



Closing Checklist

TWP-A14526

August 30, 2022

TO: shannon@ajbillig.com

RE: Important Information

Attached, please find the Standard MD Resale Disclosure Package you recently requested from Tidewater Property Management, Inc. which was supplied on behalf of the Association. It is important that you review these documents carefully and follow all instructions.

To ensure a quick and efficient transfer of ownership in our systems, please return the following items immediately upon completion of settlement:

1. Copy of the HUD/Settlement Sheet
2. Amounts collected as per the Fee Schedule (association fees should be made payable to the Association.)
3. Transfer fees collected and payable to Tidewater Property Management, Inc.
4. New Owner Contact form (provided in the package ordered) which includes their phone number, alternate mailing address (if applicable) and email address.
5. Any community specific forms (i.e. age verification, move in/move out, etc.).

Once in the system, a Welcome Letter with important information will be sent which will include instructions for accessing your account and association information on Tidewater's website. Owners are encouraged to confirm the payment methods available to them by way of the owner portal and/or contacting Tidewater's office.

CREDITS: Any credit on an account at the time of sale will be transferred to the buyer account. Be sure to update the HUD accordingly.

FORECLOSURES: Sheriff sale certificate is required. All foreclosure sales need to be verified through legal for unbilled fees. This may take an extra day on the turn-around time given. Always be sure to contact accounting at accountingservices@tidewaterproperty.com for final numbers before a closing takes place.

Return to:

Tidewater Property Management, Inc.
3600 Crondall Lane Suite 100
Owings Mills, MD 21117

Until we receive a Hud/Settlement Sheet, no information regarding the Association will be sent since we have no legal confirmation of a new owner of record. The HUD/Settlement Sheet provides that confirmation.

I acknowledge that I've read the instructions and included all applicable documents.

Closing Agent Signature

Printed Name: _____

Contact Phone: _____



Closing Checklist

TWP-A14526

Thank you in advance for your cooperation!
Tidewater Property Management, Inc.



Tidewater Property Management, Inc.
3600 Crondall Ln Ste 100
Owings Mills, MD 21117-2233
(800) 761-5977

Disclosure for Maryland Resale **TWP-A14526**

Council of Unit Owners of Silverbrook Wood Condominium, Inc.
This certificate has been prepared on 8/30/22
on behalf of Maria Kiser owner(s) of
5027 Triplett Road , Owings Mills, MD 21117.
Purchaser is Auction - TBD.

The Maryland Condominium Act, **Section 11-135(a)**, refers to specific information and statements to be obtained from the council of unit owners and provided to the purchaser prior to the contract date of disposition. This Certificate for Condominium Resale is in response to those specific requirements.

This Certificate is valid for 90 days from the date of issuance.

Any unit owner, either as seller or purchaser, should review carefully this Certificate for Condominium Resale and all attached documents. Please consult with your real estate agent or attorney pertaining to any specific questions or concerns.

Please note: A Payoff Request should be ordered prior to closing to receive the most recent amounts due on the owner's account.

SECTION 11-135(a) of the Maryland Condominium Act requires that the purchaser be furnished with a copy of the declaration (other than the plats), the bylaws and the rules or regulations of the condominium:

Please see attached documents.

(i) A statement disclosing the effect of the proposed conveyance of any right of first refusal or other restraint on the free alienability of the unit other than any restraint created by the unit owner:

THE CONDOMINIUM INSTRUMENTS DO NOT CREATE ANY RIGHTS OF FIRST REFUSAL OR OTHER RESTRAINTS PER SE ON FREE ALIENABILITY OF THE CONDOMINIUM UNITS. HOWEVER, THE COVENANTS, CONDITIONS AND RULES/REGULATIONS SET FORTH IN THE GOVERNING DOCUMENTS DO IMPOSE CERTAIN RESTRICTIONS THAT ARE BINDING ON ALL CONDOMINIUM OWNERS AND OCCUPANTS. THESE SHOULD BE REVIEWED AND UNDERSTOOD BY ALL SUCCESSORS IN TITLE TO CONDOMINIUM UNITS.

(ii) A statement setting forth the amount of the common expense assessment and any unpaid common expense or special assessment adopted by the council of unit owners that is due and payable from the selling unit owner:

Current Balance for this unit: \$13,413.20

SECTION 11-135(a) of the Maryland Condominium Act also requires that the purchaser be furnished with a certificate containing the following information:

Assessment - Monthly: \$280.00 due Monthly on the 1st day of the payment period.

Late Charge: % or \$15.00 will be attached to any assessment received 15 day(s) after due date

Is there a special assessment for this condominium?

None noted at this time.



Tidewater Property Management, Inc.
3600 Crondall Ln Ste 100
Owings Mills, MD 21117-2233
(800) 761-5977

Disclosure for Maryland Resale **TWP-A14526**

(iii) A statement of any other fees payable by the unit owners to the council of unit owners:

Transfer Fee \$165.00 Payable at Close to Tidewater Property Management

(iv) A statement of any capital expenditures approved by the council of unit owners planned at the time of the conveyance which are not reflected in the current operating budget disclosed under subparagraph (vi) of this item:

None.

(v) The most recent regularly prepared balance sheet and income expense statement, if any, of the condominium.

Please see attached financial statements.

(vi) The current operating budget of the condominium including the current reserve study report, a statement of the status and amount of any reserve or replacement fund, or a statement that there is no reserve fund.

(vii) A statement of any unsatisfied judgments or pending lawsuits to which the council of unit owners is a party, excluding assessment collection suits.

None noted at this time.

(viii) A statement generally describing any insurance policies provided for the benefit of unit owners, a notice that copies of the policy are available for inspection, stating the location at which the copies are available, and a notice that the terms of the policy prevail over the description:

The council of unit owners maintains property and liability coverage for all common property. Unit owners should obtain individual coverage for their personal property and liability. Copies of the condominium's policies are available for inspection as follows:

Insurance Carrier:	QBE
Agency:	CONNIE PHILLIPS
Phone:	301-662-5717
Fax:	

Per Condominium law, the owner is responsible for up to \$5,000.00 of the insurance deductible. The policy is available for inspection during normal business hours at the offices of Tidewater Property Management, Inc., 3600 Crondall Lane, Suite 100, OWINGS MILLS, MD 21117. The terms of the policy prevail over the description given in this Certificate.

The terms of the policies prevail over the above description.

(ix) A statement as to whether the council of unit owners has actual knowledge of any violation of the health or building codes with respect to the unit, the limited common elements assigned to the unit, or any other portion of the condominium;

None noted at this time.



Tidewater Property Management, Inc.
3600 Crondall Ln Ste 100
Owings Mills, MD 21117-2233
(800) 761-5977

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(x) A description of any recreational or other facilities which are to be used by the unit owners or maintained by them or the council of unit owners, and a statement as to whether or not they are to be a part of the common elements:

In addition to the information contained herein and attached hereto, to fulfill the requirements of the resale contract, you will need a statement by the unit owner(s) as to knowledge of the following:

- (i) That any alteration to the unit or to the limited common elements assigned to the unit violates any provision of the declaration, bylaws, or rules and regulations;
- (ii) Of any violation of the health or building codes with respect to the unit or the limited common elements assigned to the unit; and
- (iii) That the unit is subject to an extended lease under §11-137 of this title or under local law, and if so, a copy of the lease must be provided; and
- (iv) A written notice of the unit owner's responsibility for the council of unit owners' property deductible and the amount of the deductible.

This disclosure packet was prepared by Council of Unit Owners of Silverbrook Wood Condominium, Inc. on 8/30/22.

This Certificate is valid for 90 days from the date of issuance.

ADDITIONAL COMMENTS

THERE IS A MASTER ASSOC CALLED OMNT. PLEASE CONTACT WPM REAL ESTATE AT 443-796-7400 FOR MORE INFORMATION ABOUT OMNT.

everything on the balcony for this unit needs to be removed

fix screens with holes

UNIT OWNER INFORMATION FORM

Please complete this form in full and return to Tidewater within ten (10) days of receipt!

It is important that your Association has this information on file in the event of a fire, security and/or medical emergency. Please complete the following form and return it to:
Tidewater Property Management, Inc., 3706 Crondall Lane, #105, Owings Mills, MD 21117-2231.
You may also complete and fax the form to: **443-548-0196.**

Community Name: _____

Owners Full Name: (1) _____

Owners Full Name: (2) _____

Address: _____

Parking Space (If Applicable): _____

Mailing Address (if different from above): _____

Phone Numbers: (1) Day _____ (2) Day _____
Evening _____ Evening _____
Cell _____ Cell _____

Primary E-mail Address: _____

Do you have a pet or pets residing in the home? Yes _____ No _____

If yes, please give the type of animal and description:

If your condominium or home is rented, please provide the following information about your tenants and attach a photocopy of the lease in accordance with your association documents:

Name of Lessee: (1) _____

Phone Numbers: Day _____ Evening _____

Name of Lessee: (2) _____

Phone Numbers: Day _____ Evening _____

Name(s) of all person(s) residing in the unit:

1) Name: _____ Age: _____

2) Name: _____ Age: _____

3) Name: _____ Age: _____

4) Name: _____ Age: _____

In case of emergency contact:

Name: _____ Relationship _____

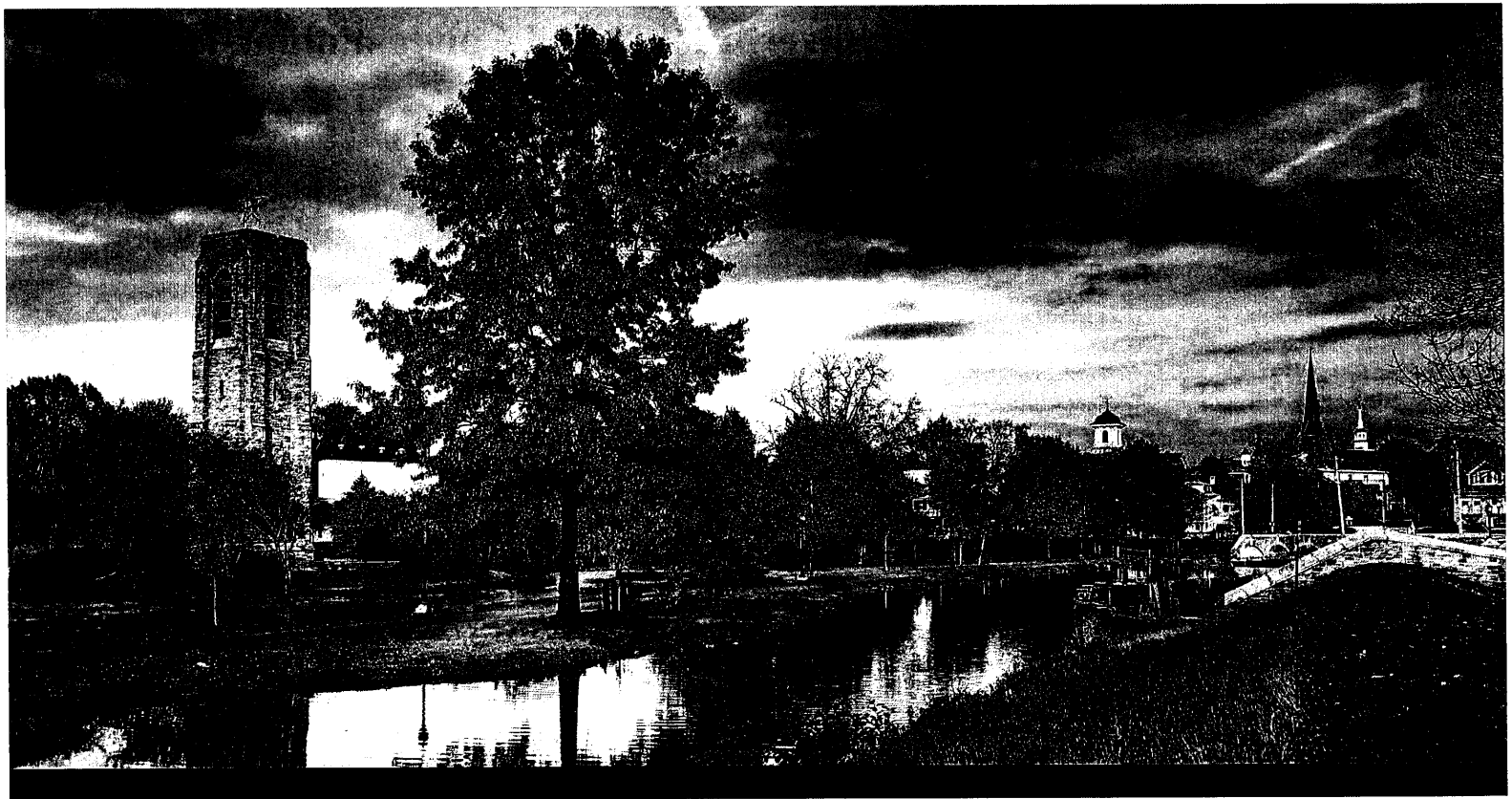
Address: _____

Phone Number: Day _____ Evening _____

Please contact your Property Manager if you have any questions concerning this form.

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

Articles of Incorporation



Articles of Incorporation
Council of Unit Owners of Silverbrook Wood Condominium, Inc.

12-9-93 9:22 a.m.
RECEIVED
ARTICLES OF INCORPORATION
OF
COUNCIL OF UNIT OWNERS OF SILVERBROOK WOOD
CONDOMINIUM, INC.
93 DEC -9 A9 22

THESE ARTICLES OF INCORPORATION are made this 9th day of December, 1993, by Mark P. Keener, a resident of Maryland, having an address at 218 North Charles Street, Baltimore, Maryland 21201.

W I T N E S S E T H :

THAT, WHEREAS, pursuant to the provisions of Title 11 of the Real Property Article of the Annotated Code of Maryland (hereinafter referred to as the "Maryland Condominium Act"), and by a Declaration dated October 7, 1993, and recorded among the Land Records of Baltimore County, Maryland, in Liber SM 10079 at Folio 226, et seq. (hereinafter referred to as the "Declaration"), Declarant (as defined in the Declaration) has subjected to a condominium regime certain land, situated and lying in Baltimore County, which is described therein, together with the improvements thereon and the appurtenances thereto, thereby creating a condominium with respect to the same which is known as "Silverbrook Wood Condominium" (hereinafter referred to as the "Condominium"), all as is more particularly set forth in the provisions of the Declaration; and

WHEREAS, under the provisions of the Declaration, the affairs of the Condominium are to be governed in accordance with Bylaws (hereinafter and in the Declaration referred to as the "Bylaws"), the initial form of which has been designated as an exhibit to the Declaration and has been recorded among the Land Records of

33438310

Baltimore County immediately following the recordation thereamong of the Declaration; and

WHEREAS, under the provisions of the Declaration, the affairs of the Condominium are to be governed by an entity which is to constitute both a council of unit owners, organized and existing under the provisions of the Maryland Condominium Act, and a nonstock corporation, organized and existing under the laws of Maryland; and

WHEREAS, the undersigned, by these Articles of Incorporation, intends to incorporate such entity;

NOW, THEREFORE, the undersigned, being at least eighteen (18) years of age, does hereby form a nonstock corporation under the general laws of the State of Maryland, upon the terms and subject to the conditions which are hereinafter set forth:

ARTICLE I. The name of the corporation (which is hereinafter called the "Corporation") shall be: Council of Unit Owners of Silverbrook Wood Condominium, Inc.

ARTICLE II. The period of existence and duration of the life of the Corporation shall be perpetual subject to the right of the Unit Owners to terminate the Condominium regime as provided in Section 11-123 of the Maryland Condominium Act.

ARTICLE III. (a) The purposes for which the Corporation is formed are as follows:

(i) To operate, govern and manage as the Council of Unit Owners of Silverbrook Wood Condominium, a condominium council of unit owners as provided in the Maryland Condominium Act.

(ii) To carry on any and all business, transactions

and activities permitted by the Maryland General Corporation Law which may be deemed desirable by the Board of Directors of the Corporation, whether or not identical with or related to the business described in the foregoing paragraph of this Article, as well as all activities and things necessary to incidental thereto, to the full extent empowered by such laws.

(iii) To do and perform any and all acts and things which a council of unit owners organized and existing under the provisions of the Maryland Condominium Act (as from time to time amended) is or may be empowered to do, without limitation to restriction of any kind.

(iv) To do and perform any and all acts and things which the Corporation is authorized or empowered to do by the provisions of the Declaration, the Bylaws or the Condominium Plat (as that term is defined by the provisions of the Declaration) as from time to time amended.

(v) To have the right to exercise and enjoy all other powers, rights and privileges granted to or conferred upon corporations of this character by the laws of the State of Maryland, or by any other state in which it may qualify; and that the enumeration of certain powers as herein specified not be exclusive of or a waiver of any of the powers, rights and privileges granted or conferred by the laws of said state now or hereafter in force.

(vi) To engage in any other business permitted by law.

(b) Anything contained in the foregoing provisions of this Article to the contrary notwithstanding, nothing in such

provisions shall be deemed to empower the Corporation to take any action, or to permit the Corporation not to take any action, if any to the extent that its taking or failure to take such action is not permitted by the provisions of the Maryland Condominium Act, the Declaration, the Bylaws or the Condominium Plat.

ARTICLE IV. The post office address of the place at which the principal office of the Corporation is located in this State will be c/o Bozzuto & Associates, Inc., 6401 Golden Triangle Drive, Suite 200, Greenbelt, Maryland 20770. The Resident Agent of the Corporation is Bozzuto & Associates, Inc., 6401 Golden Triangle Drive, Suite 200, Greenbelt, Maryland 20770.

ARTICLE V. The Corporation shall initially have four (4) Directors. The initial members of the Board of Directors shall be: Thomas S. Bozzuto, Richard L. Boales, Richard L. Mostyn and John B. Slidell. The initial Directors shall serve until their successors are duly chosen and qualified. The number of Directors may be changed in such lawful manner as the Bylaws may from time to time provide.

ARTICLE VI. (a) The Corporation shall be a non-stock corporation and is not authorized or empowered to issue stock of any type or class.

(b) Nothing in the foregoing provisions of this Article shall be deemed in any manner to alter or impair any right or power which the Corporation may have from time to time to issue such bonds, notes and other evidence of secured or unsecured indebtedness, in such amounts, for such consideration, upon such terms and subject to such conditions as the Corporation may determine.

ARTICLE VII. The membership of the Corporation shall consist of and be limited to all of the Unit Owners, as that term is defined by the provisions of the Declaration.

ARTICLE VIII. The Corporation reserves the right, from time to time, to make any amendments of its Articles of Incorporation which may now or hereinafter be authorized by law.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation on the 8th day of December, 1993.

WITNESS:

[Signature]

[Signature]
Mark P. Keener

STATE OF MARYLAND, CITY OF BALTIMORE, TO WIT:

I HEREBY CERTIFY, that on this 8th day of December, 1993, before me, the subscriber, a Notary Public of the State of Maryland, in and for the City aforesaid, personally appeared Mark P. Keener, and acknowledged the foregoing Articles of Incorporation to be his act.

AS WITNESS my hand and Notarial Seal.

[Signature]
Notary Public
My Commission Expires: August 5, 1997

RESOLUTION TO CHANGE PRINCIPAL OFFICE OR RESIDENT AGENT

RECEIVED
DEPARTMENT OF
ASSESSMENTS & TAXATION

2015 SEP -8 P 12:06

The directors/stockholders/general partner/authorized person of
Council of Unit Owners of Silverbrook Wood Condominium Inc.
(Name of Entity)

organized under the laws of Maryland passed the following resolution:
(State)

(Check applicable boxes)

The principal office is changed from: (old address)
6401 Golden Triangle Dr. Suite 200
Greenbelt, MD 20770

to: (new address)
c/o Tidewater Property Management, Inc., 3706 Crondall
lane, Suite 105, Owings Mills, MD 21117

The name and address of the resident agent is changed from:
Bozzuto and Associates, Inc., 6401 Golden Triangle Dr.
Ste 200, Greenbelt, MD 20770

to:
Tidewater Property Management, Inc., 3706 Crondall Lane,
Suite 105, Owings Mills, MD 21117

I certify under penalties of perjury the foregoing is true.

Signed Michelle G. Mangin, PRESIDENT
Secretary Assistant Secretary
General Partner
Authorized Person

I hereby consent to my designation in this document as resident agent for this entity.

Signed _____
Resident Agent

CUST ID: 0003308199
WORK ORDER: 0004524779
DATE: 09-14-2015 12:07 PM
AMT. PAID: \$25.00

CORPORATE CHARTER APPROVAL SHEET

** KEEP WITH DOCUMENT **

DOCUMENT CODE 80 BUSINESS CODE _____

D03784089

Close _____ Stock _____ Nonstock _____

P.A. _____ Religious _____

Merging (Transferor) _____

Surviving (Transferee) _____



Affix Barcode Label Here
ID # D03784089 ACK # 1000362008652424
PAGES: 0002
COUNCIL OF UNIT OWNERS OF SILVERBROOK W
OOD CONDOMINIUM, INC.
09/08/2015 AT 12:06 P WO # 0004524779

FEES REMITTED

Base Fee: _____ 25⁰⁰
Org. & Cap. Fee: _____
Expedite Fee: _____
Penalty: _____
State Recordation Tax: _____
State Transfer Tax: _____
Certified Copies _____
Copy Fee: _____
Certificates _____
Certificate of Status Fee: _____
Personal Property Filings: _____
Mail Processing Fee: _____
Other: _____
TOTAL FEES: _____ 25⁰⁰

Credit Card _____ Check _____ Cash _____

_____ Documents on _____ Checks

Approved By: 48

Keyed By: _____

COMMENT(S):

- Change of Name _____
- Change of Principal Office _____
- Change of Resident Agent _____
- Change of Resident Agent Address _____
- Resignation of Resident Agent _____
- Designation of Resident Agent and Resident Agent's Address _____
- Change of Business Code _____
- Adoption of Assumed Name _____
- Other Change(s) _____

Code _____

Attention: _____

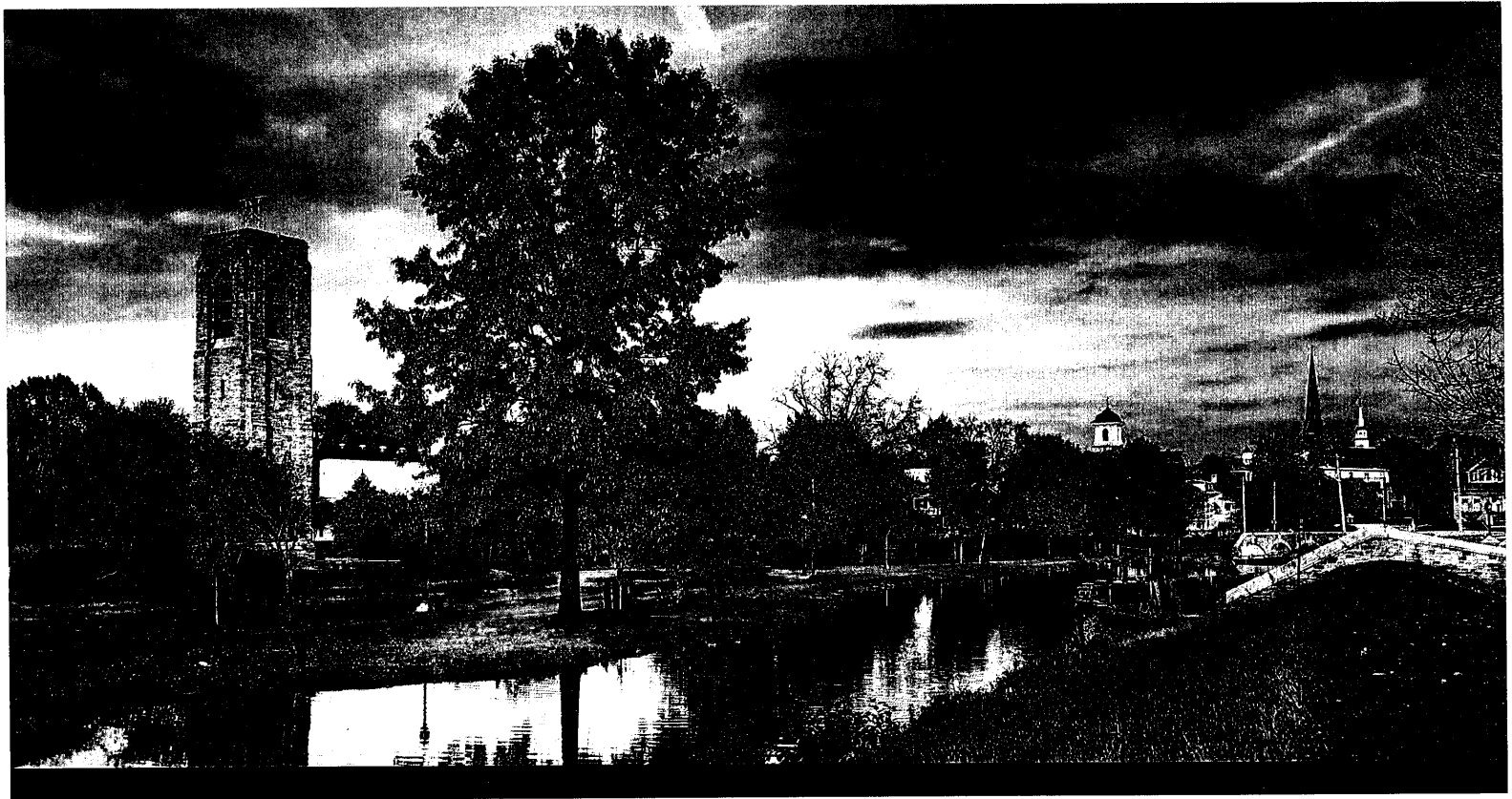
Mail: Name and Address _____

COUNCIL OF UNIT OWNERS OF SILVERBROOK WO
3706 CRONDALL LN
OWINGS MILLS MD 21117-2234

Stamp Work Order and Customer Number HERE
CUST ID: 0003308199
WORK ORDER: 0004524779
DATE: 09-14-2015 12:07 PM
AMT. PAID: \$25.00

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

Budget



Council of Unit Owners of Silverbrook Wood Condominium, Inc.

