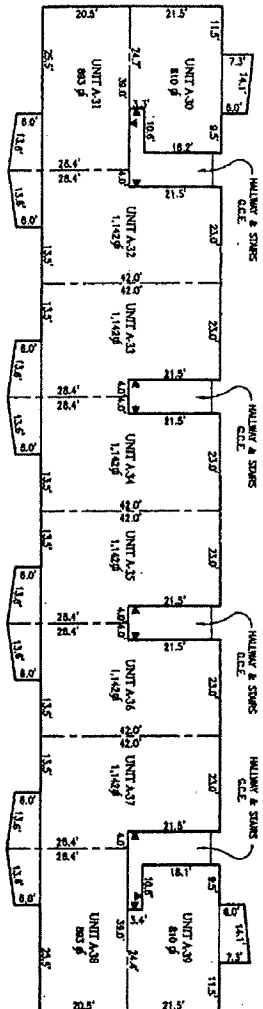
Exhibit "A"**Legal Description - Additional Property**

THOSE AREAS designated on the Condominium Plat for Phase 2, Jefferson Chase Condominium, recorded among the Land Records of Frederick County, Maryland in Plat Book 83, Plat Nos. M1-142 as "Building A", which land and improvements comprise part of Remainder Parcel "E" on that certain Subdivision Record Plat entitled "Final Subdivision Plat, Lot 1 & Remainder - Parcel "E", Prospect Plaza", which Plat is recorded among the Land Records of Frederick County, Maryland in Plat Book 47, folio 45.

Exhibit "B"

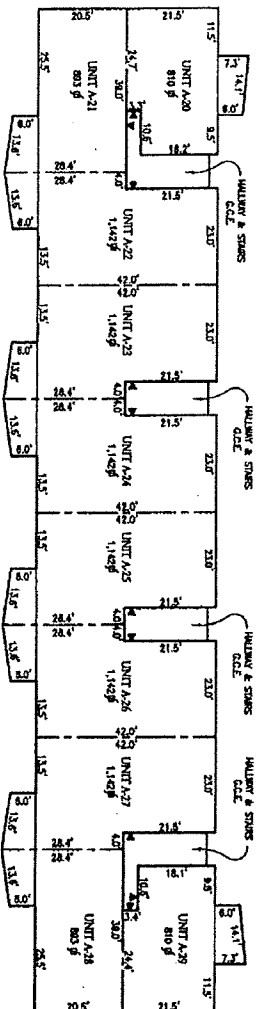
Condominium Plat - Phase 2

The copy of the plat for Phase 2 of the Condominium attached to this exhibit is for convenient reference only. See the Recitals of this Supplementary Declaration for reference to such plat as recorded among the Land Records of Frederick County, Maryland.



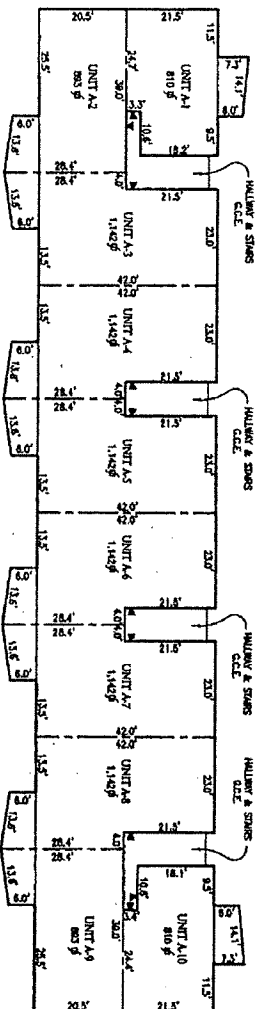
THIRD FLOOR

U.E. = 2312
L.E. = 2312



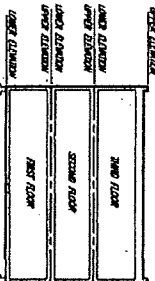
SECOND FLOOR

U.E. = 2312
L.E. = 2312



FIRST FLOOR

U.E. = 2312
L.E. = 2312



SCHEMATIC CROSS SECTION
(NOT TO SCALE)

NOTES:

1. EACH CONDOMINIUM UNIT IS BOUNDARY BY A MAJORITY-LEADER CONDOMINIUM ACT. EACH UNIT IS 1'-1" ON THIS.
2. UNIT BOUNDARIES ARE SHOWN THIS:

 - UNIT A30 THROUGH A38: UNIT A30 THROUGH A38 ARE BOUNDARY BY A MAJORITY-LEADER CONDOMINIUM ACT. EACH UNIT IS 1'-1" ON THIS.
 - UNIT A20 THROUGH A28: UNIT A20 THROUGH A28 ARE BOUNDARY BY A MAJORITY-LEADER CONDOMINIUM ACT. EACH UNIT IS 1'-1" ON THIS.
 - UNIT A1 THROUGH A10: UNIT A1 THROUGH A10 ARE BOUNDARY BY A MAJORITY-LEADER CONDOMINIUM ACT. EACH UNIT IS 1'-1" ON THIS.