2022 Annual Budget

	2021	2022	% Variance
Income			
Income			
41000 - Association Fees	544,320.00	552,420.00	1.49 %
44000 - Late Charge Fees	2,500.00	-	(100.00) %
44200 - Legal Fee Income	500.00	-	(100.00) %
45200 - NSF Fees	50.00	-	(100.00) %
45500 - Interest Income	200.00	-	(100.00) %
Total Income	547,570.00	552,420.00	.89 %
Total Income	547,570.00	552,420.00	.89 %
Expense			
Administrative			
50071 - Board Purchases	1,000.00	1,000.00	.00 %
50260 - Loan Payment	44,083.00	9,700.00	(78.00) %
50300 - Legal	12,000.00	20,000.00	66.67 %
50350 - Tax Return/Audit	6,000.00	2,500.00	(58.33) %
50351 - Tax Preparation	600.00	-	(100.00) %
50800 - Master Association Contribution	37,484.00	37,484.00	.00 %
51050 - Management Fee	29,796.00	30,392.00	2.00 %
51150 - Office Expense	1,000.00	1,000.00	.00 %
51200 - Miscellaneous Administrative	500.00	2,000.00	300.00 %
51450 - Postage and Copies	1,000.00	1,000.00	.00 %
Total Administrative	133,463.00	105,076.00	(21.27) %
Utilities			
55000 - Electric	20,000.00	20,000.00	.00 %
56250 - Telephone	6,000.00	6,000.00	.00 %
56500 - Water and Sewer	12,000.00	20,000.00	66.67 %
Total Utilities	38,000.00	46,000.00	21.05 %
Grounds			
60350 - Landscaping	28,632.00	20,000.00	(30.15) %
60400 - Landscape Contract	-	28,650.00	2,865,000.00 %
62150 - Repairs Electrical	2,000.00	4,000.00	100.00 %
62850 - Snow Removal	30,000.00	40,000.00	33.33 %
63100 - Signage	1,000.00	2,000.00	100.00 %
64041 - Erosion Landscaping	45,000.00	-	(100.00) %
Total Grounds	106,632.00	94,650.00	(11.24) %

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

2021 Annual Budget

	2021	2022	% Variance
Buildings			
65250 - Janitorial Services	22,054.00	24,000.00	8.82 %
65255 - Trash Removal	10,000.00	10,000.00	.00 %
65901 - Security System Maintenance	10,000.00	10,000.00	.00 %
66100 - Fire/Sprinkler Maintenance	5,000.00	5,000.00	.00 %
66910 - Repairs & Maintenance	60,000.00	40,000.00	(33.33) %
67000 - Repairs Plumbing	4,000.00	6,500.00	62.50 %
67850 - Extermination	5,000.00	6,000.00	20.00 %
Total Buildings	116,054.00	101,500.00	(12.54) %
Insurance & Tax			
80000 - Insurance	61,847.00	64,000.00	3.48 %
80050 - Insurance Claim	25,000.00	25,000.00	.00 %
Total Insurance & Tax	86,847.00	89,000.00	2.48 %
Reserve Contributions			
97000 - Reserve Contribution	66,574.00	116,194.00	74.53 %
Total Reserve Contributions	66,574.00	116,194.00	74.53 %
Total Expense	547,570.00	552,420.00	.89 %

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

Bylaws



Articles of Incorporation

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

ARTICLES OF INCORPORATION
OF
COUNCIL OF UNIT OWNERS OF SILVERBROOK WOOD
CONDOMINIUM, INC.

APPROVED AND RECEIVED FOR RECORD BY THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION
OF MARYLAND DECEMBER 9, 1993 AT 9:22 O'CLOCK A.M. AS IN CONFORMITY
WITH LAW AND ORDERED RECORDED.

ORGANIZATION AND CAPITALIZATION FEE PAID	RECORDING FEE PAID	SPECIAL FEE PAID
\$ 20.00	\$ 20.00	

03784089

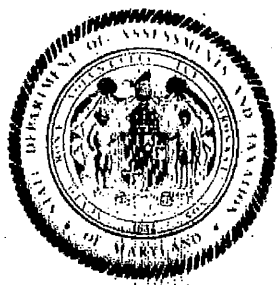
XX

IT IS HEREBY CERTIFIED THAT THE WITHIN INSTRUMENT TOGETHER WITH ALL ENDORSEMENTS THEREON, HAS
BEEN RECEIVED APPROVED AND RECORDED BY THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION OF MARYLAND.

GALLAGHER, EVELIUS C JONES
IRIS T HOOKER
219 N CHARLES ST STE 400
BALTIMORE MD 21201

116C3076107

A 442960



RECORDED IN THE RECORDS OF THE
STATE DEPARTMENT OF ASSESSMENTS
AND TAXATION OF MARYLAND IN LIBR. 1010

12-9-93 9:22 a.m.
RECEIVED
ARTICLES OF INCORPORATION
OF
COUNCIL OF UNIT OWNERS OF SILVERBROOK WOOD
CONDOMINIUM, INC.

93 DEC -9 A9:22

11
THESE ARTICLES OF INCORPORATION are made this 9th day of December, 1993, by Mark P. Keener, a resident of Maryland, having an address at 218 North Charles Street, Baltimore, Maryland 21201.

W I T N E S E T H :

THAT, WHEREAS, pursuant to the provisions of Title 11 of the Real Property Article of the Annotated Code of Maryland (hereinafter referred to as the "Maryland Condominium Act"), and by a Declaration dated October 7, 1993, and recorded among the Land Records of Baltimore County, Maryland, in Liber SM 10079 at Folio 226, et seq. (hereinafter referred to as the "Declaration"), Declarant (as defined in the Declaration) has subjected to a condominium regime certain land, situated and lying in Baltimore County, which is described therein, together with the improvements thereon and the appurtenances thereto, thereby creating a condominium with respect to the same which is known as "Silverbrook Wood Condominium" (hereinafter referred to as the "Condominium"), all as is more particularly set forth in the provisions of the Declaration; and

33438313
WHEREAS, under the provisions of the Declaration, the affairs of the Condominium are to be governed in accordance with Bylaws (hereinafter and in the Declaration referred to as the "Bylaws"), the initial form of which has been designated as an exhibit to the Declaration and has been recorded among the Land Records of

Baltimore County immediately following the recordation thereamong of the Declaration; and

WHEREAS, under the provisions of the Declaration, the affairs of the Condominium are to be governed by an entity which is to constitute both a council of unit owners, organized and existing under the provisions of the Maryland Condominium Act, and a nonstock corporation, organized and existing under the laws of Maryland; and

WHEREAS, the undersigned, by these Articles of Incorporation, intends to incorporate such entity;

NOW, THEREFORE, the undersigned, being at least eighteen (18) years of age, does hereby form a nonstock corporation under the general laws of the State of Maryland, upon the terms and subject to the conditions which are hereinafter set forth:

ARTICLE I. The name of the corporation (which is hereinafter called the "Corporation") shall be: Council of Unit Owners of Silverbrook Wood Condominium, Inc.

ARTICLE II. The period of existence and duration of the life of the Corporation shall be perpetual subject to the right of the Unit Owners to terminate the Condominium regime as provided in Section 11-123 of the Maryland Condominium Act.

ARTICLE III. (a) The purposes for which the Corporation is formed are as follows:

(i) To operate, govern and manage as the Council of Unit Owners of Silverbrook Wood Condominium, a condominium council of unit owners as provided in the Maryland Condominium Act.

(ii) To carry on any and all business, transactions

and activities permitted by the Maryland General Corporation Law which may be deemed desirable by the Board of Directors of the Corporation, whether or not identical with or related to the business described in the foregoing paragraph of this Article, as well as all activities and things necessary to incidental thereto, to the full extent empowered by such laws.

(iii) To do and perform any and all acts and things which a council of unit owners organized and existing under the provisions of the Maryland Condominium Act (as from time to time amended) is or may be empowered to do, without limitation to restriction of any kind.

(iv) To do and perform any and all acts and things which the Corporation is authorized or empowered to do by the provisions of the Declaration, the Bylaws or the Condominium Plat (as that term is defined by the provisions of the Declaration) as from time to time amended.

(v) To have the right to exercise and enjoy all other powers, rights and privileges granted to or conferred upon corporations of this character by the laws of the State of Maryland, or by any other state in which it may qualify; and that the enumeration of certain powers as herein specified not be exclusive of or a waiver of any of the powers, rights and privileges granted or conferred by the laws of said state now or hereafter in force.

(vi) To engage in any other business permitted by law.

(b) Anything contained in the foregoing provisions of this Article to the contrary notwithstanding, nothing in such

provisions shall be deemed to empower the Corporation to take any action, or to permit the Corporation not to take any action, if any to the extent that its taking or failure to take such action is not permitted by the provisions of the Maryland Condominium Act, the Declaration, the Bylaws or the Condominium Plat.

ARTICLE IV. The post office address of the place at which the principal office of the Corporation is located in this State will be c/o Bozzuto & Associates, Inc., 6401 Golden Triangle Drive, Suite 200, Greenbelt, Maryland 20770. The Resident Agent of the Corporation is Bozzuto & Associates, Inc., 6401 Golden Triangle Drive, Suite 200, Greenbelt, Maryland 20770.

ARTICLE V. The Corporation shall initially have four (4) Directors. The initial members of the Board of Directors shall be: Thomas S. Bozzuto, Richard L. Boales, Richard L. Mostyn and John B. Slidell. The initial Directors shall serve until their successors are duly chosen and qualified. The number of Directors may be changed in such lawful manner as the Bylaws may from time to time provide.

ARTICLE VI. (a) The Corporation shall be a non-stock corporation and is not authorized or empowered to issue stock of any type or class.

(b) Nothing in the foregoing provisions of this Article shall be deemed in any manner to alter or impair any right or power which the Corporation may have from time to time to issue such bonds, notes and other evidence of secured or unsecured indebtedness, in such amounts, for such consideration, upon such terms and subject to such conditions as the Corporation may determine.

ARTICLE VII. The membership of the Corporation shall consist of and be limited to all of the Unit Owners, as that term is defined by the provisions of the Declaration.

ARTICLE VIII. The Corporation reserves the right, from time to time, to make any amendments of its Articles of Incorporation which may now or hereinafter be authorized by law.

IN WITNESS WHEREOF, I have signed these Articles of Incorporation on the 8th day of December, 1993.

WITNESS:

[Signature]

[Signature]
Mark P. Keener

STATE OF MARYLAND, CITY OF BALTIMORE, TO WIT:

I HEREBY CERTIFY, that on this 8th day of December, 1993, before me, the subscriber, a Notary Public of the State of Maryland, in and for the City aforesaid, personally appeared Mark P. Keener, and acknowledged the foregoing Articles of Incorporation to be his act.

AS WITNESS my hand and Notarial Seal.

[Signature]
Notary Public 2015 7 Mo. Keener
My Commission Expires: August 5, 1997

RESOLUTION TO CHANGE PRINCIPAL OFFICE OR RESIDENT AGENT

RECEIVED
DEPARTMENT OF
ASSESSMENTS & TAXATION

The directors/stockholders/general partner/authorized person of

Council of Unit Owners of Silverbrook Wood Condominium Inc.
(Name of Entity)

2015 SEP -8 P 12:06

organized under the laws of Maryland (State) passed the following resolution:

(Check applicable boxes)

The principal office is changed from: (old address)

6401 Golden Triangle Dr. Suite 200
Greenbelt, MD 20770

to: (new address)

c/o Tidewater Property Management, Inc., 3706 Crandall
Lane, Suite 105, Owings Mills, MD 21117

The name and address of the resident agent is changed from:

Bozzuto and Associates, Inc. 6401 Golden Triangle Dr.
Ste 200, Greenbelt, MD 20770

to:

Tidewater Property Management, Inc., 3706 Crandall Lane,
Suite 105, Owings Mills, MD 21117

I certify under penalties of perjury the foregoing is true.

Signed Michelle G. Mansin **PRESIDENT**
Secretary Assistant Secretary
General Partner
Authorized Person

I hereby consent to my designation in this document as resident agent for this entity.

Signed _____
Resident Agent

CUST ID: 0003308199
WORK ORDER: 0004524779
DATE: 09-14-2015 12:07 PM
AMT. PAID: \$25.00

CORPORATE CHARTER APPROVAL SHEET

** KEEP WITH DOCUMENT **

DOCUMENT CODE 80 BUSINESS CODE _____

D03784089

Close _____ Stock _____ Nonstock _____

P.A. _____ Religious _____

Merging (Transferor) _____

Surviving (Transferee) _____

FEES REMITTED

Base Fee: _____ 25.00
Org. & Cap. Fee: _____
Expedite Fee: _____
Penalty: _____
State Recordation Tax: _____
State Transfer Tax: _____
Certified Copies _____
Copy Fee: _____
Certificates _____
Certificate of Status Fee: _____
Personal Property Filings: _____
Mail Processing Fee: _____
Other: _____

TOTAL FEES: 25.00

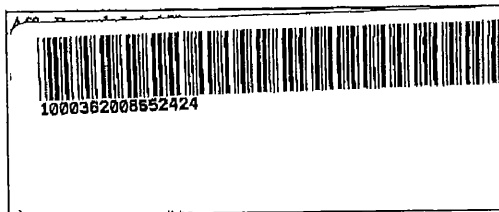
Credit Card _____ Check _____ Cash _____

_____ Documents on _____ Checks

Approved By: 48

Keyed By: _____

COMMENT(S):



Affix Barcode Label Here
ID # D03784089 ACK # 1000362008852424
PAGES: 0002
COUNCIL OF UNIT OWNERS OF SILVERBROOK WOOD CONDOMINIUM, INC.
09/08/2015 AT 12:06 P WO # 0004524779

New Name _____

- Change of Name
- Change of Principal Office
- Change of Resident Agent
- Change of Resident Agent Address
- Resignation of Resident Agent
- Designation of Resident Agent and Resident Agent's Address
- Change of Business Code
- Adoption of Assumed Name
- Other Change(s)

Code _____

Attention: _____

Mail: Name and Address

COUNCIL OF UNIT OWNERS OF SILVERBROOK WOOD
3706 CRONDALL LN
OWINGS MILLS MD 21117-2234

Stamp Work Order and Customer Number HERE

CUST ID: 0003308199
WORK ORDER: 0004524779
DATE: 09-14-2015 12:07 PM
AMT. PAID: \$25.00

Bylaws

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

EXHIBIT C

SILVERBROOK WOOD CONDOMINIUM

BYLAWS

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SILVERBROOK WOOD CONDOMINIUM

BYLAWS

ARTICLE I. GENERAL PROVISIONS.

Section 1.1 Definitions1.1.1. Specifically Defined Terms.

(a) As used in these Bylaws, any term which is defined in Section 1 of the Declaration shall be deemed to have the meaning ascribed to it therein.

(b) As used in the Bylaws, the following terms have the meaning hereinafter ascribed to them:

(1) "Annual Assessment" has the meaning ascribed to it by the provisions of subsection 3.1.1.

(2) "Annual Membership Meeting" means an annual meeting of the Membership, held pursuant to the provisions of subsection 2.3.2.

(3) "Articles" means those Articles of Incorporation under which the Council is incorporated, as amended from time to time.

(4) "Board Meeting" means a meeting of the Board of Directors, held pursuant to the provisions of subsection 2.4.7.

(5) "Condemnation" means either a taking in condemnation or by the exercise of a power of eminent domain or a conveyance made to a governmental or quasi-governmental authority which possesses such power, in settlement of any pending or threatened exercise thereof.

(6) "Council" shall mean the Council of Unit Owners of Silverbrook Farm Condominium, Inc., a nonstock Maryland corporation.

(7) "Council Property" means any and all real or personal property or other assets owned by the Council at any time.

(8) "the Declaration" means the instrument entitled "Declaration" which is recorded among the Land Records of Baltimore County immediately prior to the recordation thereamong the initial form of these Bylaws and by which the property constituting the Condominium was subjected to the Condominium Regime, as from time to time amended.

(9) "Director" means a member of the Board of Directors.

(10) "Emergency Special Assessment" has the meaning ascribed to it by the provisions of Section 3.2(c).

(11) "Emergency Special Expenditure" has the meaning ascribed to it by the provisions of Section 3.2(b).

(12) "Manager" means a person with whom the Council contracts to manage the Condominium and the Council's affairs pursuant to the provisions of subparagraph 2.4.1(b)(v).

(13) "Membership Meeting" means an Annual Membership Meeting or a Special Membership Meeting.

(14) "Notice Address" has the meaning ascribed to it by the provisions of Section 9.2.

(15) "Officers" means collectively, the President, the Vice-President, the Secretary, the Treasurer, each Assistant Secretary, each Assistant Treasurer, and the holder of each other office which the Board of Directors creates pursuant to the provisions of subparagraph 2.4.10(b)(xx).

(16) "Proxy" means the right given, pursuant to the provisions of paragraph 2.3.6, by a Unit Owner's Votes on questions voted upon at Membership Meeting.

(17) "Proxy Holder" means a person who holds a Proxy.

(18) "Special Assessment" has the meaning ascribed to it by the provisions of subsection 3.1.1.

(19) "Special Membership Meeting" means a special meeting of the Membership held pursuant to the provisions of subsection 2.3.3.

(c) Any other term to which meaning is specifically ascribed by any provision of these Bylaws shall for purposes of these Bylaws be deemed to have such meaning.

1.1.2. Construction of Terms. Any term to which meaning is specifically ascribed by any provision of the Declaration or the Bylaws, and which is used in the Act, shall, wherever possible, be construed in a manner which is consistent with any construction of such term as so used in the Act. Where such consistency of construction is not possible, the meaning so ascribed shall govern to the extent allowed by law.

Section 1.2. Applicability of Bylaws.

1.2.1. Scope of Coverage. These Bylaws shall be applicable to, and shall govern:

(a) the Council's administration of the Condominium's affairs, acting through its Officers, the Board of Directors, or the Unit Owners;

(b) the ownership, sale, lease, pledge, assignment or other transfer, by the Declarant or any Unit Owner, Contract Purchaser, Mortgagee, lessee or other person, or any legal or equitable freehold, leasehold, security or other interest in

(i) any Unit,

(ii) any undivided percentage interest in the Common Elements,

(iii) any percentage interest in the Common Expenses and Common Profits, or

(iv) any right to vote or other right of participation in the administration of the affairs of the Condominium or the Council; and

(c) the occupancy or other use of any Unit or the Common Elements by the Declarant, any Unit Owner, Contract Purchaser, Mortgagee, lessee or other person, or any agent, employee, invitee, visitor or guest thereof.

1.2.2. Persons Bound. Any Unit Owner, Contract Purchaser, Mortgagee, lessee or other person who (a) enters into or accepts the delivery of any instrument effecting the sale, conveyance, pledge, lease, assignment or other transfer of any interest referred to in the provisions of subsection 1.2.1(b), or (b) occupies or otherwise uses any Unit or the Common Elements, or allows any of his agents, employees, invitees, visitors or guests or any other person to do so, shall conclusively be deemed thereby to have accepted and ratified the provisions of the Declaration, these Bylaws and the Rules and Regulations, as from time to time amended, and to have agreed to comply with and be bound by the same.

ARTICLE II. THE COUNCIL OF UNIT OWNERS.

Section 2.1. Function. In accordance with the provisions of Section 11-109 of the Act and Title 5, Subtitle 2 of the Corporations and Associations Article of the Annotated Code of Maryland, the affairs of the Condominium shall be governed and administered by the Council. The Council shall be incorporated as a nonstock corporation. Unless and until changed by the Board of Directors, the mailing address of the Council of Unit Owners shall be First American Management, Inc., 8307 Main Street, Ellicott City, Maryland 21043.

Section 2.2. Powers and Duties.

2.2.1. General Powers. The Council shall have all of the rights and powers which are vested:

(a) in a council of unit owners by the provisions of the Act (to and only to the extent that the vesting of such powers is consistent with the provisions of the Declaration and these Bylaws); or

(b) in the Council by the provisions of the Declaration or these Bylaws.

2.2.2. Specific Powers. Without limiting the generality of the foregoing provisions of this Section, the Council shall have all of the following powers:

(a) to have perpetual existence, subject to the right to terminate the Condominium Regime held by the Unit Owners pursuant to the provisions of the Declaration;

(b) to adopt and amend budgets for revenues, expenditures, and reserves and collect Assessments for common expenses from Unit Owners;

(c) to sue, be sued, complain and defend in any court of law or equity of Maryland or any other jurisdiction;

(d) to transact its business, carry on its operations and exercise the rights and powers vested in it, as aforesaid, in any state, territory, district or possession of the United States, foreign country or other place;

(e) to make contracts and guarantees, incur liabilities and borrow money;

(f) to sell, mortgage, lease, pledge, exchange, convey, transfer or otherwise dispose of any or all of its property and assets;

(g) to issue bonds, notes and other obligations, and secure the same by mortgage, deed of trust or other security conveyance of any or all of its property and income;

(h) to acquire by purchase or lease or in any other manner, and to take, receive, own, hold, use, employ, improve and otherwise deal in and with, any real or personal property, including any Unit, or any interest therein, wherever located;

(i) to hire and terminate a Manager and other employees, agents and independent contractors;

(j) to invest its funds and lend money in any manner which is appropriate to enable it to carry on the operations or to fulfill the purposes which are set forth in the provisions of the Declaration or these Bylaws, and to take and hold real and personal property as security for the payment of funds so invested or loaned; and

(k) to regulate the use, maintenance, repair, replacement and modification of Common Elements;

(l) subject to the provision of the Master Declaration, and the Declaration to cause additional improvements to be made as a part of the General Common Elements;

(m) to grant easements, rights-of-ways, licenses, leases in excess of one (1) year and similar interests in the General Common Elements in accordance with Section 11-125(f) of the Act and the Declaration;

(n) to impose charges for late payments of Assessments and, to the extent and in the manner permitted by the Act, to levy fines and/or penalties for violation of the Declaration, these Bylaws and the Rules and Regulations;

(o) to impose reasonable charges for the preparation and recordation of amendments to the Declaration, Bylaws, Rules and Regulations, resale certificates or statements of unpaid assessments;

(p) to provide for the indemnification of and maintain liability and errors and omissions insurance for Officers, Directors, and any Manager or other employee charged with the operation or maintenance of the Condominium;

(q) to enforce the implied warranties made to the Council by the Developer under Section 11-131 of the Act;

(r) to enforce the provisions of the Act, the Declaration, these Bylaws and the Rules and Regulations against any Unit Owner or any lessee or guest of a Unit Owner;

(s) to cancel contracts entered into during the Developer Control Period as defined in §11-133 of the Act; and

(t) generally, to exercise any and all rights which are vested in it, and to do every other act not inconsistent with law which is appropriate to promote and attain the purposes set forth in the Act, the Declaration or these Bylaws.

2.2.3. General Duties. The Council shall be charged with all of the duties which are imposed:

(a) upon a council of unit owners by the provisions of the Act;

(b) upon a nonstock corporation by the provisions of the Corporations and Associations Article of the Code; and

(c) upon the Council by the provisions of the Declaration or these Bylaws.

2.2.4. Specific Duties. Without limiting the generality of the provisions of subsection 2.2.3, the Council through the Board of Directors shall (a) govern and administer the affairs of the Condominium; (b) establish the methods of and the procedures for collecting from the Unit Owners their respective Assessments and for paying to the Unit Owners their respective shares of the Common Profits; (c) manage or arrange for the management of the Condominium and of all Council Property; and (d) have such other duties as are specifically imposed upon the Board of Directors or any Officer by these Bylaws.

Section 2.3. The Membership.

2.3.1. Composition. The membership of the Council shall consist of and be limited to all of the Unit Owners.

2.3.2. Annual Membership Meetings.

(a) First Annual Membership Meeting. The first Annual Membership Meeting shall be held on a date within sixty (60) days next after the date on which units representing fifty percent (50%) of the votes in the Condominium, provided that no expansion of the Condominium occurs within such sixty (60) day period which reduces the percentage interests of initial purchasers of Units to less than fifty percent (50%), (but not on a Sunday or a legal holiday) at a time to be determined by the Board of Directors, and at a place in Baltimore County, Maryland, all as chosen by the

Board of Directors. At the first Annual Membership Meeting, the Council shall elect Directors in accordance with the provisions of Section 2.4 and may transact any other business which properly comes before it. Following the first Annual Membership Meeting, the Council of Unit Owners shall register with the Maryland State Department of Assessments and Taxation (the "Department") and shall provide the Department with the names and mailing addresses of the Condominium's Officers and Directors, if any. The Council of Unit Owners shall provide the Department with any updated list of the current Officers, Directors, resident agent and Manager on the April 15 following the first Annual Membership Meeting and on each April 15 thereafter.

2.3.3. Subsequent Annual Membership Meetings. Subsequent Annual Membership Meetings shall be held each year at a time between 7:00 p.m. and 8:30 p.m., on the first Tuesday of the month during which the first Annual Membership Meeting was held or at such other time and date as may be determined by the Board of Directors, and at a place in Baltimore County, Maryland. At each such subsequent Annual Membership Meeting, the Council shall elect the successors to each person whose term as a Director expires as of such Annual Membership Meeting and may transact any other business which properly comes before it.

(a) Notice of Annual Membership Meetings. By not later than ten (10), but not earlier than ninety (90), days before the date on which any Annual Membership Meeting is to be held, the Secretary shall give to each Unit Owner and each Proxy Holder a written notice to that effect, setting forth the purpose, date, time and place thereof.

2.3.4. Special Membership Meetings.

(a) Circumstances. A Special Membership Meeting may be held at any time for any purpose consistent with applicable law, the Declaration and these Bylaws, upon a call by the President or the Board of Directors. Each Special Membership Meeting shall be held on a date which is not a Sunday or a legal holiday, and at a place in Baltimore County, Maryland; provided, that a Special Membership Meeting may be had at any other date, time or place chosen by the President or the Board of Directors in any emergency situation, if a failure to do so could unreasonably jeopardize any of the Condominium or any Council Property, or the health, safety, comfort or welfare of the occupants of any Unit, or could impose an unreasonable burden upon the Council.

Called. (b) When a Special Membership Meeting Shall be

(i) The President or the Board of Directors may at any time call a Special Membership Meeting upon his or its own initiative, and shall in such event determine the date, time and place thereof.

(ii) The President shall call a Special Membership Meeting upon the Council's receipt, at any time after the first Annual Membership Meeting, of a petition requesting that such Special Membership Meeting be called, stating each intended purpose thereof, and signed by Unit Owners or Proxy Holders having at least twenty-five percent (25%) of the total number of Votes then outstanding. Whenever any such Special Membership Meeting is requested by any such petition, the President shall set a date therefor which is not later than ninety (90) days after the Council's receipt of such petition.

(c) Notice of Special Membership Meetings. By not later than ten (10), but not more than ninety (90), days before the date on which a Special Membership Meeting is to be held, the Secretary shall give to each Unit Owner and each Proxy Holder a written notice to that effect, setting forth the intended purpose, the date, the time and the place thereof; provided, that where a Special Membership Meeting is to be held in any emergency situation pursuant to the provisions of subsection 2.3.4(b), and compliance with the foregoing provisions of this paragraph is not for that reason reasonably possible, the Secretary shall give to each Unit Owner and each Proxy Holder such notice thereof as is reasonably possible under the circumstances.

2.3.5. Quorum.

(a) The presence, on the date and at the time and place for which a Membership Meeting is called of Unit Owners and Proxy Holders whose respective Votes constitute, in the aggregate, twenty-five percent (25%) of the total number of Votes which are then outstanding shall be required for and shall constitute a quorum for such Membership Meeting.

(b) Once the secretary of a Membership Meeting determines that a quorum exists therefor, the existence of such quorum shall not be affected by the subsequent withdrawal from the Membership Meeting of any Unit Owner or Proxy Holder.

2.3.6. Conduct of Membership Meetings.

(a) The President, if present, shall act as the chairman of and shall preside over each Membership Meeting. In the absence of the President at a Membership Meeting, it shall be chaired by the Vice-President, if present, or if not, by any other person who is present and elected chairman thereof by a plurality of the Votes. The chairman of each Membership Meeting shall preside over its conduct.

(b) The Secretary, if present, shall act as the secretary of each Membership Meeting. In the absence of the Secretary at a Membership Meeting, any Assistant Secretary shall, if present, act as the secretary thereof, and in the absence of any Assistant Secretary, any other person who is present and appointed secretary thereof by the chairman shall act as such. The secretary of each Membership Meeting shall take the minutes thereof (and, if such person is not the Secretary, promptly after such Membership Meeting shall deliver the minutes to the Secretary); shall record the questions voted upon at such Membership Meeting and the results of such voting; shall be the judge of the eligibility under the provisions of subsection 2.3.6 of any person to cast any Votes thereat; shall make the official count of the Votes cast on each such question; and shall perform any other duty which under these Bylaws are to be performed by the secretary of such Membership Meeting as part of its order of business.

2.3.7. Voting at Membership Meetings.

(a) At any Membership Meeting, the persons entitled to vote shall consist of and only of the following persons:

(i) As to each Unit Owner for whom no Proxy is then in effect, such Unit Owner shall be entitled to cast the Votes appurtenant to his Unit, provided that if such Unit Owner consists of more than one person, any such person who is present shall be entitled to cast such Votes, but if more than one such person is present, and such persons are not able to agree upon how to cast such Votes, then the secretary of the Membership Meeting shall allocate such Votes evenly among them.

(ii) As to each Unit Owner for whom a Proxy is then in effect, the Proxy Holder shall be entitled to cast such Votes.

(b) The Secretary need not recognize any person as a Unit Owner or Proxy Holder at a Membership Meeting unless prior thereto the Unit Owner or Proxy Holder has furnished to the Secretary the information which is referred to in the provisions of Section 9.1.

(c) Except as may otherwise be set forth in any provision of the Declaration, these Bylaws or applicable law, each question voted upon at any Membership Meeting shall be decided by a majority of the Votes cast thereon, and whenever these Bylaws condition the effectiveness of any action upon the approval or authorization thereof by the Council or the Unit Owners, such condition shall be satisfied by the affirmative vote of a majority of the Votes cast thereon.

(d) A Unit Owner may give to any person a Proxy entitling such person to cast such Unit Owner's Votes on questions voted upon at any one or more Membership Meetings, but such Proxy shall only be effective until revoked and unless such person is a lessee or Mortgagee of the Unit to which such Votes are attendant, such Proxy shall not be effective for more than one hundred eighty (180) days after its having been given. Any such Proxy shall only entitle the Proxy Holder to cast the Unit Owner's Votes at an election of Directors if such Proxy specifies the candidates for whom such Votes are to be cast. No person, other than the Developer, may hold more than one Proxy at any time.

(e) Any Unit Owner, against whose Unit the Council has recorded an Assessment Lien, may not vote at any meeting of the Council or be elected to an office or to the Board of Directors unless the amount necessary to release the lien has been paid at or prior to the time of such meeting.

Section 2.4. The Board of Directors.

2.4.1. Composition; Qualifications of Directors.

(a) The Board of Directors shall consist of five (5) Directors.

(b) Each Director shall be (i) a natural person, and (ii) at least twenty-one (21) years old. A Director need not be a Unit Owner.

2.4.2. Terms of Directorships.

(a) The initial members of the Board of Directors shall be those persons named in the Articles and shall serve as Directors until the first Annual Membership Meeting, at which time their terms as Directors shall expire.

(b) (i) At the first Annual Membership Meeting, a successor shall be elected to each Director. Two (2) such successors shall be elected to serve for a term of three (3) years, two (2) such successors shall be elected to serve for two (2) years, and one such successor shall be elected to serve for one (1) year.

(ii) At each subsequent Annual Membership Meeting, a successor shall be elected to the Director or Directors whose terms then expire, to serve for a term of three (3) years.

(c) Anything contained in the provisions of this subsection to the contrary notwithstanding, each Director shall serve as such until his successor has been elected and qualified.

2.4.3. Nomination of Directors.

(a) At least sixty (60) days before each Annual Membership Meeting, the President shall appoint a nominating committee of three Unit Owners, at least one of whom shall be a Director. Such nominating committee, after considering the qualifications of prospective nominees, shall select one or more nominees for each directorship to be filled at such Annual Membership Meeting, and shall present its nominations to the Secretary by not later than thirty (30) days before such Annual Membership Meeting.

(b) Any Unit Owner may nominate a candidate for each directorship to be filled at any Annual Membership Meeting by presenting such nomination to the Secretary in a writing signed by such Unit Owner by not later than fifteen (15) days before the written list of such nominees is furnished to the Unit Owners pursuant to subparagraph (c) hereof.

(c) By not later than ten (10) days before the date of such Annual Membership Meeting, each Unit Owner shall be furnished a written list of all nominees for directorships submitted pursuant to subparagraphs (a) or (b) and shall be furnished with a ballot for the directorial election, on which the names of each candidate shall be either typed or printed and on which no preference shall be indicated for any candidate. Where there is more than one (1) candidate, their names shall be arranged in alphabetical order.

2.4.4. Election of Directors.

(a) At each Annual Membership Meeting, there shall be held a separate election to fill the directorship of each Director whose term of office expires as of such Annual Membership Meeting, and any other directorship which is then vacant.

(b) The person who receives the greatest number of Votes cast in such election, shall be declared elected. Where more than one (1) directorship is being filled, a separate election shall be held for each directorship.

(c) Subject to the limitations of paragraph 2.3.6(a)(ii), each Unit Owner may cast his Votes in such election

either while in attendance at such Membership Meeting or prior thereto by depositing his completed ballot with the Secretary, who shall open it at such Membership Meeting.

2.4.5. Filling Vacancies in Directorships. If any directorship becomes vacant by reason of a Director's death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors, at a Board Meeting duly called for such purpose, shall elect his successor, who shall serve for the remainder of his term; provided, that if such position remains unfilled at the next Annual Membership Meeting, such successor shall be elected thereat by the Council, for the remainder of such term.

2.4.6. Removal of Directors. Any Director may be removed from his position as such, with or without cause, by the affirmative vote of Unit Owners having a majority of the outstanding Votes, at any Annual Membership Meeting, or at any Special Membership Meeting duly called for such purpose. Any Director who misses three (3) consecutive meetings of the Board of Directors shall be automatically removed from his position as a Director.

2.4.7. Board Meetings.

(a) A Board Meeting shall be held immediately upon adjournment of each Annual Membership Meeting and at the same place where such Annual Membership Meeting was held, provided that a quorum of Directors is present. If such quorum is not present, a Board Meeting shall be held as soon thereafter as is practicable, provided that notice thereof is given to each Director by not later than five (5) days prior thereto.

(b) Thereafter, a Board Meeting shall be held at such time and place as may be fixed from time to time by resolution of the Board of Directors.

(c) Once the date, time and place of the regular Board Meetings are selected, such regular Board Meetings may thereafter be held without notice to the Director of such date, time and place (which may not be changed unless notice of such change is given to the Directors in the same manner as for a special Board Meeting).

(d) A special Board Meeting may be called by the President on not less than two (2) days' notice given in writing, in person or by telephone or wire to each Director, and must be called on the demand of two or more Directors.

(e) Notice of a regular or special Board Meeting need not be given to any Director who submits a waiver of such

notice either before or after such Board Meeting. A Director's attendance at a Board Meeting shall be deemed to be a waiver by him of his right to be given notice thereof.

2.4.8. Quorum. At each Board Meeting, the presence in person of a majority of the Directors shall constitute a quorum for the transaction of business, except as is otherwise expressly provided in these Bylaws or by applicable law. Each Director shall be entitled to cast one (1) vote upon each question which comes before the Board of Directors, and the decision of a majority of the Directors present at a Board Meeting at which a quorum is present shall be the decision of the Board of Directors. If at any Board Meeting a quorum is not present, a majority of the Directors who are present may adjourn the Board Meeting from time to time and, at any such adjourned Board Meeting at which a quorum is present, any business that might have been transacted at the Board Meeting as originally called may be transacted without further notice to any Director.

2.4.9. Unit Owners' Attendance at Board Meetings.

(a) Unless, pursuant to the provisions of Section 11-109.1 of the Act the Board of Directors is entitled to close a Board Meeting and affirmatively votes to do so in the manner required under Section 11-109.1, each Unit Owner shall be entitled to attend any Board Meeting, but no Unit Owner, other than a Unit Owner who is a Director, shall have any right to vote upon or (except with respect to that Board Meeting at which the Council's budget is to be approved and adopted pursuant to subsection 3.1.4) participate in the deliberations with respect to any question coming before such Board Meeting. Each Unit Owner shall be given notice of all Board Meetings, which notice may be given in a single annual notice setting forth the date, time and location of all Board Meetings for such year.

(b) Each Unit Owner and Proxy Holder shall have the right to be heard on the question of the approval and adoption of the Council's budget at the Board Meeting at which such actions are to be taken. By not later than thirty (30) days before the date on which such Board Meeting is to be held, the Secretary shall give to each Unit Owner and each Proxy Holder a written notice to such effect, setting forth the intended purposes thereof, the date, time and place thereof, and a copy of the budget proposed to be adopted by the Board of Directors at such Board Meeting.

2.4.10. Powers and Duties of the Board of Directors.

(a) All of the Council's business and affairs shall be managed, and all of its rights, powers and duties shall be exercised and performed on its behalf, by the Board of Directors and the Officers in accordance with the provisions of Section 2.4;

provided, that nothing in the foregoing provisions of this paragraph shall be deemed in any way to alter or impair the operation and effect of any provision of the Act, the Corporations and Associations Article of the Code, other applicable law, the Declaration or these Bylaws pursuant to which the Council's right to take any action is conditioned upon such action's having been authorized or approved by the Unit Owners.

(b) Without limiting the generality of the foregoing provisions of this subsection, the Board of Directors shall have the right and power to cause the Council to take each of the following actions:

(i) Management of the Common Elements. to operate, manage, maintain, renew, replace, repair and protect the Common Elements and all Council Property;

(ii) Preparation of Budget. to prepare and adopt a budget of the estimated Common Expenses, Common Profits and Assessments for the Council's next succeeding fiscal year, in accordance with the provisions of Article III hereof;

(iii) Assessments. to levy Assessments in accordance with the provisions of Article III hereof and to enter into agreements pursuant to which the Developer, in satisfaction of its obligation to pay Assessments on Units owned by the Developer, agrees to guarantee the Assessments paid by other Unit Owners;

(iv) Expenditures. to authorize the use and expenditure of any or all funds of the Council for the operation, management, maintenance, renewal, replacement, repair and protection of the Common Elements and Council Property, provided that the Council may make no expenditure which would result in an increase of more than fifteen percent (15%) in the Assessments for the current fiscal year unless (a) such expenditure is made to correct 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, or (b) such increase shall have been adopted at a Special Membership Meeting convened in accordance with the provisions of subsection 2.3.4 and subsection 2.4.9(b) as an amendment to the previously adopted budget;

(v) Selection of the Manager. Subject to Section 6.7 of the Declaration, to employ or contract with a Manager to manage the Condominium and/or the affairs of the Council; to fix the Manager's compensation (which shall be paid by the Council as part of the Common Expenses); and to determine the nature and extent of the Manager's powers and duties, subject to any limitation thereon which is set forth in the provisions of the Act, the Declaration or these Bylaws;

(vi) Fidelity bonds. to require the Manager and all Officers and employees of the Council who handle, or are responsible for, funds of the Council or funds in its possession or under its control to furnish to the Council fidelity bonds, in form and amount, and with a corporate surety, which are satisfactory to the Board of Directors (the premiums on which shall be paid by the Council as part of the Common Expenses);

(vii) Taxes; Liens; Water and Sewer Rents. to pay all taxes and assessments levied or liens imposed against any of the Condominium or any Council Property; provided that

(1) any such tax or assessment which is levied separately against a particular Unit or is otherwise chargeable under applicable law directly and separately to a particular Unit Owner shall be paid by such Unit Owner;

(2) any tax or assessment which is levied against the Condominium as a whole before a separate tax or assessment is levied against each Unit in accordance with the provisions of Section 11-110 of the Act may be paid by the Council as part of the Common Expenses;

(3) any charge for water, gas, sewer service, electricity or any other utility service which is provided to the Common Elements shall be paid by the Council as part of the Common Expenses;

(4) any charge for gas, electricity, cable television or other utility service (other than water and sewer service) provided to a Unit shall be paid by the Unit Owner of such Unit; and

(5) any charges for water and sewer service provided to the Units shall be paid by the Council as part of the Common Expenses;

(viii) Employees, Services and Materials. to employ and dismiss such workmen, janitors, watchmen and other personnel, and to purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the opinion of the Board of Directors are from time to time necessary for the proper operation and maintenance of the Common Elements and any Council Property;

(ix) Collection of Delinquent Assessments. to collect any unpaid and delinquent Assessment or fine, any interest accrued thereon and any costs and expenses which the Council incurs in connection therewith (including, by way of example rather than of limitation, any filing fees, court costs or attorneys' fees), whether by suit or otherwise;

(x) Professional Assistance. to employ or retain legal counsel, engineers and accountants and to determine the amount and terms of their compensation, whenever the professional assistance of such persons is deemed necessary by the Board of Directors for any purposes related to the Council's exercise of its rights and powers, or performance of its duties;

(xi) Operating Accounts. to cause such operating, escrow and other accounts to be established and maintained as the Board of Directors deems appropriate from time to time and as are consistent with good accounting practices;

(xii) Audits and Books of Account.

to (1) cause to be prepared by an independent certified public accountant at the end of each fiscal year of the Council, and furnish to each Unit Owner, an annual audited financial statement for the Council; and

(2) keep detailed books of account, in chronological order, of the receipts of the Council and the Common Expenses, specifying therein the amount of the Common Expenses and the Common Profits and the portions thereof which are attributable to each Unit;

(xiii) Rules and Regulations.

to (1) make, promulgate and amend from time to time reasonable Rules and Regulations, all as the Board of Directors deems appropriate, in accordance with the provisions of Section 11-111 of the Act and as more particularly described in Article VIII hereof; and

(2) enforce compliance by each Unit Owner and his family members, guests, invitees, contractors and tenants with the Rules and Regulations by injunction or such other legal action or means, including the levying of fines against a Unit Owner for any violation of the Rules and Regulations by the Unit Owner or his family members, guests, invitees, contractors and tenants, all as the Board of Directors deems appropriate and in accordance with the provisions of Section 11-113 of the Act;

(xiv) Insurance.

to (1) procure and maintain insurance in accordance with the provisions of Section 4.3 hereof; and

(2) collect the proceeds of all such insurance, and apply them towards the cost of repair, restoration or replacement of any or all of the Condominium in accordance with the provisions of the Act, the Declaration and these Bylaws;

(xv) Condemnation Proceedings. to exercise and perform, on behalf of the Council, its rights and duties as to the prosecution and defense of Condemnation proceedings pursuant to the provisions of Article V;

(xvi) Lease or License of Common Elements. to lease or license the use of any of the Common Elements in a manner which is consistent with the rights of the Unit Owners under the Act, the Declaration or these Bylaws;

(xvii) Designation of Title Holder.

to (1) designate a nominee for the purpose of acquiring title to any Unit purchased by the Council;

(2) designate, and enter into a trust agreement with, two or more Directors to act as trustees for the Council in holding title to such Unit; and/or

(3) authorize the President or any other person to execute, attest, enseat and acknowledge, on behalf of the Council, any and all mortgages, leases or other instruments, where necessary to accomplish any such purpose;

(xviii) Personal Property. to cause the Council to acquire by purchase or otherwise, and to own, use, improve, mortgage, sell, dispose of and otherwise deal with, any Council Property, wherever located;

(xix) Additions and Improvements. Subject to the operation and effect of the provisions of the Declaration, to make such alterations, additions and improvements to the Common Elements and any Council Property as it deems appropriate, provided, that the Board of Directors shall obtain the approval by the Council of any alteration, addition or improvement which the Board of Directors estimates would cost more than \$10,000.00; and further provided, that when in the opinion of the Board of Directors any such alteration, addition or improvement is being made exclusively or substantially for the benefit of one or more, but less than all, Unit Owners, the cost thereof shall be charged to such Unit Owner or Unit Owners in such proportion as the Board of Directors determines to be fair and equitable, provided that such Unit Owners have requested in writing that the same be made, and that prior to taking such action each such Unit Owner has consented expressly and in writing to be so assessed; and further provided, that in every other case the cost of any such alteration, addition or improvement shall be paid by the Council as part of the Common Expenses; and

(xx) Offices. to create one or more offices of Assistant Secretary, Assistant Treasurer or otherwise, in addition

to the offices of the President, the Vice-President, the Secretary and the Treasurer.

(c) For purposes of the provisions of Section 11-107(d) and Section 11-115 of the Act, the Board of Directors (i) shall constitute, and is hereby designated to be, "the person or entity designated in the Bylaws to be in charge of the administration" of the Condominium, and (ii) shall be empowered to execute any amendment of the Declaration, to authorize any Unit Owner to remove all or part of any walls separating the Units or portions of them, and to grant any other consent or take any other action of a type referred to in the provisions of Section 11-107 or Section 11-115 of the Act, upon the terms and subject to the conditions set forth herein, and without the necessity of obtaining any consent thereto or joinder therein by the Unit Owners.

2.4.12. Compensation of Directors. Each Director shall serve as such without compensation, except to the extent that such compensation is expressly authorized by the Unit Owners.

2.4.13. Right of Inspection of Directors.

(a) Every Director of the Council and every Director of Owings Mills New Town Community Association, Inc., a Maryland nonprofit nonstock corporation, will have the absolute right at any reasonable time to inspect all books, records and documents of the Council and the physical properties owned or controlled by the Council. The foregoing right of inspection includes a right to make extracts and copies of documents, and, when such right is exercised by a Director of Owings Mills New Town Community Association, all extracts and copies of documents requested by such Director shall be at his or her expense.

(b) Anything contained in these Bylaws to the contrary notwithstanding, the rights of each Director of Owings Mills New Town Community Association set forth in 2.4.13(a) above of these Bylaws may not be amended, modified nor rescinded at any time without the prior written consent of the Board of Directors of Owings Mills New Town Community Association.

Section 2.5. Officers.

2.5.1. Designation; Qualifications of Officers.

(a) The Officers shall consist of the President, the Vice-President, the Secretary, the Treasurer and (if the Board of Directors creates any office of Assistant Secretary or Assistant Treasurer, or any other office), each such Assistant Secretary, Assistant Treasurer or other Officer.

(b) Each Officer shall be (i) a natural person; (ii) at least twenty-one (21) years old; and (iii) either (1) alone or in combination with one or more other persons a Unit Owner, or (2) an officer, director, partner, employee or agent of a corporation, partnership, trust or other legal entity which, either alone or in combination with or as a partner of one or more other persons, is a Unit Owner.

(c) The President and the Secretary shall be selected from among the Directors. Any other Officer may, but need not, be a Director.

(d) One person may simultaneously be both the Secretary and the Treasurer, but no person may simultaneously hold any other two or more offices.

2.5.2. Election of Officers. The Officer shall be elected annually by the Board of Directors, and shall hold office until their successors are elected and qualify.

2.5.3. Powers and Duties of the President. The President shall (a) be the chief executive officer of the Council and the chairman of the Board of Directors, and (b) have the general powers and duties which are usually vested in the office of president of a corporation organized and existing under the law of Maryland (including, by way of example rather than of limitation, the power to appoint such committees from among the Unit Owners as he from time to time deems appropriate, to assist in the conduct of the affairs of the Council), (c) have charge of the administration of the Condominium, and (d) shall serve as the Council's delegate to the Community Association and shall have the right to vote the Council's vote(s) at all meetings of the Community Association. The president shall exercise the Council's vote in the Community Association as directed by the Board of Directors.

2.5.4. Powers and Duties of the Vice-President. The Vice-President shall take the place of the President and perform his duties whenever the President is absent or unable to act.

2.5.5. Powers and Duties of the Secretary. The Secretary shall (a) act as secretary of each Board Meeting and each Membership Meeting at which he is present; (b) record all Votes cast on questions coming before each such meeting and the minutes thereof, setting forth each resolution adopted thereat in a minute book to be kept for that purpose; (c) have charge of such minute book and of such records and papers of the Council as the Board of Directors directs; (d) have the general powers and duties which are usually vested in the office of secretary of a corporation organized and existing under the law of Maryland (including, by way of example rather than of limitation, the duty to send notices of Membership Meetings and Board Meetings in accordance with these

Bylaws) as well as such other duties as are prescribed by these Bylaws or by the Board of Directors or the President; (e) keep at the office of the Council the roster referred to in the provisions of Section 9.1 hereof, as well as copies of the Declaration, the Condominium Plat, these Bylaws and the Rules and Regulations, all as from time to time amended, and all drawings and specifications for the Condominium received by the Council and all insurance policies maintained by the Council pursuant to Article IV hereof (all of which shall be available at such office for inspection by the Unit Owners and each Mortgagee during the Council's regular business hours); and (f) annually file with the appropriate agencies of the State of Maryland the names and mailing addresses of the Officers, Directors and resident agent of the Council and the Manager of the Condominium in accordance with the provisions of Section 11-119 of the Act.