3. DEPARTS A GENERAL UNIT BOUNDARY.
4. G.E.T. - GENERAL COMMON ELEMENTS WHICH SHALL COMPOSE TO ALL THE PROPERTY SHOWN EXCEPT THE UNITS AND THE COMMON ELEMENTS WHICH ARE SHOWN ON THE CONDOMINIUM PLAN.
5. U.E. = UPPER ELEVATION CONCRETE WITH UPPER UNIT BOUNDARY.
6. L.E. = LOWER ELEVATION CONCRETE WITH LOWER UNIT BOUNDARY.
7. THE DIMENSIONS SHOWN HEREON ARE BASED ON THE NORTH MAGNETIC VERTICAL DATUM (NVD) 80.
8. F.R.D. - FOUNDATION REQUIREMENTS FOR THE UNIT SHOWN HEREON ARE SHOWN TO THE EXPOSED EXTERIOR SURFACE OF THE FOUNDATION. FOUNDATION REQUIREMENTS FOR THE BALCONY ARE SHOWN TO OUTLINE THE PERIMETER OF THE UNIT BOUNDARIES AS DIMENSIONS ABOVE AND IN THE DECLARATION.
9. U.E. = UPPER ELEVATION CONCRETE WITH UPPER UNIT BOUNDARY.
10. L.E. = LOWER ELEVATION CONCRETE WITH LOWER UNIT BOUNDARY.
11. THE DIMENSIONS SHOWN HEREON ARE BASED ON THE NORTH MAGNETIC VERTICAL DATUM (NVD) 80.
12. F.R.D. - FOUNDATION REQUIREMENTS FOR THE UNIT SHOWN HEREON ARE SHOWN TO THE EXPOSED EXTERIOR SURFACE OF THE FOUNDATION. FOUNDATION REQUIREMENTS FOR THE BALCONY ARE SHOWN TO OUTLINE THE PERIMETER OF THE UNIT BOUNDARIES AS DIMENSIONS ABOVE AND IN THE DECLARATION.

RECORDED:
CONDOMINIUM
PLAT NO. 83/142

CONDOMINIUM PLAT
PHASE 2
UNIT PLAN - BUILDING A
JEFFERSON CHASE
CONDOMINIUM

CITY OF FREDERICK
FREDERICK COUNTY, MARYLAND
MAY, 2007 SCALE: 1"=20'
SHEET 2 OF 2

CPI Charles P. Johnson & Associates, Inc.
Architects
10000 Greenway Drive, Suite 100
Frederick, MD 21704
Telephone: 410-326-1100
Fax: 410-326-1101

Exhibit "C"

Schedule of Percentage Interests and Votes

JEFFERSON CHASE CONDOMINIUM

Phases 1 and 2 - 60 UNITS (Buildings A and B)

Unit Number	Unit Type	Par Value	Percentage Interest
A-1	1 Bedroom	645	1.400%
A-2	1 Bedroom	645	1.400%
A-3	2 Bedroom	850	1.845%
A-4	2 Bedroom	850	1.845%
A-5	2 Bedroom	850	1.845%
A-6	2 Bedroom	850	1.845%
A-7	2 Bedroom	850	1.845%
A-8	2 Bedroom	850	1.845%
A-9	1 Bedroom	645	1.400%
A-10	1 Bedroom	645	1.400%
A-20	1 Bedroom	645	1.400%
A-21	1 Bedroom	645	1.400%
A-22	2 Bedroom	850	1.845%
A-23	2 Bedroom	850	1.845%
A-24	2 Bedroom	850	1.845%
A-25	2 Bedroom	850	1.845%
A-26	2 Bedroom	850	1.845%
A-27	2 Bedroom	850	1.845%
A-28	1 Bedroom	645	1.400%
A-29	1 Bedroom	645	1.400%
A-30	1 Bedroom	645	1.400%
A-31	1 Bedroom	645	1.400%
A-32	2 Bedroom	850	1.845%
A-33	2 Bedroom	850	1.845%
A-34	2 Bedroom	850	1.845%
A-35	2 Bedroom	850	1.845%
A-36	2 Bedroom	850	1.845%
A-37	2 Bedroom	850	1.845%
A-38	1 Bedroom	645	1.400%
A-39	1 Bedroom	645	1.400%
B-1	1 Bedroom	645	1.400%
B-2	1 Bedroom	645	1.400%
B-3	2 Bedroom	850	1.845%
B-4	2 Bedroom	850	1.845%
B-5	2 Bedroom	850	1.845%
B-6	2 Bedroom	850	1.845%
B-7	2 Bedroom	850	1.845%
B-8	2 Bedroom	850	1.845%
B-9	1 Bedroom	645	1.400%
B-10	1 Bedroom	645	1.400%
B-20	1 Bedroom	645	1.400%

Unit Number	Unit Type	Par Value	Percentage Interest
B-21	1 Bedroom	645	1.400%
B-22	2 Bedroom	850	1.845%
B-23	2 Bedroom	850	1.845%
B-24	2 Bedroom	850	1.845%
B-25	2 Bedroom	850	1.845%
B-26	2 Bedroom	850	1.845%
B-27	2 Bedroom	850	1.845%
B-28	1 Bedroom	645	1.400%
B-29	1 Bedroom	645	1.400%
B-30	1 Bedroom	645	1.400%
B-31	1 Bedroom	645	1.400%
B-32	2 Bedroom	850	1.845%
B-33	2 Bedroom	850	1.845%
B-34	2 Bedroom	850	1.845%
B-35	2 Bedroom	850	1.845%
B-36	2 Bedroom	850	1.835%
B-37	2 Bedroom	850	1.835%
B-38	1 Bedroom	645	1.400%
B-39	1 Bedroom	645	1.400%
Total: 60 Residential Units		46,080	100.000%