2.5.6. Powers and Duties of the Treasurer. The Treasurer shall (a) have charge and custody of, and be responsible for, the Council's funds and securities; (b) deposit all of its monies, checks and other valuable effects in the name and to the credit of the Council in such depositories as are from time to time designated for such purpose by the Board of Directors; (c) disburse the Council's funds as from time to time ordered by the Board of Directors or the President, making proper vouchers for such disbursements; (d) keep full, complete and accurate accounts and records of the Council's financial transactions; (e) submit to the Board of Directors and the Membership such reports thereof as the Declaration, these Bylaws, applicable law or the Board of Directors from time to time require; and (f) have the general powers and duties which are usually vested in the office of treasurer of a corporation organized and existing under the law of Maryland. The accounts and records to be maintained by the Treasurer shall (i) include, by way of example rather than of limitation, chronological listings of all Council receipts, all Common Expenses, the amount of each Assessment levied against each Unit, and the amounts thereof paid and unpaid; (ii) specify and itemize the Common Expenses relating to the Common Elements and any other Common Expenses; (iii) be kept at the office of the Council; and (iv) be available there for inspection by the Unit Owners, prospective Unit Owners and each Mortgagee during the Council's regular business hours. The Treasurer shall present at each Annual Membership Meeting an annual audited financial statement prepared by an independent certified public accountant of the Common Expenses and the Common Profits, the allocation thereof to each Unit Owner, and any changes expected therein for the Council's next succeeding fiscal year.

2.5.7. Compensation of Officers. The Officers shall serve as such without compensation therefor unless such compensation is expressly authorized by the Unit Owners. Any such compensation shall be paid by the Council as part of the Common

Expenses. Each Officer shall be reimbursed by the Council for all expenses which are reasonably incurred by him in the discharge of his duties.

2.5.8. Resignation and Removal of Officers. Any Officer may resign his office at any time by giving written notice thereof to the Board of Directors. Unless such resignation indicates an earlier date therefor, it shall become effective at the next succeeding Board Meeting. Any Officer may be removed from office at any time by resolution of the Board of Directors. Any Director who is removed from his position as such and is then an Officer shall also be deemed thereby to have been removed from such office.

2.5.9. Filling Vacancies in Offices. If any office becomes vacant by reason of an Officer's death, resignation, retirement, disqualification, removal from office or otherwise, the Directors shall, at a Board Meeting duly called for such purpose, elect his successor.

2.5.10. Execution of Instruments. No agreement, contract, check, deed, lease, mortgage or other instrument shall be binding upon the Council unless signed by two Officers, except to the extent that the power to bind the Council is otherwise delegated to the Manager or any other person by the Board of Directors.

Section 2.6. Limitation of Council's, Directors' and Officers' Liability.

(a) Neither the Council nor any Director or Officer, in its or his capacity as such, except in the event of his own individual willful misconduct or gross negligence in the performance of its or his duties, shall be liable (i) for any failure by the Council to obtain or pay for any service which is to be obtained hereunder, or for any injury or damage to persons or property caused by the elements or any Unit Owner or other person, or resulting from the leakage or flow of electricity, gas, water, rain or dust from the outside of any structure which is situate with the Condominium, from any Unit, from any pipe, drain, conduit, appliance, equipment or other place; (ii) to any Unit Owner or other person under any agreement, deed, lease, mortgage, other instrument or transaction entered into by him on behalf of the Council or the Unit Owners in the performance of his duties; (iii) in tort or otherwise, directly or indirectly, to any Unit Owner or any person by virtue of his good faith act or failure to act; (iv) arising out of the use, misuse or condition of the Common Elements, or in any other way as a result or by virtue of his performance of his duties; or (v) for loss or damage, by theft or otherwise, of articles which may be stored within any Unit or upon any of the General or Limited Common Elements. No diminution or abatement of

Assessments as herein elsewhere provided shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the General or Limited Common Elements, separately contracted maintenance to a Unit, or from any action taken by the Council to comply with any law, ordinance, or with the order or directive of any municipal or other governmental authority. THE COUNCIL IS NOT A PROVIDER OF SECURITY SERVICES FOR THE UNITS AND PROPERTY, AND UNIT OWNERS SHOULD IMPLEMENT SECURITY MEASURES, IF DESIRED, TO PROTECT THEIR PERSONS, UNITS AND PERSONALTY.

(b) Each Director and Officer, in his capacity as such, and his heirs and personal representatives shall be indemnified by the Council against all liability and expense (including, by way of example rather than of limitation, that of reasonable attorneys' fees), which are imposed upon or incurred by him in connection with any proceeding in which he is involved by reason of his being or having been a Director or Officer, or in connection with any settlement thereof, and (with respect to such expense whether or not he is a Director or Officer at the time such expense is incurred) except for any such liability imposed or expense incurred in connection with any such proceeding in which the Director or Officer is adjudged guilty of gross negligence or willful misconduct in the performance of his duties; provided, that the foregoing provisions of this paragraph shall not be applicable to any such liability or expense assumed or incurred as the result of a settlement of such proceeding unless the Board of Directors (with such Director abstaining) acting upon the advice of its legal counsel, approves such settlement and reimbursement as being in the Council's best interests. Any amount paid by the Council pursuant to the foregoing provisions of this paragraph shall be part of the Common Expenses. Nothing in the foregoing provisions of this paragraph shall be deemed to alter or impair any right to indemnification to which such Director and/or Officer is entitled under applicable law, by authorization of the Unit Owners or the Board of Directors, or otherwise.

Section 2.7. Resident Agent. The name and post office address of the resident agent of the Council in Maryland shall be Bozzuto & Associates, Inc., whose address is 6401 Golden Triangle Drive, Greenbelt, Maryland 20770. Such resident agent (a) is authorized to accept on behalf of the Council service of process in any action relating to the Common Elements, or the Council, and (b) shall serve until his successor is designated as provided by Section 11-119 of the Act.

Section 2.8. Fiscal Year. The Council's first fiscal year shall begin on the date of the recordation of the Declaration among the Land Records and shall end on the thirty-first (31st) day of December next succeeding such date. Each of the Council's subsequent fiscal years shall begin on the first (1st) day of

January of each succeeding calendar year and shall end on the thirty-first (31st) day of December of such succeeding calendar year.

ARTICLE III. ASSESSMENTS.

Section 3.1. Procedure for Levying Assessments. Any determination by the Board of Directors on behalf of the Council to levy Assessments pursuant to the provisions of the Act and the Declaration, and/or of the respective amounts thereof, shall (subject to the operation and effect of such provisions) be made in the following manner:

3.1.1. Classes of Assessments. The Assessments shall consist of annual Assessments (each of which is hereinafter referred to as an "Annual Assessment"), special Assessments (each of which is hereinafter referred to as a "Special Assessment") and Emergency Special Assessments (defined in Section 3.2(c)). The proceeds of the Annual Assessments may be used by the Council to defray any Common Expenses. The proceeds of any Special Assessments shall be used to defray any Common Expenses incurred by the Council either in the construction, reconstruction, repair or replacement of any of the Common Elements, or any Council Property, or for unreported Common Expenses, all as more particularly described in Section 3.1.4(d) below. The proceeds of any Emergency Special Assessment shall be used to defray the costs of Emergency Special Expenditures as described in Section 3.2(b).

3.1.2. Period of Assessments. Each Assessment shall be levied with respect to one of those periods (each of which is hereinafter referred to as an "Assessment Year") which are co-extensive with the Council's fiscal years. Not more than one Annual Assessment shall be levied against a Unit for any Assessment Year. The omission of the Board, before the expiration of any budget period, to adopt a budget hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article or the Act, or a release of assessment installment thereof, for that or any subsequent budget period, but the budget fixed for the preceding period shall continue until a new budget is fixed. No Unit Owner may exempt himself from liability for assessments by a waiver of the use or enjoyment of any of the Common Elements, or by abandonment of any Unit belonging to him.

3.1.3. Allocation of Assessments Among Units.

(a) Except as is otherwise provided in Sections 3.1 and 3.2, (i) the respective amounts of any Annual Assessments, Special Assessments or Emergency Special Assessments levied for an Assessment Year shall be computed in accordance with the respective percentage interests in the Common Expenses and Common Profits of

the Units, and (ii) no Assessment of one class may be levied for an Assessment Year against one Unit unless an Assessment of such class is at the same time levied for such Assessment Year against each Unit.

(b) If during an Assessment Year a Unit is added to the Condominium through an expansion thereof,

(i) the Council shall be deemed, automatically and without the necessity of further action, to have levied against such Unit for such Assessment Year each Assessment which the Council has levied against the other Units for such Assessment Year; and

(ii) the respective amount of each such Assessment shall be determined in accordance with the foregoing provisions of this subsection 3.1.3 as if such Unit was part of the Condominium at the commencement of such Assessment Year, but except that the said amount of each such Annual Assessment (but not of any such Special Assessment) shall then be reduced to a fraction thereof, the numerator of which shall be the number of days remaining in such Assessment Year as of the date of such expansion, and the denominator of which shall be three hundred sixty-five (365).

3.1.4. Adoption by Board of Directors; Notice of Assessment; When Assessments Become Due and Payable.

(a) By not later than the thirtieth (30th) day prior to the commencement of an Assessment Year, the Council shall cause the Board of Directors, as provided in Section 11-109.2 of the Act, to adopt an annual budget for the Council for such Assessment Year, which shall set forth for such Assessment Year (i) the aggregate amount of the Annual Assessments to be levied to meet the annual budget, (ii) the respective amount of the Annual Assessment to be levied against each Unit, and (iii) on a line-item basis the amounts allocated to each of the items set forth in paragraph (b) hereof and such other items as the Board of Directors deems appropriate. By not later than thirty (30) days prior the adoption of such budget, the Council shall provide a copy of the proposed budget to each Unit Owner at its Notice Address. Within fifteen (15) days after the adoption of such budget, the Council shall provide a copy of the budget, as adopted, to each Unit Owner at its Notice Address. The formal adoption of any budget must take

place at a Board meeting. The annual budget shall include, but in no way shall be limited to, the following:

(1) The cost of all operating expenses of the Condominium as the same may be constituted from time to time, and services furnished, including charges by the Council for facilities and services furnished by it;

(2) The cost of necessary management and administration, including fees paid to any Management Agent;

(3) The amount of all taxes and assessments (including, without limitation, any and all assessments levied by the Community Association) levied against the Council or upon any property which it is otherwise required to pay, if any;

(4) The cost of public liability, fire and extended coverage insurance on the Condominium and the cost of such other insurance as the Council or the Board may effect;

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

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

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

(b) For each fiscal year of the Council, an adequate amount of the annual budget, which shall not be less than five percent (5%) of the aggregate amount of such annual budget, shall be reserved for periodic maintenance, repair and replacement of Council Property and portions of the Common Elements. Such funds shall be deposited in a special interest-bearing account with a lending institution the accounts of which are insured by an agency of the United States of America, or may, in the discretion of the Board, be invested in the obligations of, or fully guaranteed as to principal, by, the United States of America, states, municipalities, or counties thereof. Such funds may be expended only for the replacement of the Common Elements and Council Property of the Condominium and for operating contingencies of a non-recurring nature.

(c) Each Annual Assessment shall be paid to the Board of Directors on behalf of the Council in equal monthly installments in advance on the first day of each month, without notice. In the event that a Unit Owner shall fail to pay any such

installment when and as the same shall be due and payable, then the Board of Directors on behalf of the Council shall have the right to declare the entire Assessment for such Assessment Year, less any amounts theretofore paid toward such Assessment, to be immediately due and payable, provided the Board of Directors on behalf of the Council complies with all of the requirements of the Act applicable to such action.

(d) The Board of Directors on behalf of the Council may levy in any assessment year a Special Assessment or Assessments, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the Condominium, as then constituted, including the necessary fixtures and personal property related thereto, or for such other purpose as the Board may consider appropriate, provided that any such Special Assessment must be approved either (i) at a Special Membership Meeting or (ii) by the written consent of the Unit Owners representing fifty-one percent (51%) of the total votes of the Condominium.

(e) Anything contained in the foregoing provisions of this subsection 3.1.4 to the contrary notwithstanding, if a Unit is added to the Condominium during an Assessment Year, the Annual Assessment and any Special Assessment thus levied against it shall be due on the later of (i) the date on which such Assessment would have been due were such Unit within the Condominium when such Assessment Year began, or (ii) the date on which such Unit is added to the Condominium.

Section 3.2 Limitations upon Assessments.

(a) Without Approval by the Unit Owners. Without either (i) the approval of the Unit Owners at a Special Membership Meeting or (ii) the written consent of the Unit Owners representing fifty-one percent (51%) of the total votes of the Condominium, and other than pursuant to the provisions of Section 3.2(b) hereof, the Council may not levy against any Unit an Annual Assessment in an amount which,

(i) for the first Assessment Year, exceeds the amount of monthly assessment during the first Assessment Year as designated on Schedule I attached hereto multiplied by the number of months remaining in the first Assessment Year.

(ii) for any Assessment Year thereafter, exceeds one hundred twenty percent (120%) of the maximum amount permitted to be levied against such Unit as an Annual Assessment for the immediately preceding Assessment Year, which preceding Assessment Year shall be adjusted, if necessary, to a twelve (12) month period.

(b) Without Approval by the Unit Owners. Any expenditure other than an expenditure made because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the Unit Owners or a significant risk of damage to the Condominium (an "Emergency Special Expenditure"), that would result in an increase in the amount of Annual Assessment 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 Membership Meeting (as described in Section 2.3.4 hereof).

(c) Emergency Special Expenditure. Notwithstanding anything to the contrary contained herein, the Board of Directors may incur an Emergency Special Expenditure that results in any increase in the amount of Annual Assessments and may levy an Emergency Special Assessment in an amount equal to such increase.

Section 3.3. Assessment Lien; Priority Thereof.

3.3.1. Statement of Condominium Lien.

(a) At any time after an Assessment is due against a Unit and before it is paid in full to the Council, the Board of Directors on behalf of the Council, may establish and enforce a lien on the Unit. Upon default in the payment of any one or more monthly installments of any Assessment levied pursuant to these Bylaws, the entire balance of said Assessment may be accelerated at the option of the Board and shall become immediately due and payable. The Board of Directors on behalf of the Council may execute and record among the Land Records of Baltimore County, after complying with the provisions of Section 11-110 of the Act and Section 14-201 of the Maryland Contract Lien Act, a statement of lien with respect to such Assessment (or any installment thereof, if payable in installments and if the Council elects to make such statement of lien applicable to such installment rather than to such Assessment in full).

(b) The form of any such statement of condominium lien shall be determined by the Board of Directors on behalf of the Council in the exercise of its sole discretion, provided that, upon its having been executed and recorded among said Land Records, it constitutes a "statement of lien" for purposes of the provisions of Section 14-201 of the Maryland Contract Lien Act.

3.3.2. Effectiveness of Assessment Lien. Each Assessment (or each installment thereof, if payable in installments) levied against a Unit shall constitute a lien (hereinafter referred to as an "Assessment Lien") upon the title to such Unit, from the time when a statement of lien with respect to such Assessment or installment is recorded among the Land Records of Baltimore County pursuant to the provisions of Section 11-110 of the Act and Section 14-201 of the Maryland Contract Lien Act, and the provisions of subsection 3.3.1 hereof until such Assessment or installment is paid, provided that notice is given to the Unit Owner within two (2) years of the Unit Owner's nonpayment.

3.3.3. Priority of Assessment Lien. An Assessment Lien shall be subordinate to the lien of the Community Association Assessments and to any Mortgage covering the Unit against which such Assessment is levied, if and only if such Mortgage is recorded among said Land Records prior to the recordation thereamong of a statement of lien creating such Assessment Lien.

3.3.4. Enforcement of Assessment Lien.

(a) An Assessment Lien may be enforced and foreclosed by the Board of Directors on behalf of the Council in the same manner and subject to the same requirements as are specified by the law of Maryland for the foreclosure of mortgages or deeds of trust containing a power of sale or an assent to a decree, and covering real property situate and lying in Maryland.

(b) The Board of Directors on behalf of the Council shall be entitled (i) to protect the Council's right to collect any unpaid Assessment by purchasing the Unit against which it is levied, at any judicial or other sale involving the enforcement of any Assessment Lien or other lien against the Unit, (ii) to hold, lease, sublet, sell, convey and mortgage any such Unit so purchased, and (iii) if authorized by the Board of Directors, to borrow any or all of the purchase money therefor. The payment of the purchase price for such Unit and of any interest charged for any such purchase money so borrowed shall be a Common Expense, and any income from any resale, mortgage or lease of such Unit shall be part of the Council receipts.

(c) Each Unit Owner shall pay to the Board of Directors on behalf of the Council of Unit Owners, monthly, the amount of any fine levied against him pursuant to any Rules and Regulations. Such fines shall constitute a lien in the same manner as if it were an Assessment.

(d) Any Unit Owner, against whose Unit the Board of Directors on behalf of the Council has recorded an Assessment Lien, may not vote at any meeting of the Council unless the amount

necessary to release the lien has been paid at or prior to the time of such meeting.

Section 3.4. Interest on Unpaid Assessment. Each Assessment (or each installment thereof, if payable in installments) shall bear interest on the unpaid balance thereof from the thirtieth (30th) day after the date upon which it first becomes due, until paid, at the highest rate of interest which from time to time is permitted by the Act to be charged with respect to the same. In addition, the Council may impose a late charge for each such Assessment or monthly installment thereof not paid within fifteen (15) days after the date upon which it becomes due in accordance with the provisions of the Act.

Section 3.5. Personal Liability of Unit Owners.

3.5.1. When Liable.

(a) Each Unit Owner shall be personally liable for the payment of each Assessment (or each installment thereof; if payable in installments) which becomes due with respect to a Unit either (i) while he is the Unit Owner thereof, or (ii) prior to his having become the Unit Owner thereof if either (1) a statement of lien with respect to such Assessment is recorded prior to his having become the Unit Owner thereof, pursuant to the provisions of Section 11-110 of the Act and The Maryland Contract Lien Act, or (2) he became the Unit Owner thereof other than by a "grant of a unit for value," as that term is used in the said provisions.

(b) A Unit Owner may not avoid such liability by (i) waiving any right to the use of the Common Elements or otherwise which he holds under the provisions of the Act, the Declaration, these Bylaws or otherwise, (ii) abandoning or otherwise terminating his use of such Unit, or (iii) conveying the title to such Unit after the same becomes due.

(c) Nothing in the foregoing provisions of this Section shall be deemed in any way to alter or impair any right which any Unit Owner may have against any prior Unit Owner of his Unit for the recovery of any amount which such Unit Owner may pay on account of such liability.

3.5.2. When not liable. A Unit Owner shall not be personally liable for the payment of any Assessment or installment thereof which becomes due with respect to a Unit, other than as set forth in the foregoing provisions of this Section.

Section 3.6. Council's Recovery of Unpaid Assessment.

3.6.1. Right of Action. The Board of Directors on behalf of the Council shall be entitled to recover in an action at

law or inequity, from any person who is liable for the payment of any or all of an Assessment, a money judgment for such Assessment (including, by way of example rather than of limitation, the amount of any deficiency which results from any foreclosure of the Assessment Lien therefor), without having such Assessment Lien, and any and all interest accrued thereon through the date of such recovery, and costs incurred by the Council in obtaining such recovery (including by way of example rather than of limitation, reasonable attorneys' fees).

3.6.2. Limitation on Action. Anything contained in the foregoing provisions of this Section to the contrary notwithstanding, no such action or proceeding may be brought to foreclose upon such Assessment Lien or otherwise to recover any of such Assessment, unless

(a) it is brought by the third (3rd) anniversary of the date on which such Assessment (or the initial installment thereof, if payable in installments) first became due, and

(b) a written notice of the Council's intention to initiate the same is given to both the then-Unit Owner of the Unit against which such Assessment has been levied, and any person against whom such action or proceeding is to be brought, by not later than ten (10) days prior to such initiation.

Section 3.7. Certificate as to Payment or Nonpayment. The Board of Directors on behalf of the Council, upon written request at any time by any person who is liable for the payment of any Assessment or installment thereof, or who holds any interest in a Unit against which an Assessment has been levied, shall deliver to such person a certificate signed by an Officer, setting forth whether such Assessment or installment has been paid. Any such certificate so delivered shall be conclusive evidence of the payment of each Assessment or installment thereof which is therein stated to have been paid.

ARTICLE IV. INSURANCE; DAMAGE TO AND DESTRUCTION OF THE CONDOMINIUM.

Section 4.1. Insurance to be Maintained by Council.

4.1.1. Duty to Procure and Maintain. The Council shall procure and maintain, to the extent available, insurance coverage of the types which are enumerated in the provisions of Section 4.3 upon the Condominium (including all of the Units and the Common Elements) all personal property located within the Common Elements, and all Council Property, and, in any event, not less than that insurance coverage required by the Act. The Council shall give written notice to each Unit Owner and each Mortgagee of

the termination of any such insurance coverage within ten (10) days of such termination.

4.1.2. Insureds. The policies of such insurance shall name as insureds thereunder the Council (both for itself and as trustee for the Unit Owners), each Unit Owner and each Mortgagee, as their interests may appear. Each Unit Owner and each Mortgagee must be beneficiaries of the policy in the percentage interest appurtenant to each Unit as set forth herein. The policies may also be issued in the name of an authorized representative of the Council of Unit Owners, including any insurance trustee with whom the Council of Unit Owners has entered into an Insurance Trust Agreement, or any successor trustee, as insured, for the use and benefit of the individual unit owners. Loss payee is required to be in favor of the Council of Unit Owners (or Insurance Trustee), as a trustee, for each Unit Owner and each such Unit Owner's Mortgagee. The Council of Unit Owners or insurance trustee, if any, is required to hold any proceeds of insurance in trust for Unit Owners and their first mortgage holder, as their interests may appear. Each Unit Owner and each Mortgagee, if any, is required to be beneficiaries of the policy in the percentage interest factor appurtenant to such unit as set forth herein.

4.1.3. Insurers. Such insurance shall be purchased from one or more recognized insurance companies duly licensed to operate and do business in Maryland. Such insurance must be consistent with state and local insurance laws and at least equal to such coverage as is commonly required by prudent institutional mortgage investors in the Baltimore metropolitan area.

4.1.4. Exclusions from Coverage. Nothing in the foregoing provisions of this Section shall be deemed in any way to impose upon the Council any obligation to procure or maintain any insurance upon the person or personal property of any Unit Owner, any family member, invitee, visitor or guest of any Unit Owner, or any tenant or other occupant of any Unit. Any Unit Owner who desires to obtain any such insurance shall be responsible for doing so at his initiative and expense, and in accordance with the provisions of Section 4.4.

4.1.5. Review. The Board of Directors shall review the Council's insurance requirements and limits thereof once during each of its fiscal years.

4.1.6. Payment of Premiums. The Council shall pay the premiums for such insurance as part of the Common Expenses.

4.1.7. Inspection. The Council shall make available for inspection to any Unit Owner or Mortgagee copies of all insurance policies maintained by the Council upon the request of

any such Unit Owner or Mortgagee. The Council or Manager may charge a reasonable fee for photocopies and postage.

4.1.8. Other Requirements.

(a) Such insurance policies are required to contain the standard mortgage clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the Baltimore metropolitan area and which approximately names FNMA and FHLMC if such corporations are holders of first mortgages on Units within the Condominium. Such policies are also required to provide that they may not be canceled or substantially modified, without at least thirty (30) days' prior written notice to the Council of Unit Owners and to each Mortgagee listed as a scheduled holder of a first mortgage in the policies.

(b) No insurance policies are to be obtained if (i) under the terms of the insurance carrier's charter, by-laws, or policy, contributions or assessments may be made against borrowers, FNMA, FHLMC, or the designee of FNMA or FHLMC, or (ii) by the terms of the carrier's charter, by-laws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders, or members, or (iii) the policy includes any limited clauses (other than insurance conditions) which could prevent FNMA, FHLMC, or the borrowers from collecting insurance proceeds.

(c) All insurance policies are required to provide for the following: (a) recognition of any Insurance Trust Agreement; (b) that the insurance is not prejudiced by any act or neglect of individual Unit Owners which is not in the control of such Unit Owners collectively; and (c) that the policy is primary in the event that Unit Owner has other insurance covering the same loss.