The Percentage Interests appurtenant to each Unit in Phase 1 and Phase 2 of the Condominium set forth above were determined in accordance with this Exhibit "C". In Article 7 of the Declaration, the Declarant reserved the right to expand the Condominium in accordance with Section 11-120 of the Maryland Condominium Act. As the Condominium is expanded to include additional Units, the Percentage Interests appurtenant to any Units previously subjected to the condominium regime (including the Phase 1 and Phase 2 Units set forth above), as well as the Percentage Interests for the additional Units that are being added to the condominium regime, will be computed as follows

$$\begin{aligned}
 & \text{Unit Par Value (see table below for par values for Unit types)} \\
 \div & \text{ Total Par Values of all Units in the Condominium} \\
 = & \text{ Unit Percentage Interest}
 \end{aligned}$$

The above formula was also used to compute the Percentage Interests of the Units in Phase 1 and Phase 2 as they are set forth in the schedule above.

Upon expansion of the Condominium based upon current development plans to include Phases 3 and 4, it is intended that the Percentage Interests of all Units will be as set forth below. However, the Declarant makes no representation or warranty that the Condominium will ultimately contain all of the Units listed below. The Declarant reserves the right to (i) change the types of Units in the Condominium, (ii) change the total respective numbers of each Unit type,

(iii) modify Unit types, (iv) change the par value assigned to any Unit, and (v) decrease the total number of Units in the Condominium.

The Percentage Interest of any Unit may be rounded up or down slightly so that the total Percentage Interests of all Units equals 100.0000%.

JEFFERSON CHASE CONDOMINIUM

Full Expansion- 120 UNITS (Buildings A, B, C and D)

Unit Number	Unit Type	Par Value	Percentage Interest
A-1	1 Bedroom	645	0.700%
A-2	1 Bedroom	645	0.700%
A-3	2 Bedroom	850	0.922%
A-4	2 Bedroom	850	0.922%
A-5	2 Bedroom	850	0.922%
A-6	2 Bedroom	850	0.922%
A-7	2 Bedroom	850	0.922%
A-8	2 Bedroom	850	0.922%
A-9	1 Bedroom	645	0.700%
A-10	1 Bedroom	645	0.700%
A-20	1 Bedroom	645	0.700%
A-21	1 Bedroom	645	0.700%
A-22	2 Bedroom	850	0.922%
A-23	2 Bedroom	850	0.922%
A-24	2 Bedroom	850	0.922%
A-25	2 Bedroom	850	0.922%
A-26	2 Bedroom	850	0.922%
A-27	2 Bedroom	850	0.922%
A-28	1 Bedroom	645	0.700%
A-29	1 Bedroom	645	0.700%
A-30	1 Bedroom	645	0.700%
A-31	1 Bedroom	645	0.700%
A-32	2 Bedroom	850	0.922%
A-33	2 Bedroom	850	0.922%
A-34	2 Bedroom	850	0.922%
A-35	2 Bedroom	850	0.922%
A-36	2 Bedroom	850	0.922%
A-37	2 Bedroom	850	0.922%
A-38	1 Bedroom	645	0.700%
A-39	1 Bedroom	645	0.700%
B-1	1 Bedroom	645	0.700%
B-2	1 Bedroom	645	0.700%
B-3	2 Bedroom	850	0.922%
B-4	2 Bedroom	850	0.922%
B-5	2 Bedroom	850	0.922%
B-6	2 Bedroom	850	0.922%
B-7	2 Bedroom	850	0.922%
B-8	2 Bedroom	850	0.922%

Unit Number	Unit Type	Par Value	Percentage Interest
B-9	1 Bedroom	645	0.700%
B-10	1 Bedroom	645	0.700%
B-20	1 Bedroom	645	0.700%
B-21	1 Bedroom	645	0.700%
B-22	2 Bedroom	850	0.922%
B-23	2 Bedroom	850	0.922%
B-24	2 Bedroom	850	0.922%
B-25	2 Bedroom	850	0.922%
B-26	2 Bedroom	850	0.922%
B-27	2 Bedroom	850	0.922%
B-28	1 Bedroom	645	0.700%
B-29	1 Bedroom	645	0.700%
B-30	1 Bedroom	645	0.700%
B-31	1 Bedroom	645	0.700%
B-32	2 Bedroom	850	0.922%
B-33	2 Bedroom	850	0.922%
B-34	2 Bedroom	850	0.922%
B-35	2 Bedroom	850	0.922%
B-36	2 Bedroom	850	0.922%
B-37	2 Bedroom	850	0.922%
B-38	1 Bedroom	645	0.700%
B-39	1 Bedroom	645	0.700%
C-1	1 Bedroom	645	0.700%
C-2	1 Bedroom	645	0.700%
C-3	2 Bedroom	850	0.922%
C-4	2 Bedroom	850	0.922%
C-5	2 Bedroom	850	0.922%
C-6	2 Bedroom	850	0.922%
C-7	2 Bedroom	850	0.922%
C-8	2 Bedroom	850	0.922%
C-9	1 Bedroom	645	0.700%
C-10	1 Bedroom	645	0.700%
C-20	1 Bedroom	645	0.700%
C-21	1 Bedroom	645	0.700%
C-22	2 Bedroom	850	0.922%
C-23	2 Bedroom	850	0.922%
C-24	2 Bedroom	850	0.922%
C-25	2 Bedroom	850	0.922%
C-26	2 Bedroom	850	0.922%
C-27	2 Bedroom	850	0.922%
C-28	1 Bedroom	645	0.700%
C-29	1 Bedroom	645	0.700%
C-30	1 Bedroom	645	0.700%
C-31	1 Bedroom	645	0.700%
C-32	2 Bedroom	850	0.922%
C-33	2 Bedroom	850	0.922%
C-34	2 Bedroom	850	0.922%
C-35	2 Bedroom	850	0.922%
C-36	2 Bedroom	850	0.922%
C-37	2 Bedroom	850	0.922%

Unit Number	Unit Type	Par Value	Percentage Interest
C-38	1 Bedroom	645	0.700%
C-39	1 Bedroom	645	0.700%
D-1	1 Bedroom	645	0.700%
D-2	1 Bedroom	645	0.700%
D-3	2 Bedroom	850	0.922%
D-4	2 Bedroom	850	0.922%
D-5	2 Bedroom	850	0.922%
D-6	2 Bedroom	850	0.922%
D-7	2 Bedroom	850	0.922%
D-8	2 Bedroom	850	0.922%
D-9	1 Bedroom	645	0.700%
D-10	1 Bedroom	645	0.700%
D-20	1 Bedroom	645	0.700%
D-21	1 Bedroom	645	0.700%
D-22	2 Bedroom	850	0.922%
D-23	2 Bedroom	850	0.922%
D-24	2 Bedroom	850	0.922%
D-25	2 Bedroom	850	0.922%
D-26	2 Bedroom	850	0.922%
D-27	2 Bedroom	850	0.922%
D-28	1 Bedroom	645	0.700%
D-29	1 Bedroom	645	0.700%
D-30	1 Bedroom	645	0.700%
D-31	1 Bedroom	645	0.700%
D-32	2 Bedroom	850	0.922%
D-33	2 Bedroom	850	0.922%
D-34	2 Bedroom	850	0.922%
D-35	2 Bedroom	850	0.922%
D-36	2 Bedroom	850	0.922%
D-37	2 Bedroom	850	0.938%
D-38	1 Bedroom	645	0.700%
D-39	1 Bedroom	645	0.700%
Total: 120 Residential Units		92,160	100.000%

Votes

Each Unit shall have one (1) vote appurtenant to such Unit in the Council of Unit Owners.

AFTER RECORDING, PLEASE RETURN TO:

**BALLARD SPAHR ANDREWS & INGERSOLL, LLP
4800 MONTGOMERY LANE, 7th FLOOR
BETHESDA, MARYLAND 20814
ATTN: MARNI G. LEFKOWITZ**

SUPPLEMENTARY DECLARATION

JEFFERSON CHASE CONDOMINIUM

(Phase 3)

THIS SUPPLEMENTARY DECLARATION, made and entered into this ^{6th} day of August 2009, by Prospect Managers LLC, a Maryland limited liability company (hereinafter and in the exhibits attached hereto sometimes called the "Declarant").

WHEREAS, the Declarant is the owner in fee simple of certain land and premises and the buildings constructed or to be constructed thereon (hereinafter called the "Additional Property"), located in Frederick County, State of Maryland, and more particularly described on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, prior to the recordation hereof, the Declarant recorded among the Land Records of Frederick County, Maryland (the "Land Records"), in Book 6368 at page 116 et seq., a certain Declaration of Condominium for Jefferson Chase Condominium, with exhibits thereto, as supplemented by that certain Supplementary Declaration for Jefferson Chase Condominium (Phase 2) recorded among the Land Records in Book 6605 at page 11 et seq., (hereinafter collectively referred to as the "Declaration"); and

WHEREAS, prior to the recordation hereof, the Declarant has recorded among the Land Records a certain condominium plat entitled "Phase 1, Jefferson Chase Condominium", containing two (2) sheets, at Condominium Plat Book 82, Plat Nos. 141-142, as supplemented by a certain condominium plat entitled "Phase 2, Jefferson Chase Condominium" containing two (2) sheets as Condominium Plat Book 83, Plat Nos. 141-142 (hereinafter collectively referred to as the "Condominium Plat"); and

UP FILED
RECORDS BY
SKD BF
AUG 11 2009
Rcpt # 03489
Blk # 1117
10:26 am

WHEREAS, by the recordation of the Declaration and the Condominium Plat, the Declarant submitted the Property as described in Exhibit "A" of said Declaration to the provisions of the Real Property Article, Title 11, Section 11401, et seq., of the Annotated Code of Maryland (2003), as amended (hereinafter called the "Act"), as a Condominium; and

WHEREAS, the Declarant retained in the Declaration the absolute right, to be exercised within ten (10) years of the date of recordation of the Declaration, to annex into the Condominium the Additional Property, including improvements thereon and appurtenances thereto, thereby submitting the same to each and every provision of the Declaration and the Act; and

WHEREAS, prior to the recordation hereof, the Declarant has recorded among the aforesaid Land Records a certain condominium plat entitled "Phase 3, Jefferson Chase Condominium" containing two (2) sheets as Condominium Plat Book 87, Plat Nos. 188-189 (hereinafter called the "Phase 3 Plat"), a copy of which is attached hereto as Exhibit "B"; and

WHEREAS, the Declarant intends by the execution and recordation hereof to exercise the aforesaid right to expand the Condominium as originally established by the Declaration to include the Additional Property, as further shown on the Phase 3 Plat.