Section 4.2. Master Policies of Insurance. The Council shall obtain master policies of insurance which shall provide for the proceeds thereunder to be paid to the Council and to be held by the Council for disposition in accordance with the provisions of these Bylaws. Under such master policies, certificates of insurance shall be issued which indicate on their face that they are a part of such master policies, and that such master policies cover each Unit and the Common Elements. A certificate of insurance with proper mortgagee endorsements to such policy shall be issued to the Council, each Unit Owner, and each Mortgagee from time to time after reasonable prior request. Such certificate shall show the relative amount of insurance covering each Unit and the undivided percentage interest in the Common Elements held by such Unit Owner, and shall provide that any improvements made to a Unit by any Unit Owner shall not affect the valuation of other improvements forming part of the Condominium for purposes of such insurance. Such master policies and certificates shall, to the

extent obtainable by the Council using its best efforts, contain those provisions required by the Act, including without limitation, (a) that the insurer waives its rights to subrogation as to any claim against the Manager, the Council, any Officer, Director, agent or employee of the Council, each Unit Owner, their respective servants, agents and guests, and to any defense based on invalidity arising from the acts of the insured, and (b) that the insurer shall not be entitled to contribution from the issuer of any insurance which may be purchased by any Unit Owner in accordance with the provisions of Section 4.4. The originals of such master policies shall be deposited with the Council and a memorandum thereof shall be deposited with each first Mortgagee who requests it. The Council shall pay the premiums for such insurance by not later than thirty (30) days prior to the expiration of the term of each such policy, and shall notify each Mortgagee who requests such notification of such payment within ten (10) days after having made the same.

Section 4.3. Types of Insurance. The types of insurance coverage which the Council shall procure and maintain pursuant to the provisions of Section 4.1 are as follows:

4.3.1. Physical Damage Insurance. Physical damage insurance in an amount equal to not less than 100% of the full replacement value of all insurable improvements which form part of the Condominium, exclusive of land, foundation and excavation wall coverings, carpeting and any other improvements or betterments installed in any Unit by or on behalf of the Unit Owner thereof, and all Council property, as such value is determined annually by the Board of Directors with the assistance of the issuer of such insurance; provided, that at the option of the Board of Directors such policy or policies may contain a "deductible" provision in an amount which is determined by the Board of Directors, but shall not exceed \$10,000.00.

(a) Such coverage shall be all risk insurance and shall contain an extended coverage endorsement.

(b) The policies affording such coverage shall provide, to the extent obtainable by the Council, using its best efforts, that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such right shall not be exercisable without the approval of the Board of Directors, or, where such restoration would not be permitted under the provisions of the Declaration or of the Act, without the approval of those Unit Owners whose approval thereof is required by such provisions.

(c) The policies affording such coverage shall provide (i) that such policies may not be canceled or substantially modified without at least thirty (30) days prior written notice

thereof having been given to each insuree
example rather than of limitation, each
(ii) that certificates of such insurance
together with acknowledgment of payment
delivered to each Unit Owner and insuree

(d) Except as may be otherwise provided in
the Declaration or these Bylaws, if the property covered by
subsection 4.3.1 are damaged or destroyed, the same shall be
promptly repaired and restored by the insurance which are payable on account of
the Council or any insurance trustee, and the Council shall be
liable for the payment of any deductible provided for in any
policy or policies in effect, except to the extent that such
deductible is declared a Common Expense by the Council.

4.3.2. Public Liability Insurance. Public liability
insurance (including medical payments insurance) insuring the
Council, and, as employees, each Officer, Director, employee or
agent (exclusive of independent contractors) thereof, each Unit
Owner and the Manager against liability for bodily injury, death or
property damage arising out of the use, ownership or maintenance of
the Common Elements by any person or out of any of their activities
on behalf of the Council. Such insurance shall have at least a One
Million Dollars (\$1,000,000), for bodily injury, including deaths
of persons and property damage arising out of a single occurrence
(or such greater amounts generally required by private
institutional mortgage investors for projects similar in
construction, location and use in the Baltimore metropolitan area).
Such policies are required to provide that they may not be canceled
or substantially modified, by any party, without at least thirty
(30) days' prior written notice to the Council of Unit Owners and
to each Mortgagee which is listed as a scheduled holder of a first
mortgage in the insurance policy.

4.3.3. Workman's Compensation Insurance. Workman's
compensation insurance affording at least such coverage of the
Council and its Directors, Officers, employees and agents
(exclusive of independent contractors) as is required by applicable
law.

4.3.4. Fidelity Insurance. (a) Fidelity insurance
covering, as employees, the Manager and those Officers, Directors,
employees and agents (exclusive of independent contractors) of the
Council who handle Council receipts or Council Property. The
Manager is required to maintain fidelity bond coverage for its
officers, employees and agents handling or responsible for funds
of, or administered on behalf of, the Council of Unit Owners. Such
fidelity bonds are required to name the Council of Unit Owners as
an obligee and are required to be in an amount not less than the
estimated maximum of funds, including reserve funds, in the custody

of the Council of Unit Owners or the management agent, as the case may be, at any given time during the term of each bond. However, pursuant to the By-laws, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months' aggregate assessments on all units plus reserve funds. The bonds are required to contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The premiums on all bonds required pursuant to the By-laws, except those maintained by the management agent, are required to be paid by the Council of Unit Owners as a common expense. The bonds are required to provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium without at least ten (10) days' prior written notice to the Council of Unit Owners or Insurance Trustee, if any. So long as FNMA shall hold a first mortgage on any unit, such bonds shall also provide that the FNMA Servicer, on behalf of FNMA, must receive such notice of cancellation or modification.

4.3.5. Insurance Trustees/Power of Attorney. Notwithstanding any of the foregoing provisions and requirements relating to property or liability insurance, there may be named as an insured, on behalf of the Council of Unit Owners, the Council's authorized representative, including any trustee with whom the Council may enter into any Insurance Trust Agreement or any successor to such trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose.

Each Unit Owner hereby appoints the Council of Unit Owners, or any Insurance Trustee or substitute Insurance Trustee designated by the Council of Unit Owners, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose.

4.3.6. Other Insurance. Such other coverage as the Board of Directors may deem advisable.

Section 4.4. Insurance to be Maintained by Unit Owner.

4.4.1. Coverage. Each Unit Owner may obtain, and the Developer and the Board of Directors recommend that each Unit Owner obtain, insurance at his own expense affording coverage against (a) damage to or destruction of any wall coverings, carpeting and any other improvements or betterments installed in his Unit, or any of his personal property which is located anywhere upon the land or

with the improvements which constitute the Condominium, and (b) personal liability incurred by such Unit Owner and arising out of the use of such Unit Owner's Unit by any person, but each policy which affords such coverage shall contain the same waiver of subrogation by the insurer as that referred to in the provisions of Section 4.2, and either shall provide that the insurer shall have no right of contribution against any casualty insurance affording coverage against such risk held pursuant to the provisions of this Article (notwithstanding that such Unit Owner may be an insured thereunder) or shall be written by the same carrier as that of such insurance held by the Council. NOTICE IS HEREBY GIVEN BY THE DECLARANT AND THE BOARD OF DIRECTORS THAT THE INSURANCE TO BE MAINTAINED BY THE COUNCIL UNDER THIS ARTICLE IV DOES NOT INSURE ANY ADDITIONS, ALTERATIONS, IMPROVEMENTS, BETTERMENTS OR MODIFICATIONS TO ANY UNIT AS SOLD BY THE DEVELOPER NOR DOES IT INSURE ANY PERSONAL PROPERTY OF A UNIT OWNER.

4.4.2. Relationship to Insurance Held by Council. If a loss is sustained and the amount of the proceeds which would otherwise be payable under any policy of insurance then held by the Council pursuant to the provisions of Section 4.3 hereof is reduced because of proration of, or right of contribution from, any insurance against the same risk which is held by any Unit Owner under the provisions of this Section, such Unit Owner shall assign to the Council any proceeds of his insurance which are payable on account of such loss, to the extent of the amount of such reduction, and the amount so assigned shall be distributed by the Council in the same manner as that prescribed by these Bylaws for the distribution of the proceeds which are payable under the said policy held by the Council, as aforesaid.

ARTICLE V. CONDEMNATION.

Section 5.1. Condemnation Proceedings.

5.1.1. Council's Right to Prosecute and Defend. The Council shall be entitled to prosecute and defend all proceedings with respect to the Condemnation of any or all of the Common Elements or any Council Property; provided, that the Council shall not settle or compromise any claim made in any such proceeding without the approval of Unit Owners having a majority of the outstanding Votes.

5.1.2. Notice to Unit Owners. The Council shall notify each Unit Owner of any such proceeding, and each Unit Owner shall be entitled to participate therein on his behalf.

Section 5.2. Repair and Reconstruction. Subject to the operation and effect of the provisions of Section 5.3, in the event of a Condemnation of part of the Condominium, the Council shall

arrange for and supervise the prompt repair and restoration of the remainder of the Condominium in the same manner as that which is set forth in the provisions of Section 6.8 and Section 6.9 of the Declaration in the case of damage by fire or other casualty, and the provisions of Section 6.8 and Section 6.9 of the Declaration shall apply to the repair and restoration of the Condominium in the same manner as if the Condominium had been so damaged. The award made for the Condemnation shall be payable to the Council and shall be held and disbursed in the same manner as the proceeds of insurance received by the Council are required by the provisions of Section 6.8 and Section 6.9 of the Declaration to be held and disbursed by the Council upon the occurrence of any such casualty.

Section 5.3. Substantial or Total Condemnation.

5.3.1. Right of Partition. If (a) more than two-third (2/3rds) in number of the Units are rendered untenable by a Condemnation, and (b) more than two-thirds (2/3rds) of the Unit Owners fail to vote in favor of the alteration and reconstruction thereof at a Membership Meeting called for such purpose on a date within sixty (60) days after the date of such Condemnation, then, with the written approval of one or more Mortgagees having first Mortgages on at least two-thirds (2/3rds) of all of those Units which are then encumbered by a Mortgage, the Condominium shall be subject to an action for partition at the suit of any Unit Owner or Mortgagee, as if the Condominium were owned by the Unit Owners as tenants in common.

5.3.2. Distribution of Proceeds. Upon the completion of any such partition and of any sale of the Condominium made pursuant thereto, the net proceeds of such sale, together with the total award for such Condemnation, shall be held by the Council in one fund, which shall be distributed by the Council among all of the Unit Owners in proportion to their respective undivided percentage interests in the Common Elements, after first applying the share of each Unit Owner to the payment of any unpaid amount for which a lien then exists upon his Unit, in the order of priority of such liens.

Section 5.4. Effect of Condemnation on Percentage Interests.

5.4.1. Adjustment of Percentage Interests. If there is a Condemnation of any or all of the Condominium and if, as a result of such Condemnation, any or all of any Unit so taken is no longer subject to the operation and effect of the Declaration, the Condominium Plat and these Bylaws, and if the Condominium is not partitioned pursuant to the provisions of subsection 5.3.1, then the respective undivided percentage interests in the Common Elements and percentage interests in the Common Expenses and Common Profits of all Units or portions thereof which were not so taken

shall be adjusted as of the date of such Condemnation in the following manner:

(a) If such Condemnation is of all of one or more Units, the respective undivided percentage interests in the Common Elements and percentage interests in the Common Expenses and Common Profits of such Units shall be reallocated among all of the other Units, in that proportion which, immediately prior to such Condemnation, the respective such percentage interests of each of the other Units bears to the aggregate of the respective percentage interests of all of the other Units.

(b) If such Condemnation is of part, but not all, of one or more Units, (i) the percentage interests of each such Unit shall be reduced to a percentage which bears the same ratio to the percentage interest of such Unit immediately prior to such Condemnation as the ratio which the floor area of the Unit immediately after such Condemnation bears to the floor area of the Unit immediately prior to such Condemnation, and (ii) the aggregate of such reduction in the percentage interests of all such Units shall be reallocated among all of the Units remaining after such Condemnation (including each Unit with respect to which such reduction is made) in proportion to the respective percentage interests of such Units immediately prior to such Condemnation, except that in the case of each Unit with respect to which such reduction is made, the percentage interests used in such computation shall be the percentage interests of such Unit as so reduced.

5.4.2. Amendment of the Declaration. Promptly after any Condemnation as a result of which any adjustment of the respective undivided percentage interests in the Common Elements or percentage interests in the Common Expenses and Common Profits is made pursuant to the foregoing provisions of this Section, an amendment of the Declaration setting forth such adjustment shall be executed and acknowledged by each Unit Owner and Mortgagee, and recorded among the Land Records of Baltimore County by the Council. The Council shall hold a power of attorney from each Unit Owner and Mortgagee for such purpose.

ARTICLE VI. USE OF UNITS

Section 6.1. Use Generally. All Units shall be used for residential purposes exclusively except for such temporary non-residential uses as may be permitted from time to time by the Board of Directors and by the laws of the State and except as provided in this Section.

Section 6.2. Sale or Lease of Units.

6.2.1. No Right of First Refusal. The right of any Unit Owner, including the Declarant, to sell, transfer, convey, mortgage, encumber or pledge the Unit owned by such Unit Owner shall not be subject to any right of first refusal or any similar restriction in favor of the Council or any other Unit Owner.

6.2.2. Form of Lease. No Unit Owner may lease his Unit for transient or hotel purposes. All leases shall be in writing, on a form approved by the Council, with a minimum term of at least six (6) months. A copy of any lease executed by a Unit Owner shall be delivered to the Council promptly after the execution thereof. Any lease shall be subject in all respects to the provisions of the Declaration, the Bylaws and the Rules and Regulations and any failure by the tenant to comply with the terms of such instruments shall be a default under his lease, and any lease shall so provide. In the event of the non-compliance by any tenant of a Unit with the terms of this Declaration, the Bylaws or the Rules and Regulations, the Council shall have the right, in addition to any other rights available to it, to require the Unit Owner of such Unit to terminate such lease because of such default and otherwise to treat such noncompliance as noncompliance by the Unit Owner.

6.2.3. Lease by Declarant. Anything to the contrary contained in this subsection notwithstanding, the lease by the Declarant of any Unit owned by the Declarant or the lease by a Mortgagee in possession of a Unit shall not be subject to the provisions of paragraph 6.2.2 except that the occupancy of any Unit by any tenant of such person shall be subject to the other provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 6.3. Declarant Rights. Nothing in the provisions of these Bylaws shall be deemed in any way to prohibit any of the following:

(a) The use by the Declarant, and its agents, employees, officers, contractors and invitees, of each Unit of which the Declarant, or an affiliate of the Declarant is then the Unit Owner (i) as offices, sales centers, or model dwellings in connection with its development construction, replacement, repair, maintenance, marketing or leasing of any Unit or any dwelling in any other apartment or condominium project in the vicinity of the Condominium, or (ii) in any other manner, unless any other person would, were he the Unit Owner thereof, be prohibited or restricted in the same manner.

(b) The maintenance by or on behalf of the Declarant of any affiliate of the Declarant within the Common Elements or any Unit of which it is then the Unit Owner of one or more signs

advertising the Condominium or the sale or rental of Units in the Condominium or advertising other property which is subject or is intended to be subject to the Community Declaration or the sale or rental of dwelling units therein.

Section 6.4 Structural Changes. No Unit Owner shall (a) make any structural modification or alteration within his Unit or the Limited Common Elements appurtenant to his Unit, or contract for or perform any maintenance, repair, replacement, removal, alteration or modification of the Common Elements (including, by way of example rather than of limitation, any of the Common Elements which lie within the space included within any Unit), or repair, alter, replace, paint, decorate or change any portion of the exterior of his Unit, without obtaining the Council's prior written consent thereto and, if required under the Community Declaration, the consent of the Community Association; or (b) take any action which (i) tends to impair the structural integrity, soundness or safety of any part of the Condominium; (ii) repairs the existence of, or the ability to enjoy, any easement, right or hereditament appurtenant to any Unit or the Common Elements; or (iii) adversely affects the Common Elements or the ability to use and enjoy the same, without first obtaining the written consent thereto of the Council and of each Unit Owner whose Unit or enjoyment thereof may be affected thereby.

Section 6.5 Prohibited Uses and Nuisances.

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

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

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

(d) No structural alteration, construction, addition or removal of any Unit of General or Limited Common Elements shall be commenced or conducted except in strict accordance with the

provisions of these Bylaws, the laws of the State of Maryland and any local laws.

(e) The maintenance, keeping, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit, and upon any Common Element; except that this shall not prohibit the keeping of one (1) dog or two (2) cats and up to three (3) caged birds as domestic pets, provided that they are not kept, bred or maintained for commercial purposes, and provided further that the keeping of such a dog, cats and/or caged birds will not constitute such type of noxious or offensive activity as covered in this Section 6.5. All dogs and cats must be kept inside their respective Owner's Unit or upon the Unit's Limited Common Elements and may be carried or walked on the General Common Elements only on a leash.

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

(g) Except as herein elsewhere provided, no junk vehicle or other vehicle, on which current registration plates are not displayed, trailer, truck exceeding gross vehicle weights of 10,000 lbs., camper, camp truck, house trailer, recreational vehicle or the like shall be kept upon any Common Elements, nor upon any parking lots or roadways located upon the Parcel, nor shall the repair or maintenance of automobiles or other vehicles be carried out thereon.

(h) Except as otherwise provided in these Bylaws, no part of the General or Limited Common Elements shall be used for commercial activities of any character. This subsection shall not apply to the use of Units or Common Elements by the Declarant for its sole display, promotional or sales purposes.

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

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

dryers or clothes lines shall not be maintained upon the Common Elements at any time.

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

(l) No items or material shall be hung on the exterior of the building or draped from windows over the exterior of the building except sales materials which may be utilized by the Declarant, nor shall any screen doors or storm doors be utilized in connection with any Unit or building except for sliding screen doors installed with sliding glass doors.

(m) No window treatments shall be installed in any Unit which do not have a white backing.

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

(o) Outdoor cooking is strictly prohibited on any of the General Common Elements except as to such areas as shall be designated by the Board.

(p) The Board shall have the power to levy fines against Unit Owners for violation of these Bylaws or the Rules and Regulations promulgated by the Board hereunder. Said power to levy fines is specifically subject to Article III hereof. The Board shall also have the right to enforce compliance by injunction or other legal means as the Board deems appropriate.

(q) No industry, business, trade or profession of any kind, whether or not for profit, shall be conducted, maintained or permitted in any Unit.

(r) No Unit Owner shall make any changes in, nor perform any work with respect to, the electrical wiring and systems servicing his Unit, unless such changes or work are performed by a licensed electrician;

(s) No Unit Owner shall make any changes in, nor perform any work with respect to, the sprinkler heads and sprinkler pipes serving his Unit, unless such changes or work are performed by a contractor designated by the Council.

(t) No machinery shall be placed or operated within any Unit or the Limited Common Elements appurtenant to such Unit,

except for that customarily utilized in occupying a private residence.

(u) No noxious or offensive activity shall be carried on or within any Unit or the Limited Common Elements appurtenant to such Unit, no odor shall be permitted to emanate therefrom, and nothing shall be done thereon in any other manner, so as to render any Unit or portion thereof unsanitary, unsightly, unreasonably offensive or detrimental, or a nuisance, to the Condominium or any occupant thereof;

(v) No more than one-third (1/3) of a cord of firewood may be stored by any single Unit Owner, and each Unit Owner that determines to store firewood must do so within such Unit Owner's Unit or upon such Unit Owner's balcony, in which case such firewood must remain neatly stacked at all times.

(w) There shall be no violation of any Rules, whether for the use of the General or Limited Common Elements or for the governance of the Condominium, which may from time to time be adopted by the Board and promulgated among the Unit Owners by said Board in writing; and the Board is hereby, and elsewhere in these Bylaws, authorized to adopt such Rules and Regulations.

ARTICLE VII. ARCHITECTURAL STANDARDS

Section 7.1. Authority of the Board to Form the Committee. Except for the original construction of the Units upon the Parcel by the Declarant and any improvements to any Unit or to the General or Limited Common Elements accomplished concurrently with said original construction, and except for purposes of proper maintenance and repair, or as otherwise provided in these Bylaws, it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any light, screens, awnings, patio covers, decorations, fences, aerials, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, patios, balconies, platforms, porches, wall or to make any change or otherwise alter, including any alteration in color, in any manner whatsoever, to the exterior of any Unit or upon any of the General or Limited Common Elements within the Condominium until the shape, height, material, color, type of construction and/or other information specified by the Board (or its designated Committee), shall have been submitted to, and approved in writing by the Board, or by an "Architectural Standards Committee" designated by the Board.

Section 7.2. Failure of the Committee to Act. In the event the Board, or the Architectural Standards Committee designated by the Board, fails to approve, or disapprove, such design and location within sixty (60) days after said plans and specifications

have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. If plans and specifications are not submitted, any and all alterations and/or changes shall be deemed violations of this Article.

ARTICLE VIII. HEARING PROCEDURES

Section 8.1. Statement of Purpose. It is the declared intention of the Council that Rules and Regulations shall be adopted freely by the Board, and without the requirement of a vote of the Council as a requisite to their adoption. Each Rule and/or Regulation must state that it was adopted in accordance with Section 11-111 of the Act. All Rules and Regulations are intended to be adopted as supplements to, and not in lieu of, legally required provisions of these Bylaws. Should any adopted rules contradict any provisions of these Bylaws, as amended, said provisions of these Bylaws shall take precedence.

Section 8.2. Rules and Regulations. All Rules and Regulations proposed by the Board or by any committee appointed by the Board to act on its behalf shall be dated as of the date of the meeting at which they were considered, and shall be communicated to the Council in writing within seven (7) days after said meeting date, and shall be put forward before the Council for consideration and review by the process of hearing and comment described herein.

Section 8.3. Rule Adoption - Hearing and Comment.

8.3.1. Notice of Hearing. Any notice of hearing required by these Bylaws and the Act shall include a copy of the proposed Rule, its proposed effective date, the date, time, location and agenda of the hearing, and shall be communicated by the Board to the Council in writing. The notice must be given to the Council at least fifteen (15) days prior to the meeting date.

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

8.3.3. Comment. A member of the Board shall preside over any hearings so convened and shall limit discussions within parameters of the published agenda. Any Unit Owner may appear and speak at any hearing, and any Unit Owner may submit written comments at any hearing.

8.3.4. Vote by the Board. After comment is held on the proposed Rule at the hearing, the Board may approve the Rule by a positive vote of a majority of those members of the Board present and voting.

8.3.5. Appeal of New Rule. The Rule will be considered enacted unless, within fifteen (15) days after the Board vote, a petition signed by at least fifteen percent (15%) of the members of the Council of Unit Owners calling for a Special Membership Meeting is filed with the Board. Following the filing of a petition, the Board shall schedule a Special Membership Meeting of the Council of Unit Owners, to be held within thirty (30) days after the Board's receipt of the petition. Written notice of the meeting must be given to each Unit Owner at least fifteen (15) days prior to the Special Membership Meeting date.

8.3.6. Quorum. A quorum of the Council of Unit Owners must be in attendance at the Special Membership Meeting called for the purposes stated in this Article. If a quorum is not present, the Rule will be considered final. If a quorum is present, and fifty percent (50%) of the Unit Owners present and voting disapprove the Rule, the Rule will be considered void; provided those Unit Owners voting to disapprove the Rule number at least thirty-three percent (33%) of the total votes of the Council of Unit Owners. If those Unit Owners voting to disapprove the Rule number less than thirty-three percent (33%) of the total votes of the Council of Unit Owners, then the Rule will be considered final.

Section 8.4. Appeals.

8.4.1. Right of Appeal. Each Unit Owner shall have a right to appeal to the Board for an individual exception to any Rules adopted by the Board.

8.4.2. Appeal Period. The appeal period shall begin on the effective date of the Rule in question, and shall run for a period of fourteen (14) days.

8.4.3. Appeals After Appeal Period. No appeals shall be considered, except by permission of the Board if filed after the expiration of the appeal period.

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

8.4.5. Publication of Upheld Appeal. If the Board shall uphold an appeal, thus granting an individual exception to an adopted Rule, the Board shall publish, or communicate in a

reasonable manner, to the Council an explanation of the reasons for granting the exception. _

Section 8.5. Effect of Rules. Any Rules, when adopted in accordance with the above procedures, shall have the same effect as if they were incorporated in these Bylaws by direct reference. All Rules, upon proper adoption under the above procedures, shall be enforced in the same manner as all other provisions of the Bylaws. _

ARTICLE IX. MISCELLANEOUS PROVISIONS. _

Section 9.1. Roster of Unit Owners, Mortgagees, and Proxy Holders. _

9.1.1. Duty to Furnish Information. Immediately upon a person's having become the Unit Owner or a Mortgagee of a Unit, or the Proxy Holder of a Unit Owner's votes, such Unit Owner, Mortgagee or Proxy Holder shall in writing both notify the Council of its status as such and supply the following information to the Secretary and/or Manager: _

(a) the full and correct name of such Unit Owner, Mortgagee or Proxy Holder (and if a Proxy Holder, a statement as to whether the Proxy Holder is also a Mortgagee with respect to such Unit); _

(b) the number of the Unit of which such person is a Unit Owner or Mortgagee, or for the Unit Owner of which such person is a Proxy Holder; _

(c) if such Unit Owner, Mortgagee or Proxy Holder consists of more than one person, the full and correct name of each such person; _

(d) a single address for such Unit Owner, Mortgagee or Proxy Holder in the United States of America, which shall constitute its Notice Address for purposes of the provisions of Section 9.2; and _

(e) upon request by the Secretary, such evidence of such Unit Owner's, Mortgagee's or Proxy Holder's status as such as the Secretary and/or Manager may reasonably demand. _

9.1.2. Failure to Furnish Information. Unless the Council has been notified of the existence of a Unit Owner, Mortgagee or Proxy Holder and the Secretary has been supplied with the information which is required to be supplied by the foregoing provisions of this Section, such person shall have no right under the provisions of the Act, the Declaration or these Bylaws (a) to be given any notice, demand, consent, approval, request or other _

communications or document by the Council or any Director or Officer, (b) unless permitted by the President, to participate in the consideration of or cast any vote upon any question voted upon by the Council, or (c) otherwise to be recognized as such by the Council, any Director or Officer, employee or agent thereof, or any Unit Owner.

9.1.3. Maintenance of and Reliance on Roster. The Secretary shall maintain on a current basis a roster showing, with respect to each Unit, information pertaining to the Unit Owner thereof, any Mortgagee thereof, and any Proxy Holder with respect thereto. Unless the Council has received express, written notice to the contrary, the Council, its Directors, Officers, employees and agents, and each Unit Owner shall be entitled to rely upon the accuracy of such roster as reflecting the existence, current identity, composition, legal standing, and Notice Address of the Unit Owner and any Mortgagee or Proxy Holder of a Unit, shall in making any determination for purposes of the provisions of the Act, the Declaration or these Bylaws as to whom any notice, demand, consent, approval, request or other communication or document is to be given or delivered by the Council or any Director or Officer thereof, or by whom or on whose behalf any Vote may be cast at any Meeting, or in connection with any other actions to be taken by the Council or any of its Directors or Officers.

Section 9.2. Notices. Any notice, demand, consent, approval, request or other communication or document which is to be provided hereunder by the Council or any Director, Officer or other person, to any person shall be in writing, and (a) shall be deemed to have been provided forty-eight (48) hours after having been deposited in the United States mails, postage prepaid, and addressed (i) if the addressee is a Unit Owner, Proxy Holder, or Mortgagee who (in accordance with the provisions of Section 9.1 hereof) has notified the Council of its status as such and furnished the Secretary and/or Manager with the information referred to therein, to such person's address (herein referred to as such person's "Notice Address") as set forth in the roster which is referred to herein, and (ii) if the addressee is the Council, to the address of the Council's resident agent, or to such other address in the United States of America as the Council may designate from time to time by notice to the Unit Owners, and (iii) if the addressee either (A) has not so notified the Council and furnished the Secretary with such information, or (B) is any other person, to such address in the United States of America as is used by the United States Postal Service for the delivery of mail to such person or his Unit, or (b) shall be deemed to have been provided upon actual hand or other delivery to such person.

Section 9.3. Information to be Furnished in the Event of Resale by a Unit Owner.

9.3.1. Documentation to be Furnished to Purchaser. In the event of a resale of a Unit by a Unit Owner (other than the Declarant), such Unit Owner is required by the provisions of Section 11-135 of the Act (and other provisions thereof) to furnish, and shall furnish, to the prospective purchaser thereof not later than fifteen (15) days prior to the conveyance of such Unit (a) a copy of the Declaration (other than the Condominium Plat), the Bylaws, the Rules and Regulations, (b) a certificate containing the statements and other information enumerated in such provisions of the Act (as such provisions may from time to time hereafter be amended), and (c) a statement by the Unit Owner as to whether the Unit Owner has knowledge (i) that any alteration to the Unit being sold or to the Limited Common Elements appurtenant thereto violates any provision of the Declaration, Bylaws or Rules and Regulations, and (ii) that the Unit or the Limited Common Elements appurtenant thereto are in violation of any applicable health or building code.

9.3.2. Certificate Provided by Council. The Council shall, within 20 days after its receipt of a written request therefor by a Unit Owner and payment of any fee therefor established by the Board of Directors, furnish to such Unit Owner a certificate setting forth the information required to be contained in the statement referred to in the provisions of subsection 9.3.1. Any Unit Owner who provides any such certificate to any such prospective purchaser pursuant to the provisions of subsection 9.3.1 shall not be liable to such purchaser for any error in or omission from such information provided by the Council and included in such certificate, and the Council shall defend, indemnify and hold harmless such Unit Owner against and from any liability or claim thereof to any person, or any expense, arising out of any such error or omission. Without altering or impairing the Council's obligation under the provisions of the immediately preceding sentence to defend, indemnify and hold harmless such Unit Owner, and subject to the operation and effect of such provisions, the Council shall not be liable to any Unit Owner or directly to any such purchaser for any misleading or erroneous information contained in any such certificate, provided it has acted reasonably and has exercised good faith in supplying such information.

9.3.3. Information to be Provided by Purchaser. Immediately after the sale of a Unit, the purchaser or his agent shall provide to the Council through the Manager, to the extent available, the name and forwarding address of the prior Unit Owner, the name and address of the purchaser, the name and address of any Mortgagee, the date of settlement, and the proportionate amounts of any outstanding Assessments assumed by each of the parties to the transaction.

Section 9.4. Severability. No determination by any court, governmental or administrative body or agency or otherwise that any provision of these Bylaws or any amendment hereto is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other provision of these Bylaws or of such amendment, or (b) such provision in any instance not controlled by such determination. Each such provision shall be valid and enforceable to the fullest extent allowed by law, and shall be construed wherever possible as being consistent with applicable law.

Section 9.5. Amendments. These Bylaws may be amended by the affirmative vote of Unit Owners representing sixty-six and two-thirds percent (66-2/3%) of the total votes of the Condominium at any meeting of the Council duly called for such purposes in accordance with the provisions of the Act. Amendments may be proposed by the Board or by a petition signed by Unit Owners representing at least twenty percent (20%) of the total votes of the Condominium. A description of the proposed amendment shall accompany the notice of the Annual Membership Meeting or Special Membership Meeting at which such proposed amendment is to be voted upon. Any amendment adopted by the Council shall be effective only upon recordation among the Land Records of Baltimore County. The recorded amendment shall set out the Sections of these Bylaws being amended and the applicable provisions of the Act.

Section 9.6. Applicable Law. These Bylaws shall be given effect and construed by application of the law of Maryland.

Section 9.7. Headings. The headings of the Articles, Sections and subsections hereof are provided herein for and only for convenience of reference, and shall not be considered in construing the contents thereof.

Section 9.8. Construction. All references made herein (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders; and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

SILVERBROOK WOOD CONDOMINIUM

RULES AND REGULATIONS

1. All common sidewalks, entrances, passages, courts, halls, vestibules, corridors and stairways of the Condominium shall not be obstructed or used for any purpose other than ingress to and egress from Units.

2. No article shall be placed in any of the halls or on any of the staircases and/or landings, nor shall any fire exit be obstructed in any manner.

3. Children of a Unit Owner or other occupant shall not play in the halls, vestibules, lobbies, stairways, or any of the exterior landscaped areas except as such areas shall be designated by the Board.

4. No hall or vestibule shall be decorated or furnished by any Unit Owner or other occupant in any manner.

5. Each Unit Owner shall keep his Unit and any other space to which he has sole access in a good state of preservation and cleanliness, and shall not sweep or throw or permit to be swept or thrown therefrom or from the doors or windows thereof, any dirt or other substance.

6. No awnings or other projections (other than those installed by the original developer) shall be attached to the Common Elements on the exterior of any building in the Condominium.

7. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements or recommendations of the local Board of Fire Underwriters and the public authorities having jurisdiction, and each Unit Owner shall be liable for any damage or injury caused by any radio, television or other electrical equipment in such Unit Owner's Unit. All utility services furnished to or used in the Unit shall be for residential purposes only.

8. No Unit Owner or other occupant shall make or permit any disturbing noises in any part of Condominium, or do or permit to be done therein anything which will interfere with the rights, comforts or conveniences of others. No owner or other occupant shall play or cause to be played any musical instrument, or operate or permit to be operated a phonograph, stereo, radio, television, VCR or any loud speaker in his Unit between the hours of 11:00 p.m. and 9:00 a.m., if the same shall disturb or annoy other Unit Owners or occupants of the Condominium, and the same shall apply to the practice of either vocal or instrumental music in the Unit.

9. Toilets and other water apparatus in any Unit shall not be used for any purposes other than those for which they were designed, nor shall any sweepings, rubbish, rags or any other articles be thrown into same. Any damage to the Common Elements resulting from misuse of any toilets or other apparatus in a Unit shall be repaired and paid for by the Unit Owner.

10. The agents of the Condominium, and any contractor or workman authorized by the Condominium, may enter any room or Unit after reasonable notice to the Unit Owner thereof at any reasonable hour of the day for the purpose of inspecting such Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as the Owner shall not have taken as may be necessary to control or exterminate any such vermin, insects or other pests.

11. Clothes or other articles shall not be dried or aired on or from any terrace or other portion of the exterior Common Elements.

12. No balcony or patio shall be enclosed, decorated, landscaped, or covered by any awning or otherwise without the prior written consent of the Board, and no balcony or patio floor shall be covered with any material not approved by the Board.

13. No Unit Owner or other occupant shall at any time bring into or keep in his Unit any inflammable, combustible or explosive fluid, material, chemical or substance, except for normal household use. Charcoal grills or other fuel burning apparatus are not to be used on any part of the Condominium.

14. Automobiles shall not be washed except in areas designated by the Board.

15. No more than one-third (1/3) of a cord of firewood may be stored by any single Unit Owner, and each Unit Owner that determines to store firewood must do so within such Unit Owner's Unit or upon such Unit Owner's balcony, in which case such firewood must remain neatly stacked at all times.

16. No window treatments shall be installed in any Unit which do not have a white backing.

17. Unit Owners and other occupants shall be subject to all Rules and Regulations adopted by the Board as well as all other Rules and Regulations set forth in the Declaration and Bylaws, including, without limitation, Section 6.5 of the Bylaws.

• Residential • Community

SILVERBROOK FARM II CONDOMINIUM
 PRO FORMA OPERATING BUDGET
 PHASE ONE, BUILDING 1, 28 UNITS

INCOME	
ASSOCIATION FEES	\$30,912
WORKING CAPITAL	5,152*
ADMINISTRATIVE EXPENSE	
MANAGEMENT	3,528
AUDIT	300
TAXES/MISC.	100
LEGAL	100
INSURANCE	3,000
MISCELLANEOUS	135
MASTER ASSOC	
RECREATION	2,823
OPEN SPACE	1,710
UTILITIES	
WATER	1,500
ELECTRICITY	1,900
OPERATING EXPENSE	
GROUNDS	4,000
LANDSCAPING	450
SNOW REMOVAL	500
SPRINKLER MAINTENANCE	500
TELEPHONE	1,200
MAINTENANCE/REPAIR	400
JANITORIAL	3,000
RESERVES	
RESERVES FOR REPLACEMENT	5,760
TOTAL OPERATING BUDGET	30,912
MONTHLY CONDOMINIUM FEE: \$92.00	

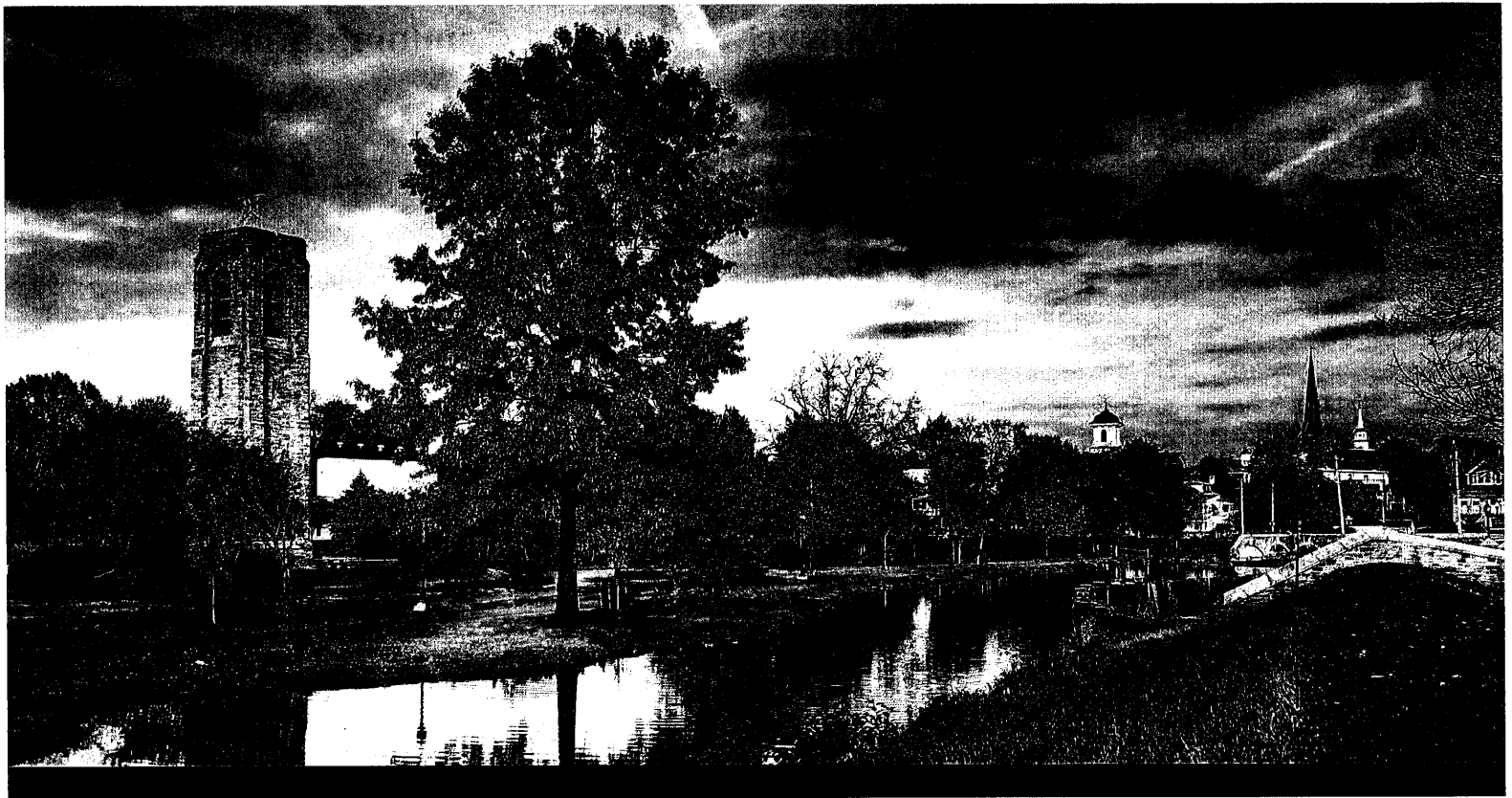
*WORKING CAPITAL WILL BE DESIGNATED TO A SINGLE ACCOUNT TO BE HELD FOR THE PURPOSE OF DEFRAYING START-UP COSTS.

DISCLAIMER: THIS ESTIMATED OPERATING BUDGET IS NOT INTENDED, AND SHOULD NOT BE UNDERSTOOD AS A REPRESENTATION BY ANYONE THAT ANNUAL OPERATING EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE ASSOCIATION WILL BE PRECISELY AS SET FORTH. IN OUR OPINION, HOWEVER, THE ESTIMATES SET FORTH HEREIN ARE REASONABLE UNDER THE CIRCUMSTANCES WHICH EXISTED AT THE TIME OF THE PREPARATION OF THESE ESTIMATES; I.E., OCTOBER, 1992

3230 Bethany Lane, Suite #1 Ellicott City, Maryland 21042-2275 (410) 461-7022 FAX (410) 750-9956

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

CC&Rs/Declaration



CC&Rs-Declaration

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

SILVERBROOK WOOD CONDOMINIUM

DECLARATION

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List of Exhibits

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- Exhibit B - Units and Ownership
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Regime After Expansion

SILVERBROOK WOOD CONDOMINIUM

DECLARATION

THIS DECLARATION, made this _____ day of _____, 19____, by THOMAS S. BOZZUTO, RICHARD L. MOSTYN and RICHARD L. BOALES, as trustees and not as individuals, each having an address 6401 Golden Triangle Drive, Suite 200, Greenbelt, Maryland 20814 (hereinafter collectively referred to as the "Declarant").

WITNESSETH, THAT WHEREAS the Declarant is the owner, in fee simple, of certain real property, situate and lying in Baltimore County, Maryland, which is hereinafter more particularly described (the "Property"); and

WHEREAS, the Declarant intends to construct thereon certain improvements, which improvements consist of one building containing twenty-eight (28) Condominium Units and the appurtenances thereto; and

WHEREAS, the Declarant intends by this Declaration to subject such land, improvements and appurtenances to a horizontal property regime pursuant to Sections 11-101, et seq. of the Real Property Article of the Annotated Code of Maryland (the "Maryland Condominium Act"); and

WHEREAS, the Declarant desires to reserve the right hereafter to subject to such condominium regime additional land, together with the improvements thereon, as more particularly described herein, and the appurtenances thereto, thereby expanding such condominium; and

WHEREAS, the Declarant has filed on the _____ day of _____, 1992 in the office of the Clerk of the Circuit Court for Baltimore County, Maryland, the "Condominium Plat - _____" consisting of _____ (_____) sheets (the "Plats") prepared by _____, dated _____, 1989, which Plats are recorded in Plat Book No. _____ through _____.

NOW, THEREFORE, the Declarant hereby declares that all the Property described in Exhibit A attached hereto, together with all improvements hereinafter constructed thereon, and all rights, alleys, ways, privileges and appurtenances thereto (all of which land, improvements and appurtenances are hereinafter referred to collectively as the "Condominium"), is subject to a regime established under the provisions of the Maryland Condominium Act.

UPON THE TERMS and subject to the conditions which are hereinafter set forth:

ARTICLE I. DEFINITIONS.

1.1 Specific Definitions. As used in the provisions of this Declaration, each of the following terms shall be deemed to have the meaning which is hereinafter ascribed to it:

(1) "Act" shall mean the statutes entitled "The Maryland Condominium Act" codified as Title 11 of the Real Property Article of the Code, as from time to time amended.

(2) "Assessment" shall mean an amount assessed by the Council against a Unit Owner with respect to a Unit, pursuant to the provisions of Section 5.5.

(3) "Balcony Limited Common Elements" shall have the meaning ascribed to it by the provisions of subsection 3.3.2.

(4) "Board of Directors" shall mean the board of directors of the Council, as defined herein.

(5) "Bylaws" shall mean those bylaws, the initial form of which is referred to in the provisions of Section 5.1 and is attached hereto as Exhibit C, as from time to time amended.

(6) "Code" shall mean the Annotated Code of Maryland as presently enacted.

(7) "Common Elements" shall mean all of the Condominium except the Units.

(8) "Common Expenses" shall mean the aggregate of any and all expenses which are incurred by the Council in the exercise of the rights and powers, and in the discharge of the duties, which are vested in, exercisable by or imposed upon the Council under the Act, the Declaration or the Bylaws.

(9) "Common Profits" shall mean all profits realized by the Council.

(10) "Community Architectural Committee" shall mean and refer to the Architectural Committee established under the Community Declaration.

(11) "Community Articles" shall mean and refer to the Articles of Incorporation of the Community Association, as the same may from time to time be duly amended.

(12) "Community Assessment" shall mean and refer collectively or individually, as required by the context, to all or any of the assessments levied by the Community Association pursuant

to the Article of the Community Declaration entitled "Funds and Assessments."

(13) "Community Association" shall mean and refer to the Owings Mills New Town Community Association, Inc., a nonprofit nonstock corporation, incorporated under the laws of the State of Maryland, or any successor entity charged with the duties, obligations and powers of said Community Association.

(14) "Community Bylaws" shall mean and refer to the Bylaws of the Community Association, as the same may from time to time be amended.

(15) "Community Declaration" shall mean the declaration of covenants, conditions and restrictions recorded with respect to the Owings Mills New Town Community, including the declarations providing for annexation of additional areas, if any.

(16) "Condominium" shall have the meaning given to it hereinabove until such time as it is expanded to include one or more Future Phases and, thereafter, the meaning shall be expanded to include each Future Phases, respectively.

(17) "Condominium Plat" shall mean, collectively, those plats hereinabove referred to, together with any amendatory plats thereto.

(18) "Contract Purchaser" shall mean any person who enters into a contract which entitles such person to purchase a Unit from the Declarant or any other Unit Owner, but who does not hold the legal title of record to such Unit.

(19) "Council" shall mean the Council of Unit Owners, the entity described in the provisions of Section 5.2 hereof.

(20) "Declaration" shall mean this instrument, as from time to time amended.

(21) "Declarant" shall collectively mean Thomas S. Bozzuto, Richard L. Mostyn and Richard L. Boales, as trustees and not as individuals, fee simple owners of the Property pursuant to a Deed of Removal and Appointment of Additional Trustees dated _____, 1992 and recorded among the Land Records of Baltimore County, Maryland on _____, 1992 at Liber _____, Folio _____, and each person or persons to whom such named person or any other person who is the Declarant expressly assigns its rights as the Declarant hereunder in the manner set forth in the provisions of Section 10.2 hereof.

(22) "Eligible Mortgagee" shall mean a Mortgagee who has requested the Council to notify it on any proposed action that requires the consent of a specified percentage of Eligible Mortgagees.

(23) "Future Phases" shall have the meaning ascribed to it by the provisions of Section 7.1 hereto.

(24) "General Common Elements" shall have the meaning ascribed to it by the provisions of Section 3.3.3.

(25) "Limited Common Elements" shall have the meaning ascribed to it by the provisions of Section 3.3.2.

(26) "Mortgage" shall mean any mortgage or deed of trust encumbering any Unit, and any other security instrument used from time to time in the locality of the Condominium, provided that such mortgage, deed of trust or other form of security instrument has been recorded among the Land Records of Baltimore County, Maryland.

(27) "Mortgagee" shall mean the party secured by a Mortgage and any private, public or quasi-public entity guaranteeing or insuring any Mortgage.

(28) "Mortgagee in Possession" shall mean any person who is either (a) a Mortgagee which has possession of a Unit as a result of a default under a Mortgage held by such person, or (b) the Unit Owner of a Unit as the result of the conveyance to such person of the Mortgagor's equity of redemption therein either as the result of a foreclosure proceeding under a Mortgage, or in lieu of such foreclosure proceeding.

(29) "Owings Mills New Town Community" shall mean and refer to all of the real property which is subject to the Community Declaration.

(30) "Parcel" shall mean that tract of land described in Exhibit A hereto and, as the Condominium is expanded, the land described on Exhibit D that becomes part of the Condominium.

(31) "Patio Limited Common Elements" shall have the meaning ascribed to it by the provisions of Section 3.3.2.

(32) "Person" shall mean any natural person, trustee, corporation, partnership or other legal entity.

(33) "Rules and Regulations" or "Rules" shall mean the rules and regulations from time to time adopted by the Council pursuant to the Bylaws, as from time to time in effect.

(34) "Unit" shall have the meaning ascribed to it by the provisions of Section 3.2.

(35) "Unit Owner" shall mean any person or combination of persons (including, by way of example rather than of limitation, the Declarant) who holds the legal title to a Unit under a deed or other instrument; provided, that (a) no lessee or Contract Purchaser shall, merely by virtue of such person's status as such, be deemed to be a Unit Owner; and (b) no Mortgagee shall be deemed to be the Unit Owner of a Unit unless and until such Mortgagee requires of record the Mortgagor's equity of redemption.

(36) "Votes" shall mean the votes which under the provisions of Section 5.3 hereof, the Unit Owners are entitled to cast in their capacities as such at meetings of the Council.

1.2. General Definitions. Any other term to which meaning is specifically ascribed by any provision of this Declaration shall for purposes of this Declaration and the Bylaws be deemed to have such meaning.

1.3. Consistency With Act. Any term to which meaning is specifically ascribed by any provision of this Declaration or the Bylaws, and which is used in the Act, wherever possible shall be construed in a manner which is consistent with any construction of such term as so used in the Act. Where such consistency of construction is not possible, the definitions set forth hereinabove shall govern to the extent allowed by law.

ARTICLE II. NAME.

The Condominium shall be known as "Silverbrook Wood Condominium."

ARTICLE III. UNITS AND COMMON ELEMENTS.

3.1. General. The Condominium shall be comprised of Units and Common Elements.

3.2. Units.

3.2.1. (a) So long as the Condominium has not been expanded pursuant to the provisions of Article VII, the Condominium shall contain twenty-eight (28) Units.

(b) From and after any such expansion, and until any further such expansion, the Condominium shall contain that number of Units equalling the total of (i) the number of Units

contained therein immediately before such expansion, and (ii) the number of Units added to the Condominium by such expansion.