NOW, THEREFORE, the Declarant hereby grants and declares that all of the Property and Additional Property and all appurtenances thereto shall be held, conveyed, divided or subdivided, leased, rented and occupied, improved, hypothecated and/or encumbered subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens hereinafter and in the Declaration set forth, including the provisions of the Bylaws of the Council of Unit Owners of Jefferson Chase Condominium (a copy of which is attached to the Declaration as Exhibit "B" and incorporated herein by reference), all of which are declared and agreed to be in aid of a plan for establishing the Property and the Additional Property as a condominium, and all of which shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant and/or any Unit Owner in accordance with the Declaration.

ARTICLE I

As of the recordation of this Supplementary Declaration, the Additional Property and all improvements thereon are hereby annexed into and made a part of the Condominium to the same extent as and if the Additional Property was fully described in Exhibit "A" of the Declaration.

As of the recordation of this Supplementary Declaration, the common elements and condominium units described and shown on the Phase 3 Plat, a copy of which is attached as Exhibit "B" hereto and made a part hereof, are made a part of the Condominium to the same extent as and if they were fully described in the Condominium Plat attached to the Declaration as Exhibit "C".

As of the recordation of this Supplementary Declaration, each Unit in the Condominium shall have the Percentage Interest in Common Elements and votes as set forth in Exhibit "C" attached hereto and made a part hereof, which hereby replaces Exhibit "D" of the Declaration in its entirety, as authorized by Article 7 Section 7.3 of the Declaration.

ARTICLE II

Section 1. Severability. Invalidation of any part of this Supplementary Declaration by judgment, decree or order shall in no way affect any other provision hereof, each of which shall remain in full force and effect. The provisions of this Supplementary Declaration shall be liberally construed so as to effect the expansion of the Condominium as contemplated by the Act, the Declaration and this Supplementary Declaration.

Section 2. Captions. The captions contained in this Supplementary Declaration are for convenience only, are not a part of this Supplementary Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Supplementary Declaration.

Section 3. Definitions. Unless specified herein to the contrary, the defined terms used herein shall have the same meaning as in the Declaration.

IN WITNESS WHEREOF, the Declarant has caused this writing to be executed and delivered in its name and on its behalf on the day and year first above written.

ATTEST/WITNESS:

DECLARANT:

PROSPECT MANAGERS LLC, a
Maryland limited liability company

By: Osprey Property Company LLC, a
Maryland limited liability company,
its Manager

Denise Miller

By: Brett Guy
Brett Guy
~~Vice~~ President

STATE OF MARYLAND

*

* to wit:

COUNTY OF ANNE ARUNDEL

*

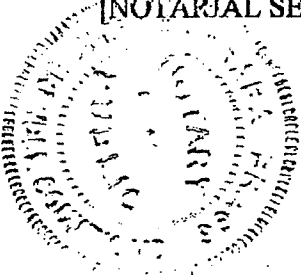
I HEREBY CERTIFY that on this 24th day of June, 2009, before me, a Notary Public in and for the aforesaid jurisdiction, personally appeared Brett Guy, known to me (or satisfactorily proven) to be the ~~Vice~~ President of Osprey Property Company LLC, a Maryland limited liability company, Manager of Prospect Managers LLC, and that such person, being authorized to do so, executed the foregoing and annexed instrument for the purposes therein contained.

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

Barbara Bragg
Notary Public

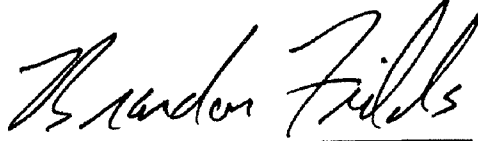
My Commission Expires: 4/27/10

[NOTARIAL SEAL]



Attorney's Certification

I HEREBY CERTIFY that the foregoing instrument was prepared by or under the supervision of the undersigned, an attorney duly admitted to practice before the Court of Appeals of Maryland.



~~Shelah F. Lynn~~ **BRANDON J. FIELDS**

Exhibit "A"

Legal Description - Additional Property

THOSE AREAS designated on the Condominium Plat for Phase 3, Jefferson Chase Condominium, recorded among the Land Records of Frederick County, Maryland in Plat Book 87, Plat Nos. 158-159 as "Building C", which land and improvements comprise part of Remainder Parcel "E" on that certain Subdivision Record Plat entitled "Final Subdivision Plat, Lot 1 & Remainder - Parcel "E", Prospect Plaza", which Plat is recorded among the Land Records of Frederick County, Maryland in Plat Book 47, folio 45.

The Additional Property is further described on the legal description prepared by Charles P. Johnson & Associates, Inc. dated January 19, 2009 and attached as part of this Exhibit "A" on the two (2) pages immediately following:

DESCRIPTION OF
PHASE 3
JEFFERSON CHASE CONDOMINIUM
CITY OF FREDERICK
FREDERICK COUNTY, MARYLAND

Page 2 of 2

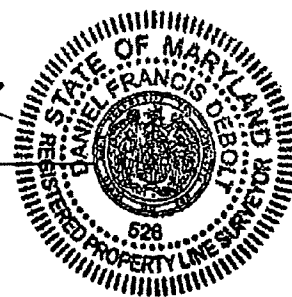
8. South 38°50'57" West, 30.99 feet to the point of beginning, containing 42,942 square feet or 0.99 of an acre of land.