3.2.2. The location within the Condominium, and the dimensions of each Unit are shown on the Condominium Plat and are more particularly defined by the provisions of this Article III.

3.2.3. Each Unit shall have and be known by a number or letter, or combination thereof, corresponding to the number or letter, or combination thereof, shown with respect to it on the Condominium Plat together with the street address or building number of the building in which the Unit is located.

3.2.4. Except as may be otherwise provided herein, each Unit shall consist of all of the following:

(a) The space bounded by and contained within:

(i) with respect to the vertical limits, the following portions of the vertical perimetrical walls enclosing such Unit:

(A) the stud side of the drywall of the vertical perimetrical walls enclosing such Unit; and

(B) with respect to any window opening or doorway opening to the outside surface of any of the said walls, the exterior surface (in the closed position) of the outermost window (including storm window), or the outermost door, set within such opening;

(ii) with respect to the upper horizontal limit, the uppermost surface of the drywall constituting the ceiling of such Unit, provided, however, that with respect to those Units having vaulted ceilings, the upper limit is not a horizontal plane but is as shown on the Plat; and

(iii) with respect to the lower horizontal limit, the upper surface of the gypcrete or other underlayment or, with respect to a Unit located on the terrace (lowermost) level of a building, the upper surface of the concrete slab; and

(b) Any circuit breaker panel, electrical meter, gas meter and any and all gas or electrical installations and fixtures (including, by way of example rather than of limitation, and an all outlets, meters, switches, lampholders or other electrical or gas service terminals, wherever located) which exist for the exclusive use of such Unit, and all wiring and conduits running from any such circuit breaker panel to any such installation or fixture.

(c) All of the equipment for the heating and air conditioning of such Unit and the heating of water, including all mechanical equipment and appurtenances located outside such Unit which are designed, designated or installed to serve only that Unit, and all of their controls and control wiring.

(d) All duct work running from such heating and air conditioning equipment to its outlets into such Unit, and any such outlets.

(e) All sprinkler heads located within such Unit, but not the sprinkler lines to which such heads are connected, which shall be General Common Elements.

(f) All fireplaces within such Unit, but not the fireplace flues which shall be General Common Elements, nor the exterior fluestacks which shall also be General Common Elements.

(g) All range hoods or bath fans for such Unit, and all duct work connecting the same to any common exhaust duct serving such Unit as well as other Units, provided, however, that any exhaust ducts connecting any common exhaust duct to the exterior of any building shall be deemed to be a General Common Element.

(h) All bathroom and kitchen plumbing fixtures and connections thereto for such Unit, including, by way of example rather than of limitation, all sinks, faucets, commodes, bathtubs, shower stalls, hot or cold water pipes or drain pipes connecting any of the same with any common water or drain pipes serving such Unit as well as other Units.

(i) All regular windows, storm windows, screens, sliding doors and regular doors which are set within any of the walls of such Unit.

(j) Any smoke detectors serving such Unit.

(k) All floor coverings, wall furnishings and all improvements, fixtures and installations of every kind and nature whatsoever located within the boundaries of such Unit as hereinabove set forth, as well as all improvements, fixtures and installations specifically designated by the provisions hereof as being part of such Unit, but not located within such boundaries.

3.2.5. Anything contained in the foregoing provisions of this Section 3.2 to the contrary notwithstanding, whenever there is located within the boundaries of a Unit, as described hereinabove, either (a) any loadbearing or structural wall, partition or column, or (b) any main, duct, stack, raceway, wire,

conduit, line, drain, pipe, meter or other similar thing or device used in providing any utility or service to any portion of the Condominium other than, or in addition to, such Unit, such Unit shall not include the loadbearing or structural portions of such wall, partition or column, or such thing or device.

3.2.6. Each Unit shall have all of the incidents of real property under applicable law. Nothing in the provisions of this Declaration shall be deemed to confer upon (a) any Unit Owner, by virtue of his status as such, or (b) any other person having any other interest in such Unit, by virtue of such interest, any interest in any other Unit.

3.3. The Common Elements.

3.3.1. The Common Elements (a) shall consist of all of the Condominium other than Units the legal title to which is held by a person other than the Council, and (b) shall be comprised of the Limited Common Elements and the General Common Elements.

3.3.2. The Limited Common Elements.

(a) The Limited Common Elements shall consist of those Common Elements which are designated as Limited Common Elements on the Condominium Plat and shall be comprised of the following classes of Limited Common Elements:

(i) "Patio Limited Common Elements" which shall include each of those Limited Common Elements located on the ground surface specifically designed by such name on the Condominium Plat;

(ii) "Balcony Limited Common Elements" which shall include each of those Limited Common Elements constituting decks specifically designated by such name of the Condominium Plat.

(b) The exclusive right to use, and the absolute obligation to maintain in a manner acceptable to the Board of Directors, each of the Balcony Limited Common Elements and Patio Limited Common Elements shall be, and is hereby, reserved and restricted exclusively to the Unit Owner of the Unit immediately adjacent to such Limited Common Elements.

3.3.3. The General Common Elements. The General Common Elements shall consist of all of the Common Elements including, without limitation, all fireplace flues in or serving fireplaces in Units, but not the fireplaces themselves, other than the Limited Common Elements.

3.3.4. Ownership of the Common Elements. The Common Elements shall be owned by all of the Unit Owners, each of whom shall have that undivided percentage interest therein which is established pursuant to the provisions of Article IV hereof.

3.4. Presumption as to Existing Physical Boundaries of Units and Common Elements.

The existing physical boundaries of any Unit or Common Element which is constructed or reconstructed in such a way that such existing physical boundaries substantially conform to the boundaries shown on the Condominium Plat shall conclusively be presumed to be the boundaries of such Unit or Common Element, regardless of whether (a) there has occurred any shifting, settlement or lateral movement of the building or other portion of the Condominium within or upon which such Unit or Common Element is located, or (b) there exists any minor variation between the boundaries shown on the Condominium Plat and the existing physical boundaries.

3.5. Encroachment.

If any of the improvements included within the Common Elements encroach upon any Unit, or if any of the improvements included within a Unit encroach upon another Unit or the Common Elements, as a result of any construction, reconstruction, repair, shifting, settlement or movement of any building or other improvement forming part of the Condominium which occurs for any reason (including, by way of example rather than of limitation, the partial or total destruction thereof by fire or other casualty, or as a result of the condemnation or other taking thereof through the exercise or threatened exercise of a power of eminent domain) an easement for such encroachment and for the maintenance of the improvements so encroaching shall exist for so long as such improvements exist.

ARTICLE IV. PERCENTAGE INTERESTS.

4.1. General. Each Unit Owner, by virtue of his ownership of a Unit, shall own (a) an undivided percentage interest in the Common Elements (as they from time to time exist), and (b) a percentage interest in the Common Expenses and Common Profits, each of which shall be determined in accordance with the provisions of this Section.

4.2. Percentage Interests Before Expansion. So long as the Condominium has not been expanded pursuant to the provisions of Article VII,

4.2.1. each Unit Owner's undivided percentage interest in the Common Elements shall equal the percentage which is set forth with respect to his Unit in a schedule attached hereto as Exhibit B; and

4.2.2. each Unit Owner's percentage interest in the Common Expenses and Common Profits shall equal the percentage which is set forth with respect to his Unit in Exhibit B.

4.3. Percentage Interests After Expansion. From and after any expansion of the Condominium pursuant to the provisions of Article VII, each Unit Owner's undivided percentage interest in the Common Elements, and each Unit Owner's percentage interest in the Common Expenses and Common Profits, thereby automatically shall no longer equal the said respective fractions set forth with respect to his Unit in Exhibit B, but shall thereby automatically become and (until any further such expansion) thereafter remain equal to that fraction determined by dividing one (1) by the number of Units contained in the Condominium after the expansion. Upon each, if any, further such expansion, each Unit Owner's said percentage interests shall in like fashion thereby in each instance automatically become and (until any further such expansion) thereafter remain equal to that fraction which is then determined through the use of such formula.

4.4. Characteristics of Percentage Interests. The percentage interests which are created by the foregoing provisions of this Section may not be separated from the respective Units to which they are appurtenant, shall have a permanent character, and shall not be changed unless and until:

4.4.1. each Unit Owner and each Mortgagee has consented thereto in writing (except where such change is made pursuant to the provisions of this Article IV and Article VII, or Section 11-107(d) of the Act), and

4.4.2. this Declaration has been amended to effect such change through the recordation of an appropriate amendatory instrument among the Land Records of Baltimore County.

4.5. Relationship of Unit to Percentage Interests. Any instrument, matter, circumstance, action, occurrence or proceeding which in any manner affects a Unit shall also affect, in a like manner, the undivided percentage interest in the Common Elements and the percentage interest in the Common Expenses and Common Profits which are appurtenant to such Unit.

ARTICLE V. THE BYLAWS; THE COUNCIL OF UNITS OWNERS;
VOTES; COUNCIL PROPERTY; ASSESSMENTS.

5.1. The Bylaws. The affairs of the Condominium shall be governed in accordance with the Bylaws, the initial form of which is attached as Exhibit C hereto, is to be recorded among the Land Records of Baltimore County simultaneously herewith, and may be amended from time to time in accordance with the provisions thereof and of the Act, this Declaration and such Bylaws.

5.2. The Council of Unit Owners.

5.2.1. The affairs of the Condominium shall be governed by The Council of Unit Owners of Silverbrook Farm Condominium, Incorporated, an entity which is both a council of unit owners under the provisions of the Act and a nonstock corporation organized and existing under the law of Maryland.

5.2.2. The membership of the Council shall be comprised of and limited to all of the Unit Owners.

5.2.3. The Council shall have the rights, powers and duties which are vested in, exercisable by or imposed upon it by the provisions of this Declaration, the Bylaws, its Articles of Incorporation or applicable law..

5.3. Votes.

Each Unit Owner shall be entitled to cast one (1) Vote at meetings of the Council regardless of whether the Condominium has been expanded. The Votes which a Unit Owner is entitled to cast shall be appurtenant to, and may not be separated from, his Unit. Nothing in the foregoing provisions of this paragraph shall be deemed (i) to prohibit any Unit Owner from giving a proxy to cast such Votes to any person in accordance with the provisions and subject to the limitations of this Declaration and the Bylaws, or (ii) to alter or impair the operation and effect of any provision of this Declaration, the Bylaws or applicable law pursuant to which a Unit Owner's exercise of such right may be conditioned upon his having furnished to the Council any information which he is required to furnish under any such provision.

5.4. Council Property. Except for his ownership of a percentage interest in the Common Expenses and Common Profits pursuant to the provisions of this Declaration, no Unit Owner shall, by virtue of his status as such or as a member of the Council, have either (a) any right, title or interest in or to any of the Council's property or other assets, or (b) any right to possess, use or enjoy any such property or other assets, other than

as is expressly conferred upon him by the provisions of the Act, this Declaration, the Bylaws or the Council.

5.5. Assessments. The Council may obtain funds for the payment of Common Elements from time to time by levying assessments (each of which is hereinafter referred to as an "Assessment") against the Unit Owners and their respective Units in proportion to their respective percentage interests in the Common Expenses and Common Profits, all upon the terms, for the purposes and subject to the conditions which are set forth in the provisions of the Act, this Declaration and the Bylaws.

5.6. Representation on Community Association. The Council shall be represented on the Community Association by the president of the Council, who shall exercise his or her vote(s) as directed by the board of directors of the Council.

ARTICLE VI. CONTROL OF, AND RIGHTS IN,
COMMON ELEMENTS AND UNITS.

6.1. Conveyance or Dedication by Council of
Easements or Other Rights in the Common
Elements.

6.1.1. The Council may grant to any person an easement, right-of-way, license, lease in excess of one (1) year, or similar interest in the Common Elements, if and only if such grant is approved by the affirmative vote of Unit Owners holding in the aggregate at least sixty-six and two-thirds percent (66-2/3%) of the number of Votes held by all of the Unit Owners, and with the express written consent of the Mortgagees of those Units as to which the Unit Owners vote affirmatively.

6.1.2. Notwithstanding the foregoing, the Board of Directors may grant easements, rights-of-way, licenses, leases in the Common Elements in excess of one (1) year or similar interests for the provision of utility services or communication systems for the exclusive benefit of Units within the Condominium, provided that such grant is first approved by the affirmative vote of a majority of the Directors and further provided that such grant is otherwise in compliance with all of the applicable requirements of Section 11-125(f) of the Act.

6.1.3. Each Unit Owner, purchaser, heir, assignee or other transferee of or to the legal or beneficial title to, or any other interest in, any Unit shall be conclusively presumed, by his acceptance thereof, irrevocably to have appointed the Council to be his attorney-in-fact, with full and irrevocable power and authority (which shall be deemed to be coupled with an interest and to

survive his disability), in the name of and on behalf of the Condominium, the Council and/or such Unit Owner, purchaser, heir, assignee or other transferee, to take any of the following actions:

(a) grant, convey or dedicate (i) to any one or more public or quasi-public governmental authorities or utility companies, any and all licenses, easements and/or rights-of-way in, over and through the Common Elements for the construction, installation, use, operation, maintenance, repair and replacement of any and all sanitary, sedimentary control or storm sewer lines, drains, culverts, ponds or pumping stations, water lines, mains, or pumping stations, electrical lines or cables, telephone or television lines or cables, gas lines or mains, and other similar facilities, for similar or other purposes, all as the Council considers appropriate for the provision of any utility or utility service to the Condominium, and (ii) to Baltimore County or any other governmental body, any land then forming part of the Common Elements which is improved or to be improved by a roadway, sidewalk or parking area;

(b) convey the legal title to, or an interest in, any or all of the Common Elements to or at the direction of any governmental or quasi-governmental authority either (i) through the condemnation thereof or the exercise of any power of eminent domain with respect to the same, or (ii) under threat of such condemnation or exercise and in lieu thereof (after which grant, conveyance or dedication that portion of the Common Elements which is the subject of the same not form part of the Common Elements);

(c) grant easements, rights-of-way, licenses, leases in excess of one (1) year and other similar interests provided such grant has been approved in accordance with the provisions of subsections 6.1.1 or 6.1.2;

(d) grant to the Declarant an easement in, over and through the Common Elements for the construction, installation, use, operation, maintenance, repair and replacement of any improvement of the types enumerated in the provisions of Section 6.3;

(e) execute, enseat, acknowledge, deliver and record on behalf of and in the name of the Condominium, the Council and/or such Unit Owner, purchaser, heir, personal representative, successor, assign or other transferee, any and all documents, the execution, enseat, acknowledgment, delivery or recordation of which in the name of and on behalf of the same is deemed appropriate by the Council in order to effectuate the provisions of this Section 6.1 or to exercise any of the rights and powers granted to the Council under this Section 6.1; and

(f) grant to the Declarant, for the benefit of the Future Phases or any one or more of them (whether or not they or each of them are then or thereafter part of the Condominium), as easement in, over and through the Common Elements for the construction, installation, use, operation, maintenance, repair and replacement of any improvement.

6.1.4. Any instrument executed by the Council pursuant to the aforesaid power of attorney shall contain a certification that such instrument, or the transactions contemplated thereby have been approved by Unit Owners having the requisite number of Votes to approve such instrument or transaction, if such instrument or transaction requires such approval.

6.2. Easements Benefiting Units.

6.2.1. Each Unit shall have the benefit of a perpetual easement for the lateral and vertical support of the improvements included within such Unit, which easement shall burden the Common Elements and each other Unit.

6.2.2. Each Unit shall have the benefit of a perpetual, non-exclusive easement for the use of:

(a) each main, duct, exhaust system, stack, raceway, wire, conduit, line, drain, pipe, sprinkler pipe, or other device located within the Common Elements or another Unit and used in providing any utility or service to the first such Unit; and ,

(b) each sidewalk, parking lot, corridor, stairway or entranceway which from time to time is part of the General Common Elements for unrestricted ingress and egress to and from his Unit.

6.2.3. Each Unit shall have the benefit of a non-exclusive easement for the use of the General Common Elements; provided that:

(a) such use is in accordance with applicable law and the provisions of this Declaration, the Bylaws and the Rules and Regulations;

(b) no person other than the Council may construct, reconstruct, alter or maintain any structure or make or create any excavation or fill upon, or remove any tree, shrub or other vegetation from, or otherwise damage, the General Common Elements;

(c) no person shall without first obtaining the Council's consent do anything within the General Common Elements

which will cause an increase in any premium paid by the Council for liability or other insurance with respect to the General Common Elements, or the cancellation of any such insurance; and

(d) no person shall do anything in the General Common Elements which would constitute a violation of the Community Declaration.

6.2.4. The conveyance of the title to any Unit having the benefit or the burden of an easement created by any of the provisions of this Declaration shall constitute a conveyance of such benefit or burden, without the necessity of any reference thereto in any instrument by which such conveyance of title is made. No such benefit or burden may be conveyed other than with a conveyance of the title to such Unit.

6.3. Development and Other Easements.

6.3.1. The Declarant shall have, and the Declarant hereby reserves, irrevocable, non-exclusive easements in, over and through the Common Elements:

(a) for pedestrian and vehicular ingress and egress to and from each public roadway which at any time abuts the Condominium, from and to each Unit and the Future Phases, even if not then a part of the Condominium, for access by (i) the Declarant and its personal representatives, successors and assigns as owner of the Future Phases or any one or more of them and of each respective Unit or other portion thereof, (ii) any contractor, subcontractor, real estate agent or broker utilized by the Declarant, and (iii) their respective agents, officers, employees, and invitees, all for any purpose consistent with applicable law in connection with the construction, replacement, repair, maintenance, development or marketing of such respective Unit or Future Phases (even if not then a part of the Condominium);

(b) for the construction, installation, maintenance, repair, replacement and use of any or all utility lines and facilities, to and from their respective points of connection with those respective public utility liens and facilities to which the same are to be connected, from and to each Unit or Future Phase (even if not then a part of the Condominium) for the benefit of (i) the Declarant and its personal representatives, successors and assigns as owner of the Future Phases or any one or more of them or any Unit or other portion thereof, (ii) each resident or other occupant of such Future Phases, Unit or other portion, and (iii) their respective agents, employees, invitees, visitors and guests; and

(c) for the construction, installation, maintenance, repair and replacement of advertising signs, construction trailers and sales trailers and for the storage of construction materials anywhere on the Common Elements and for the use of any Unit owned by the Declarant or any affiliate of the Declarant as a model unit, sales office or management office, in connection with the sale, leasing, management, development and marketing of the Units in the Condominium, in the Future Phases, and/or the Community Association.

6.3.2. The Declarant shall have, and the Declarant hereby reserves, easements in, over and through the Common Elements and the Units for the purpose of servicing and performing warranty work on the Units and the Common Elements, for the purpose of performing fine grading, seeding, sodding and landscaping, and for the purpose of constructing or modifying other Units.

6.3.3. The burden of such easements shall terminate with respect to the Common Elements when and only when the benefit thereof has terminated with respect to all of the parcels and Units pursuant to the provisions of subsection 6.3.4.

6.3.4. (a) The benefit of such easements shall terminate with respect to any Future Phase not contained within the Condominium at the tenth (10th) anniversary of the date hereof, upon such anniversary; and (b) with respect to any parcel contained within the Condominium at such anniversary, upon the latest to occur of (i) the completion of the construction of the improvements to be constructed by the Declarant within such parcel, (ii) three (3) years after the conveyance of record by the Declarant (to a person who, by virtue of such conveyance, is the Unit Owner of such Unit and has not succeeded to the Declarant's right, title and interest as the Declarant under this Declaration), of the legal title to each Unit within such Parcel, and (iii) the expiration of all warranty obligations of the Declarant with respect to all of the Units and Common Elements contained in such Parcel.

6.4. Rights and Responsibilities of Unit Owners and Council.

6.4.1. Rights and Responsibilities of Unit Owner with Respect to Maintenance, Repair and Replacement of Units and Limited Common Elements. Each Unit Owner shall:

(a) maintain, repair and replace all portions of his Unit, except those portions of his Unit, if any, which, under the provisions of this Declaration, are to be maintained, repaired and replaced by the Council, and otherwise keep such Unit in a neat and clean condition;

(b) in accordance with all applicable laws and after obtaining all required permits, maintain, repair and replace (i) the heating and air conditioning system, hot water heater and smoke detector serving his Unit, (ii) all fixtures, equipment and appliances installed in his Unit, (iii) all chutes, flues, ducts, conduits, wires, pipes and other apparatus forming a part of his Unit (other than the portions of such items deemed to be General Common Elements hereunder), and (iv) the sprinkler heads within his Unit, but such maintenance, repair and replacement of the sprinkler heads shall be performed only by a contractor designated by the Council;

(c) wash, maintain, repair and replace the glazing, windows, screens, storm windows, doors (including sliding glass doors and screens installed as part of sliding glass doors) which are a part of his Unit, excluding the exterior finished surface of the entry door and doorframe to such Unit and the exterior finished surface of the window frames to such Unit;

(d) maintain, repair or replace at his own expense any portion of his Unit which may cause injury or damage to any other Unit or the Common Elements;

(e) make all routine repairs and perform all ordinary maintenance with respect to the Balcony Limited Common Elements and Patio Limited Common Elements appurtenant to such Unit Owner's Unit and keep such Balcony Limited Common Elements and Patio Limited Common Elements in a neat and clean condition and free of standing water; provided, however, that all structural repairs and replacements to (including any repair or replacement of the structure thereof, including any retaining walls) and all exterior painting of such Balcony Limited Common Elements and Patio Limited Common Elements shall be the obligation of the Council;

(f) exercise his rights and perform his duties under the provisions of the Act, the Bylaws and this Declaration in such manner and at such hours as will not unreasonably disturb any other Unit Owner;

(g) prior to performing any repair work of any kind, the responsibility for which lies with the Council, furnish the Council with written notice of the same (provided that the Council's failure to take action on any such notice shall not be deemed a waiver by it of its said responsibility, a consent by it to the taking of such action, or an agreement by it to bear the expense of such work; and further provided, that the Unit Owner shall abide by any terms specified by the Council relating to the conduct of such work); and

(h) pay any expense which is duly incurred by the Council in making any repair or replacement of the Common Elements which results from the willful or negligent act or failure to act of such Unit Owner or of any tenant, Contract Purchaser, family member, invitee or other occupant or user of his Unit.

6.4.2. Responsibilities of Council with
Respect to Maintenance, Repair and
Replacement of Common Elements.

(a) Except as provided in paragraph (e) of subsection 6.4.1, the Council shall maintain, repair and replace all General Common Elements and Limited Common Elements, including all structural repairs and replacements to Limited Common Elements and all exterior painting of same, the costs of all of which shall be Common Expenses.

(b) In particular, the Council (i) shall paint and maintain the exterior surfaces of all exterior doors, door frames and window frames, except that the replacement and cleaning of all glass and glazing therein shall be the responsibility of the Unit Owner, (ii) shall paint or stain the exterior surfaces of all Balcony Limited Common Elements which, in either event, are of wooden construction, and (iii) shall paint, maintain and clean the internal lobbies and stairwells of each condominium building.

(c) The Council shall maintain, repair and periodically clean the portions of fireplace flues deemed to be General Common Elements, the costs of which shall be a Common Expense.

6.5. Control of Common Elements. Anything contained in the foregoing provisions of this Section to the contrary notwithstanding, the Council may:

6.5.1. borrow money to improve the Common Elements in accordance with the provisions of this Declaration, and secure its repayment by subjecting any or all of the General Common Elements to the lien of a mortgage or by pledging all or any portion of the Assessments; provided that anything contained in the provisions of such mortgage to the contrary notwithstanding, if there is a default in the performance of the borrower's obligations thereunder, the mortgagee's remedies on a count of such default shall, as to the property covered by such lien, be limited to those of (a) taking possession of any or all of the same, (b) thereafter charging admission or other fees as a condition to the continued use thereof by the Unit Owners, their family members and guests, and (c) if necessary and if not prohibited by applicable law, opening the enjoyment thereof to the general public or any segment thereof until such debt is satisfied;

6.5.2. take such steps as are reasonably necessary to protect such property against foreclosure under such mortgage (including, by way of example rather than of limitation, that of opening the enjoyment thereof to the general public or any segment thereof, as aforesaid);

6.5.3. may adopt reasonable Rules and Regulations as it deems appropriate with respect to the use of the Common Elements, including the Limited Common Elements, by Unit Owners, their family members, invitees and guests or any other person, in accordance with the provisions of the Bylaws and the Act; and

6.5.4. may not alter or remove any sidewalks or ramps intended to provide access for Units initially constructed for use by a handicapped person without the prior written consent of the Unit Owner of such Unit and shall at all times designate by appropriate signage one parking space in close proximity of such Unit as "handicapped parking."

6.6. Right of Entry.

6.6.1. The Council, acting through the Board of Directors, its officers, or any management company for the Condominium, and their duly authorized representatives and employees, may enter any Unit whenever such entry is reasonably necessary in order (a) to install, inspect, maintain, repair or replace any of the Common Elements to which access can reasonably be obtained only through such entry, or (b) to maintain, repair or replace any portion of such Unit if such maintenance, repair or replacement is the responsibility of the Council or is necessary to prevent injury or damage to any other Unit or to the Common Elements. Such costs incurred by the Council shall become the Unit Owner's obligation and shall be payable and may be enforced in the same manner as Assessments for Common Expenses.