I certify that this description was prepared by me in compliance with requirements set forth in 9.13.06.12 of the COMAR regulations.

Date: 4.23.09



Daniel F. DeBolt
Registered Property Line Surveyor
Maryland No. 526



N:\36098\wp\Phase 3.doc (jdavila) Friday, Monday, January 19, 2009_11:43:57 AM

Exhibit "B"

Condominium Plat - Phase 3

The copy of the plat for Phase 3 of the Condominium attached to this exhibit is for convenient reference only. See the Recitals of this Supplementary Declaration for reference to such plat as recorded among the Land Records of Frederick County, Maryland.

Exhibit "C"

Schedule of Percentage Interests and Votes

JEFFERSON CHASE CONDOMINIUM

Phases 1, 2, and 3 - 90 UNITS (Buildings A, B, and C)

Unit Number	Unit Type	Par Value	Percentage Interest
A-1	1 Bedroom	645	.933%
A-2	1 Bedroom	645	.933%
A-3	2 Bedroom	850	1.230%
A-4	2 Bedroom	850	1.230%
A-5	2 Bedroom	850	1.230%
A-6	2 Bedroom	850	1.230%
A-7	2 Bedroom	850	1.230%
A-8	2 Bedroom	850	1.230%
A-9	1 Bedroom	645	.933%
A-10	1 Bedroom	645	.933%
A-20	1 Bedroom	645	.933%
A-21	1 Bedroom	645	.933%
A-22	2 Bedroom	850	1.230%
A-23	2 Bedroom	850	1.230%
A-24	2 Bedroom	850	1.230%
A-25	2 Bedroom	850	1.230%
A-26	2 Bedroom	850	1.230%
A-27	2 Bedroom	850	1.230%
A-28	1 Bedroom	645	.933%
A-29	1 Bedroom	645	.933%
A-30	1 Bedroom	645	.933%
A-31	1 Bedroom	645	.933%
A-32	2 Bedroom	850	1.230%
A-33	2 Bedroom	850	1.230%
A-34	2 Bedroom	850	1.230%
A-35	2 Bedroom	850	1.230%
A-36	2 Bedroom	850	1.230%
A-37	2 Bedroom	850	1.230%
A-38	1 Bedroom	645	.933%
A-39	1 Bedroom	645	.933%
B-1	1 Bedroom	645	.933%
B-2	1 Bedroom	645	.933%
B-3	2 Bedroom	850	1.230%
B-4	2 Bedroom	850	1.230%
B-5	2 Bedroom	850	1.230%
B-6	2 Bedroom	850	1.230%
B-7	2 Bedroom	850	1.230%
B-8	2 Bedroom	850	1.230%
B-9	1 Bedroom	645	.933%
B-10	1 Bedroom	645	.933%
B-20	1 Bedroom	645	.933%

Unit Number	Unit Type	Par Value	Percentage Interest
B-21	1 Bedroom	645	.933%
B-22	2 Bedroom	850	1.230%
B-23	2 Bedroom	850	1.230%
B-24	2 Bedroom	850	1.230%
B-25	2 Bedroom	850	1.230%
B-26	2 Bedroom	850	1.230%
B-27	2 Bedroom	850	1.230%
B-28	1 Bedroom	645	.933%
B-29	1 Bedroom	645	.933%
B-30	1 Bedroom	645	.933%
B-31	1 Bedroom	645	.933%
B-32	2 Bedroom	850	1.230%
B-33	2 Bedroom	850	1.230%
B-34	2 Bedroom	850	1.230%
B-35	2 Bedroom	850	1.230%
B-36	2 Bedroom	850	1.230%
B-37	2 Bedroom	850	1.230%
B-38	1 Bedroom	645	.933%
B-39	1 Bedroom	645	.933%
C-1	1 Bedroom	645	.933%
C-2	1 Bedroom	645	.933%
C-3	2 Bedroom	850	1.230%
C-4	2 Bedroom	850	1.230%
C-5	2 Bedroom	850	1.230%
C-6	2 Bedroom	850	1.230%
C-7	2 Bedroom	850	1.230%
C-8	2 Bedroom	850	1.230%
C-9	1 Bedroom	645	.933%
C-10	1 Bedroom	645	.933%
C-20	1 Bedroom	645	.933%
C-21	1 Bedroom	645	.933%
C-22	2 Bedroom	850	1.230%
C-23	2 Bedroom	850	1.230%
C-24	2 Bedroom	850	1.230%
C-25	2 Bedroom	850	1.230%
C-26	2 Bedroom	850	1.230%
C-27	2 Bedroom	850	1.230%
C-28	1 Bedroom	645	.933%
C-29	1 Bedroom	645	.933%
C-30	1 Bedroom	645	.933%
C-31	1 Bedroom	645	.933%
C-32	2 Bedroom	850	1.230%
C-33	2 Bedroom	850	1.230%
C-34	2 Bedroom	850	1.230%
C-35	2 Bedroom	850	1.230%
C-36	2 Bedroom	850	1.226%
C-37	2 Bedroom	850	1.226%
C-38	1 Bedroom	645	.933%
C-39	1 Bedroom	645	.933%
Total: 90 Residential Units		69,120	100.000%

The Percentage Interests appurtenant to each Unit in Phase 1, Phase 2, and Phase 3 of the Condominium set forth above were determined in accordance with this Exhibit "C". In Article 7 of the Declaration, the Declarant reserved the right to expand the Condominium in accordance with Section 11-120 of the Maryland Condominium Act. As the Condominium is expanded to include additional Units, the Percentage Interests appurtenant to any Units previously subjected to the condominium regime (including the Phase 1 and Phase 2 Units set forth above), as well as the Percentage Interests for the additional Units that are being added to the condominium regime (including the Phase 3 Units set forth above), will be computed as follows

$$\begin{aligned} & \text{Unit Par Value (see table below for par values for Unit types)} \\ + & \text{ Total Par Values of all Units in the Condominium} \\ = & \text{ Unit Percentage Interest} \end{aligned}$$

The above formula was used to compute the Percentage Interests of the Units in Phase 1, Phase 2, and Phase 3 as they are set forth in the schedule above.

Upon expansion of the Condominium based upon current development plans to include Phase 4, it is intended that the Percentage Interests of all Units will be as set forth below. However, the Declarant makes no representation or warranty that the Condominium will ultimately contain all of the Units listed below. The Declarant reserves the right to (i) change the types of Units in the Condominium, (ii) change the total respective numbers of each Unit type, (iii) modify Unit types, (iv) change the par value assigned to any Unit, and (v) decrease the total number of Units in the Condominium.

The Percentage Interest of any Unit may be rounded up or down slightly so that the total Percentage Interests of all Units equals 100.0000%.

JEFFERSON CHASE CONDOMINIUM

Full Expansion- 120 UNITS (Buildings A, B, C and D)

Unit Number	Unit Type	Par Value	Percentage Interest
A-1	1 Bedroom	645	0.700%
A-2	1 Bedroom	645	0.700%
A-3	2 Bedroom	850	0.922%
A-4	2 Bedroom	850	0.922%
A-5	2 Bedroom	850	0.922%
A-6	2 Bedroom	850	0.922%
A-7	2 Bedroom	850	0.922%
A-8	2 Bedroom	850	0.922%
A-9	1 Bedroom	645	0.700%
A-10	1 Bedroom	645	0.700%
A-20	1 Bedroom	645	0.700%
A-21	1 Bedroom	645	0.700%
A-22	2 Bedroom	850	0.922%
A-23	2 Bedroom	850	0.922%

Unit Number	Unit Type	Par Value	Percentage Interest
A-24	2 Bedroom	850	0.922%
A-25	2 Bedroom	850	0.922%
A-26	2 Bedroom	850	0.922%
A-27	2 Bedroom	850	0.922%
A-28	1 Bedroom	645	0.700%
A-29	1 Bedroom	645	0.700%
A-30	1 Bedroom	645	0.700%
A-31	1 Bedroom	645	0.700%
A-32	2 Bedroom	850	0.922%
A-33	2 Bedroom	850	0.922%
A-34	2 Bedroom	850	0.922%
A-35	2 Bedroom	850	0.922%
A-36	2 Bedroom	850	0.922%
A-37	2 Bedroom	850	0.922%
A-38	1 Bedroom	645	0.700%
A-39	1 Bedroom	645	0.700%
B-1	1 Bedroom	645	0.700%
B-2	1 Bedroom	645	0.700%
B-3	2 Bedroom	850	0.922%
B-4	2 Bedroom	850	0.922%
B-5	2 Bedroom	850	0.922%
B-6	2 Bedroom	850	0.922%
B-7	2 Bedroom	850	0.922%
B-8	2 Bedroom	850	0.922%
B-9	1 Bedroom	645	0.700%
B-10	1 Bedroom	645	0.700%
B-20	1 Bedroom	645	0.700%
B-21	1 Bedroom	645	0.700%
B-22	2 Bedroom	850	0.922%
B-23	2 Bedroom	850	0.922%
B-24	2 Bedroom	850	0.922%
B-25	2 Bedroom	850	0.922%
B-26	2 Bedroom	850	0.922%
B-27	2 Bedroom	850	0.922%
B-28	1 Bedroom	645	0.700%
B-29	1 Bedroom	645	0.700%
B-30	1 Bedroom	645	0.700%
B-31	1 Bedroom	645	0.700%
B-32	2 Bedroom	850	0.922%
B-33	2 Bedroom	850	0.922%
B-34	2 Bedroom	850	0.922%
B-35	2 Bedroom	850	0.922%
B-36	2 Bedroom	850	0.922%
B-37	2 Bedroom	850	0.922%
B-38	1 Bedroom	645	0.700%
B-39	1 Bedroom	645	0.700%
C-1	1 Bedroom	645	0.700%
C-2	1 Bedroom	645	0.700%
C-3	2 Bedroom	850	0.922%
C-4	2 Bedroom	850	0.922%

Unit Number	Unit Type	Par Value	Percentage Interest
C-5	2 Bedroom	850	0.922%
C-6	2 Bedroom	850	0.922%
C-7	2 Bedroom	850	0.922%
C-8	2 Bedroom	850	0.922%
C-9	1 Bedroom	645	0.700%
C-10	1 Bedroom	645	0.700%
C-20	1 Bedroom	645	0.700%
C-21	1 Bedroom	645	0.700%
C-22	2 Bedroom	850	0.922%
C-23	2 Bedroom	850	0.922%
C-24	2 Bedroom	850	0.922%
C-25	2 Bedroom	850	0.922%
C-26	2 Bedroom	850	0.922%
C-27	2 Bedroom	850	0.922%
C-28	1 Bedroom	645	0.700%
C-29	1 Bedroom	645	0.700%
C-30	1 Bedroom	645	0.700%
C-31	1 Bedroom	645	0.700%
C-32	2 Bedroom	850	0.922%
C-33	2 Bedroom	850	0.922%
C-34	2 Bedroom	850	0.922%
C-35	2 Bedroom	850	0.922%
C-36	2 Bedroom	850	0.922%
C-37	2 Bedroom	850	0.922%
C-38	1 Bedroom	645	0.700%
C-39	1 Bedroom	645	0.700%
D-1	1 Bedroom	645	0.700%
D-2	1 Bedroom	645	0.700%
D-3	2 Bedroom	850	0.922%
D-4	2 Bedroom	850	0.922%
D-5	2 Bedroom	850	0.923%
D-6	2 Bedroom	850	0.923%
D-7	2 Bedroom	850	0.923%
D-8	2 Bedroom	850	0.923%
D-9	1 Bedroom	645	0.700%
D-10	1 Bedroom	645	0.700%
D-20	1 Bedroom	645	0.700%
D-21	1 Bedroom	645	0.700%
D-22	2 Bedroom	850	0.923%
D-23	2 Bedroom	850	0.923%
D-24	2 Bedroom	850	0.923%
D-25	2 Bedroom	850	0.923%
D-26	2 Bedroom	850	0.923%
D-27	2 Bedroom	850	0.923%
D-28	1 Bedroom	645	0.700%
D-29	1 Bedroom	645	0.700%
D-30	1 Bedroom	645	0.700%
D-31	1 Bedroom	645	0.700%
D-32	2 Bedroom	850	0.923%
D-33	2 Bedroom	850	0.923%

Unit Number	Unit Type	Par Value	Percentage Interest
D-34	2 Bedroom	850	0.923%
D-35	2 Bedroom	850	0.923%
D-36	2 Bedroom	850	0.923%
D-37	2 Bedroom	850	0.923%
D-38	1 Bedroom	645	0.700%
D-39	1 Bedroom	645	0.700%
Total: 120 Residential Units		92,160	100.000%

Votes

Each Unit shall have one (1) vote appurtenant to such Unit in the Council of Unit Owners.

AFTER RECORDING, PLEASE RETURN TO:

BALLARD SPAHR ANDREWS & INGERSOLL, LLP
4800 MONTGOMERY LANE, 7th FLOOR
BETHESDA, MARYLAND 20814
ATTN: SHELAH F. LYNN, ESQ.

**JEFFERSON CHASE
2017 BUDGET**

Income Bldgs A, B, C	2017 Budget	2016 Budget
Assessments		
1BR (\$124 x 38)	56,544.00	54,720.00
2BR (\$160 x 52)	99,840.00	96,720.00
Late Fee	300.00	750.00
Interest	90.00	90.00
Legal - Reimbursement	3,000.00	8,000.00
ACH Fee		
Prospect Mgr. Reimbursement	18,000.00	17,712.50
Total Income	\$177,774.00	\$177,992.50
EXPENSES		
ADMISTRATIVE		
Bank Charges	100.00	75.00
Insurance	11,000.00	11,000.00
Legal Cost	3,000.00	5,000.00
Management Fee	8,640.00	8,640.00
Miscellaneous	250.00	200.00
Office Expenses	250.00	300.00
Printing / Coupons	200.00	200.00
Postage	130.00	200.00
SUBTOTAL	23,570.00	25,615.00
MAINTENANCE		
Repairs	4,000.00	7,000.00
Fitness Center *	2,000.00	1,500.00
General Maintenance **	23,000.00	20,000.00
Additional Landscaping	2,000.00	0.00
Landscaping	11,000.00	11,000.00
Snow Removal	10,000.00	8,000.00
Trash & Recycling	8,200.00	7,500.00
Fire Extinguisher (Westminster Fire)	300.00	450.00
SUBTOTAL	60,500.00	55,450.00
UTILITIES		
Electricity	5,800.00	6,400.00
Water / Sewer	30,000.00	36,000.00
SUBTOTAL	35,800.00	42,400.00
RESERVES		
Capital	30,000.00	28,000.00
Contingency	10,079.00	8,315.00
SUBTOTAL	40,079.00	36,315.00
Reimbursement (Prospect Managers LLC Bldg D)		
Electric	1,450.00	1,600.00
Fire Extinguisher (Westminster Fire)	75.00	112.50
Fitness Center	500.00	375.00
Landscaping	3,250.00	2,750.00
Snow Removal	2,500.00	2,000.00
Trash Removal & Recycling	2,050.00	1,875.00
Water / Sewer	8,000.00	9,000.00
SUBTOTAL (Reimbursement)	17,825.00	17,712.50
TOTAL EXPENSES	177,774.00	177,492.50
Adjusted Income (Less Total Expenses)	-	500.00
*Fitness Center (Includes)		
Cable		
Janitorial		
Repairs		
Other		
**Expenses Jefferson Chase Condos Reimburses Prospect Manager for		