6.6.2. Except in the event of an emergency situation, the Board of Directors or the Manager shall provide reasonable notice prior to exercising such right of entry. Exercise of such right of entry either following reasonable notice or in the event of an emergency situation shall not constitute a trespass by the Council, the Board of Directors, the Manager or their respective agents and employees.

6.7. Management of Condominium.

6.7.1. The Council may enter into an agreement with a professional management company to provide management services to the Council for the Condominium. Such agreement:

(a) shall expressly provide that the Council may, without the consent of any other party thereto and without payment of any termination fee or penalty, terminate such agreement (i) for cause at any time provided that it has given to each other party thereto written notice of its intention to do so by not later than thirty (30) days before the effective date of such termination, and (ii) without cause at any time provided that it has given to each other party thereto written notice of its intention to do so by not later than ninety (90) days before the effective date of such termination;

(b) shall be for a term of not more than one (1) year; and

(c) if provision is made therein for a renewal of such agreement from time to time by agreement of the parties thereto, shall provide that no such renewal provision and no such renewal or combination of renewals made pursuant thereto shall be effective to bind the Council to such agreement for longer than (1) year from the date of such renewal or combination of renewals.

6.7.2. Anything contained in the foregoing provisions of this subsection to the contrary notwithstanding, the Council shall not effectuate any decision by it both (a) to terminate any such management agreement, and (b) thereafter to assume or undertake the management of the Condominium without utilizing or employing professional management services with respect to the same, without obtaining the prior approval of Eligible Mortgagees who represent at least fifty-one percent (51%) of the Votes of Units that are subject to Mortgages held by Eligible Mortgagees.

6.8. Proceeds of Insurance.

6.8.1. Receipt and Distribution of Proceeds by Council. The Council shall:

(a) receive any proceeds which are payable under any policy of casualty or physical damage insurance held by it, and shall hold and distribute the same in trust for the purposes set forth in this Section, for the benefit of the Unit Owners, their respective Mortgagees, the Council and any other insured thereunder; and

(b) not make any distribution of any such proceeds directly to a Unit Owner where a mortgagee endorsement is noted on the certificate of insurance covering his Unit, but shall make any such distribution only to such Unit Owner and his Mortgagee jointly.

6.8.2. Adjustment of Losses. Each Unit Owner shall be deemed to have delegated to the Council his right to adjust with the insurer all losses which are payable under policies purchased by the Council.

6.8.3. Repair or Reconstruction Following a Casualty.

(a) Except as may be otherwise provided by the Act, or this Declaration, if any of the improvements which are insured by the Council are damaged or destroyed, they shall be fully and promptly repaired and restored by the Council using any proceeds of insurance which are payable on account of the same and are held by the Council, and each Unit Owner shall be liable for the payment of the deductible provided for in any such policy or policies in effect except to the extent that such deductible is deemed to be a Common Expense by the Council.

(b) The Council (subject to the operation and effect of the provisions of Section 6.10) shall be responsible for restoring such improvements to and only to substantially the same condition as they were in immediately prior to the occurrence of any damage to, or the destruction of, the same. If, as a result of such repair or reconstruction, any change is made in the location of the improvements within any Unit or the Common Elements, the Council shall record among the Land Records of Baltimore County an amendment to the Condominium Plat which relocates the boundaries of such Unit or the Common Elements so as to conform to the location of such improvements as so changed, and shall hold a power of attorney from each Unit Owner and Mortgagee for such purpose.

6.8.4. Estimate of Cost of Repair. Immediately after the occurrence of any damage to, or the destruction of, any or all of the Condominium which the Council is required to repair, the Board of Directors shall obtain a reliable and detailed estimate of the cost thereof (including, by way of example rather than of limitation, the cost of any professional service or bond which the Board of Directors desires to obtain in connection with such repair).

6.8.5. Construction Fund. Any proceeds of insurance received by the Council as a result of any damage to, or the destruction of, the Condominium, and any other sums received by the Council from any Unit Owner as a result thereof, shall constitute a construction fund which shall be disbursed by the Council in payment of the costs of the reconstruction and repair thereof, in the following manner:

(a) If the amount of the estimated cost of reconstruction and repair of the damaged or destroyed portion of the Condominium is less than One Hundred Thousand Dollars

(\$100,000.00), such construction fund shall be disbursed from time to time by the Council in payment of such cost upon authorization by the Board of Directors; provided that at the written request of any Mortgagee which is a beneficiary of any such fund, such fund shall be disbursed in the manner set forth in the provisions of paragraph (b) of this subsection.

(b) If the amount of the estimated cost of reconstruction and repair of the damaged or destroyed portion of the Condominium is not less than One Hundred Thousand Dollars (\$100,000.00), such construction fund shall be disbursed in payment of such cost upon the approval of such disbursement by an architect or professional engineer licensed to practice in Maryland and employed by the Council to supervise such reconstruction and repair, from time to time as such reconstruction and repair progress. Such architect or professional engineer shall be required to furnish to the Council a certificate giving a brief description of the services and materials supplied by each contractor, subcontractor, materialman, architect, engineer or other person who has rendered services or furnished materials in connection with such reconstruction and repair, and stating (1) that the sum requested by each such person in payment therefor is justly due and owing, and does not exceed the value of the services and materials furnished; (2) that there is, to the best of such architect's or engineer's knowledge, information and belief, no other outstanding debt incurred for such services and materials as so described; and (3) that the cost, as reasonably estimated by such architect or engineer, for so much of such repair and reconstruction as remains to be done after the date of such certificate does not exceed the amount which will remain in such construction fund after the payment therefrom of the sum so requested.

(c) If any amount remains in such construction fund after the reconstruction or repair of such casualty damage has been fully completed and all of the costs thereof have been paid, such portion shall be distributed to the Unit Owners and their insured Mortgagees, as their respective interests may appear.

6.9. Substantial or Total Destruction.

6.9.1. Grounds for Not Reconstructing. Any portion of the Condominium which is damaged or destroyed shall be repaired and reconstructed unless (a) the Condominium is terminated pursuant to the provisions of the Act and this Declaration, (b) the reconstruction and repair of such portion would be illegal under any applicable Maryland or local health or safety statute or ordinance, or (c) at least eighty percent (80%) of the Unit Owners (including every Unit Owner of a Unit which would not be reconstructed) vote not to reconstruct such portion at a special

meeting of the Council held pursuant to the provisions of the Bylaws.

6.9.2. Distribution of Proceeds. If pursuant to the provisions of subsection 6.9.1. such damage or destruction is not to be repaired or reconstructed, subject to the provisions of Section 8.6 hereof, the net proceeds of any insurance which are payable to the Council as a result of such damage or destruction shall be held in one fund, which shall be used or distributed by the Council as follows:

(a) the net proceeds attributable to damaged Common Elements shall be used to restore such damaged Common Elements to a condition compatible with the remainder of the Condominium;

(b) the net proceeds attributable to Units and Limited Common Elements which are not to be rebuilt shall be distributed to the Unit Owners of such Units in accordance with the provisions of the Act; and

(c) the remainder of such net proceeds shall be distributed to all of the Unit Owners in proportion to their respective undivided percentage interests in the Common Elements.

6.10. Conflicts. Except to the extent otherwise required by the Act, the provisions of subsections 6.9 and 6.10 shall govern in lieu of any provisions of the Act concerning restoration and repair and the use of insurance proceeds.

ARTICLE VII. EXPANSION OF CONDOMINIUM.

7.1. Reservation of Right to Expand. The Declarant hereby reserves, for a period of seven (7) years after the date hereof, the right (which shall be exercisable at its sole discretion, but only in accordance with the provisions of this Section) to expand the Condominium by subjecting to the Condominium regime, and thereby adding to the Condominium from time to time, Future Phases, which are designated and delineated on the Condominium Plat as Future Phase 2 through Future Phase 9 respectively, together with all of the respective improvements thereon, and all of the respective rights, alleys, ways, waters, privileges, appurtenances and advantages, to the same belonging or in anyway appertaining (each of which Future Phases, together with such improvements thereon and appurtenances thereto, hereinafter sometimes is referred to as a Future Phase and in the plural, one or more of them sometimes is referred to hereinafter as "Future Phases"). Such Future Phases may be added to the condominium in such order as the Declarant, in its sole and absolute discretion, from time to time determines. All of the real property comprising Future Phase

2 through Future Phase 9 is more particularly described in Exhibit D attached hereto.

7.2. Effectiveness of Expansion. Any such expansion shall be accomplished by, and shall be and become effective upon and only upon,

7.2.1. the amendment of this Declaration by the recordation among the Land Records of an appropriate amendatory instrument which expressly states:

(a) the number of Units and the land to be included by way of such expansion;

(b) the undivided percentage interest in the Common Elements and the percentage interest in the Common Expenses and Common Profits of each Unit Owner after such expansion, as determined in accordance with the provisions of Article IV; and

(c) the number of Votes which each Unit Owner is entitled to cast at meetings of the Membership after such expansion, as determined in accordance with the provisions of Article V.

7.2.2. the amendment of the Condominium Plat by the recordation among the Land Records of an appropriate amendatory plat (consisting of one or more sheets) setting forth the detail and information as to the Future Phases, the Units and the Common Elements added to the Condominium by such expansion, the setting forth of which therein is required by applicable law to effectuate such expansion.

7.3. Documentation. Except to the extent that the form and contents of any such amendatory instrument or plat are dictated by the Declaration and/or by applicable law, they may be determined by the Declarant in the exercise of its sole discretion, and the effectiveness of neither any such expansion nor the execution or recordation of any such instrument or plat shall be conditioned upon any person (other than the Declarant) having consented thereto or joined therein (including, by way of example rather than of limitation, any Unit Owner). The Declarant shall be entitled to execute and/or record any such instrument or plat and/or take any other action with respect thereto which, in the Declarant's opinion, is necessary or desirable to effectuate the provisions of this Section.

7.4. Buildings and Common Elements in the Future Phases. The boundaries of each of the Future Phases and the outlines of those portions thereof which, if added to the Condominium, as aforesaid,

will constitute buildings or be part of the Common Elements, are shown in general terms on the Condominium Plat, but may by such amendment be revised in any manner not inconsistent with the provisions of this Declaration and the Act. Any and all development and improvements in each of the Future Phases shall be consistent, in terms of quality of construction, with the improvements of Phase 1.

7.5. Maximum Number of Units. The maximum number of Units which may be added to the Condominium as the result of any such expansion shall be one hundred thirty-four (134) resulting in a total of one hundred sixty-two (162) Units in the Condominium when fully expanded.

7.6. Effect of Expansion. Upon any such expansion of the Condominium,

7.6.1. the title to the Future Phase thereby added to the Condominium shall be and thereafter remain subject to the operation and effect of the provisions of this Declaration, to the same extent as if it were part of the Condominium on the date hereof; and

7.6.2. each Mortgage in effect immediately before such expansion shall, automatically and without the necessity of any action by any party thereto, be deemed to encumber the undivided percentage interest in the Common Elements which is appurtenant to that Unit, the title to which is encumbered by such Mortgage, as and only as such undivided percentage interest and the Common Elements exist immediately after such expansion.

7.7. Substantial Completion. Anything contained in the provisions of this Article VII to the contrary notwithstanding, any improvement shown on the Condominium Plat, as the same may be amended pursuant to the provisions of this Declaration, shall be substantially complete before an expansion of the Condominium adding the Future Phase in which such improvement is located. All such improvements shall be consistent in quality of construction with any comparable improvements in the Condominium.

7.8. VA and HUD Approval. Anything to the contrary contained in this Declaration notwithstanding, no expansion of the Condominium (or merger with any successor condominium regime) shall be effected without the prior written approval of the Veterans Administration and the Department of Housing and Urban Development if such agencies insure or guarantee any Mortgages on Units and if such agencies require such approval.

ARTICLE VIII. RIGHTS OF MORTGAGEES.

8.1. General.

8.1.1. Regardless of whether a Mortgagee in Possession of a Unit is the Unit Owner thereof, (a) it shall have, in addition to its rights hereunder as a Mortgagee, all of the rights under the provisions of this Declaration, the Condominium Plat, the Bylaws and applicable law which would otherwise be held by such Unit Owner, subject to the operation and effect of anything to the contrary contained in its Mortgage, unless such rights are exercisable only by a Unit Owner pursuant to applicable law, and (b) the Council and any other Unit Owner or person shall be entitled, in any matter arising under the provisions of this Declaration and involving the exercise of such rights, to deal with such Mortgagee in Possession as if it were the Unit Owner thereof.

8.1.2. Any Mortgagee in Possession of a Unit shall (subject to the operation and effect of the provisions of this Declaration, the Bylaws or applicable law) bear all of the obligations under the provisions thereof which are borne by the Unit Owner thereof; provided, that nothing in the foregoing provisions of this subsection 8.1.2 shall be deemed in any way to relieve any Unit Owner of any such obligation, or of any liability to such Mortgagee in Possession on account of any failure by such Unit Owner to satisfy any of the same.

8.2. Rights of First Refusal. Any Mortgagee in Possession shall be exempt from any right of first refusal or similar restriction held by the Council.

8.3. Priority over Assessment. The interest in a Unit held by a Mortgagee thereof under its Mortgage shall be:

8.3.1. free of any claim or lien for any Assessment which is levied against such Unit prior to the recordation of such Mortgage (unless prior to such recordation a statement of lien [as that term is defined by the provisions of Section 14-201 of the Maryland Contract Lien Act, and sufficient for the purposes thereof] covering such Assessment is recorded); and

8.3.2. free of any such claim or lien arising after such recordation of such Mortgage, and before such Mortgagee is a Mortgagee in Possession of such Unit.

8.4. Actions Conditioned on Mortgagee's Approval.

8.4.1. Unless at least two-thirds (2/3rds) of the first Mortgagees (based upon one vote for each first Mortgagee

owned) have given their prior written approval thereof, the Council shall not by act or omission:

(a) except pursuant to the provisions of Sections 11-107(d) and 11-115 of the Act, partition or subdivide, or seek to partition or subdivide, any Unit;

(b) seek to abandon, partition, subdivide, encumber, sell or transfer any of the Common Elements (provided, that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements, or pursuant to other provisions of this Declaration, shall not be deemed to be prohibited by the foregoing provisions of this subsection); or

(c) except pursuant to the provisions of Sections 11-107(d) and 11-115 of the Act or pursuant to Article VII hereof, change the undivided percentage interests in the Common Elements or the percentage interests in the Common Elements and Common Profits of a Unit; or

(d) use any proceeds derived from hazard insurance and paid to the Council on account of any damage to or destruction of any of the improvements within any Unit or the Common Elements, for other than the repair, replacement or reconstruction of such improvements, except to the extent and in the manner provided by the Act in the event that:

(i) the Condominium is terminated pursuant to Section 10.3 hereof;

(ii) repair or replacement would be illegal under any state or local health or safety statute; or

(iii) eighty percent (80%) of the Unit Owners, including every Unit Owner of a Unit which would not be rebuilt and every Unit Owner to whom the use of a Limited Common Element which would not be rebuilt is assigned, vote not to rebuild.

8.5. Right to Inspect, to Receive Audited Statement and to Receive Notice.

8.5.1. Right to Inspect and to Receive Audited Statement. A Mortgagee shall, upon written request of the Council, be entitled to (a) inspect the Council's books and records during normal business hours, and (b) receive an annual audited financial statement of the Council within ninety (90) days following the end of any fiscal year of the Council.

8.5.2. Right to Notice. A Mortgagee, upon written request of the Council (which request must state the name and address of the Mortgagee and the Unit number of the Unit which its Mortgage encumbers) shall be entitled to be given timely written notice by the Council of:

(a) any proposed action of the Council which, under the provisions of subsection 6.7.2 or 10.3.3 requires the consent of a specified percentage of Eligible Mortgagees;

(b) any proposed termination of the Condominium Regime;

(c) any condemnation or eminent domain proceeding or casualty loss affecting either a material portion of the Condominium or the Unit securing its Mortgage;

(d) any default in the performance by the Unit Owner of the Unit on which such Mortgagee holds a Mortgage of any obligations under the Declaration, Bylaws or Rules and Regulations which is not cured within sixty (60) days;

(e) any lapse, cancellation or material modification of any insurance policy or fidelity bond held by the Council.

8.6. Rights in Event of Damage or Destruction.

8.6.1. If any part or all of a Unit is damaged substantially, destroyed or made the subject of any condemnation or eminent domain proceeding, or the acquisition thereof is otherwise sought by any condemning authority, each Unit Owner and each Mortgagee shall have such rights in connection therewith as are set forth in the provisions of the Act and this Declaration (including, by way of example rather than of limitation, those of such provisions which govern the disposition or distribution of the proceeds thereof, any resulting reallocation of the respective undivided percentage interests in the common Elements, percentage interests in the Common Expenses and Common Profits and the Votes which are appurtenant to the Units, and any restoration or repair of the Condominium necessitated thereby). Without limitation upon the foregoing, Mortgagees shall have the following protections in connection with destruction and/or taking in condemnation of the Condominium property:

(a) Any restoration or repair of the Condominium after a partial condemnation or damage due to an insurable hazard is required to be substantially in accordance with the Declaration and the original plans and specifications unless the approval of Mortgagees on Units to which at least fifty-one percent (51%) of the

votes of Units subject to Mortgages held by Mortgagees are allocated, is obtained.

(b) Any election to terminate the Condominium regime after substantial destruction or a substantial taking in condemnation of the Condominium property requires the approval of Mortgages on Units to which at least fifty-one percent (51%) of the votes of Units subject to Mortgages held by Mortgagees are allocated.

8.6.2. Nothing in the provisions of this Declaration, the Bylaws or the Condominium Plat shall entitle the Unit Owner of a Unit or any other party to priority over any Mortgagee of such Unit in the distribution with respect to such Unit of the proceeds of (a) any insurance which accrue as a result of any such damage or destruction, or (b) any award or settlement made as a result of any such condemnation, eminent domain proceeding or acquisition.

ARTICLE IX. RIGHTS OF THE COMMUNITY ASSOCIATION

9.1. Right of Entry by Community Association. The officers, agents, employees and independent contractors of the Community Association shall have a nonexclusive right to enter upon the real property, or any portion thereof, constituting the Parcel for the purpose of performing or satisfying the duties and obligations of the Community Association as set forth in the Community Declaration, the Community Bylaws, the Community Articles and the rules and regulations of the Community Board and the Community Architectural Committee.

9.2. Subordination of Assessment Lien. The lien of any assessment imposed upon any unit pursuant to this Declaration or the Bylaws shall be subordinate and inferior to the lien of any assessment imposed upon such unit pursuant to the Community Declaration.

9.3. Community Association Assessments. Declarant, for each Unit which it owns within the Owings Mills New Town Community, hereby covenants, and each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, does and is hereby deemed to covenant and agree to pay to the Community Association the Community Assessments imposed upon such Units pursuant to the Community Declaration. The Community Assessments shall be levied and collected as provided in the Community Declaration.

The Council shall have responsibility for collecting Community Assessments. Such Community Assessments shall be due and payable to the Association on the same day that such assessments

would be due and payable to the Community Association. The Council shall levy late charges and upon instructions from the Community Board, interest charges against any Owner who fails to pay such Community Assessments within the time periods specified in Section 3.4 of the Bylaws. Within three (3) business days of payment of the Community Assessments to the Council, the Council shall deliver such Community Assessments to the Community Association. The Community Board shall establish procedures for the payment by the Council to the Community Association of Community Assessments collected by the Council. Any funds collected by the Council shall be held in trust for the benefit of the Community Association. If the Council fails to pay Community Assessments to the Community Board when due, and in accordance with the provisions of any guidelines established by the Community in accordance with the provisions of any guidelines established by the Community Board, the Community Board may bring any action at law or equity against the Council and all costs of enforcement shall be levied as an "Enforcement Assessment" (as that term is defined in the Community Declaration) against the Council. The Community Board may upon a vote by a majority of the Community Directors, elect to terminate the obligation of any Association to collect the Community Assessments.

The Community Association, in its sole and absolute discretion, may elect to administer, levy, collect and enforce the assessments provided for under this Declaration. All such funds collected by the Community Association shall be utilized in the manner and for the purposes specified in this Declaration and in the Community Declaration, the Community Bylaws, the Community Articles, and the rules and regulations of the Community Board and the Community Architectural Committee.

All Community Assessments shall be payable in the amount specified by the particular Community Assessment, and no offset against such amount shall be permitted for any reason, including, without limitation, a claim that the Declarant or the Community Association is not properly exercising its duties or powers as provided for in this Declaration.

9.4. Enforcement. Breach of any of the limitations, restrictions, conditions and covenants set forth in this Declaration, or the continuation thereof, may be enjoined, abated or remedied by appropriate legal proceedings by the Community Association. The Community Association shall be deemed to be a person who may enforce the provisions of this Declaration pursuant to Article VI hereof. The failure of the Community Association to enforce any of said limitations, restrictions, conditions or covenants shall not constitute a waiver of the right to enforce the same thereafter. No liability shall be imposed on, nor incurred by, the Community Association as a result of such failure. The

prevailing party in any action at law or in equity instituted by the Community Association to enforce or interpret said limitations, restrictions, conditions or covenants, shall be entitled to all costs incurred in connection therewith, including without limitation, reasonable attorneys' fees.

9.5. Supremacy of Community Declaration. In addition to all of the rights and obligations which have been conferred or imposed upon the Council pursuant to this Declaration, the Bylaws or the Articles, the Council shall be entitled to exercise any of the rights conferred upon it and be subject to all of the obligations imposed upon it pursuant to the Community Declaration, the Community Bylaws or the Community Articles. The Council (including, without limitation, the Council Architectural Committee) shall also be subject to all superior rights and powers which have been conferred upon the Community Association pursuant to the Community Declaration, the Community Bylaws and the Community Articles.

9.5.1. Each Owner and such Owner's Units shall be subject to all of the covenants, conditions, restrictions and provisions contained in the Community Declaration.

9.5.2. In the event of any conflict between any of the covenants, conditions, restrictions or provisions of this Declaration, the Bylaws or the Articles with any of the covenants, conditions, restrictions or provisions of the Community Declaration, the Community Bylaws or the Community Articles, then, in such event, the covenants, conditions, restrictions and provisions of the Community Declaration, the Community Bylaws and the Community Articles shall govern and prevail.

9.5.3. Each Owner waives its right, if any, to object to proposed amendments to the development plans for the Owings Mills New Town Community.

ARTICLE X. GENERAL.

10.1. Effectiveness. This Declaration shall become effective upon and only upon its having been executed and acknowledged by the Declarant and recorded among the Land Records of Baltimore County.

10.2. Assignment.

10.2.1. The Declarant shall be entitled at any time to assign to any person or persons any or all of its right, title and interest hereunder (including, by way of example rather than of limitation, the Declarant's rights (and any proxy) under, or held pursuant to, the provisions of Articles VI and VII) by an instrument which makes specific reference to this subsection, and is executed and delivered by the Declarant and recorded among the Land Records of Baltimore County. Notwithstanding any such assignment, the Declarant shall remain liable for the performance of the obligations of the Declarant hereunder.

10.2.2. The Declarant from time to time hereafter may permit any right which it holds under the provisions of this Declaration to be exercised on its behalf by any of its officers, directors, employees or agents.

10.3. Amendment and Termination.

10.3.1. Except as provided in subsections 10.3.2, 10.3.3 and 10.3.4 and except as provided in Article VII, this Declaration and the Condominium Plat may be amended with and only with the prior, express written consent thereto of eighty percent (80%) of the Unit Owners, acting in accordance with the provisions of the Act.

10.3.2. Notwithstanding the provisions of subsection 10.3.1, this Declaration and the Condominium Plat may be amended with and only with the prior express, written consent thereto of each Unit Owner and each Mortgagee acting in accordance with the provisions of the Act if:

(a) such amendment would effect a change in (i) the boundaries of any Unit, (ii) the individual percentage interest in the Common Elements or the percentage interest in the Common Expenses and Common Profits which is appurtenant to any Unit, or (iii) the number of Votes held by the Unit Owner of any Unit;

(b) such amendment would permit any Unit to be used for other than a residential use;

(c) such amendment would modify in any way rights expressly reserved for the benefit of the Declarant (including, without limitation, the provisions of Section 6.3, Article VII, Section 10.2 and paragraph 10.3.3(c) or provisions required by any governmental authority (including, without limitation, Section 7.7, Article VIII and subsection 10.3.4) or provisions for the benefit of any public utility, any such amendment also requiring the

express written consent of the Declarant, regardless of whether the Declarant is then a Unit Owner;

(d) such amendment would redesignate General Common Elements as Limited Common Elements (or vice versa); or

(e) such amendment would modify this subsection 10.3.2.

10.3.3. Anything contained in any of the provisions of this Declaration to the contrary notwithstanding:

(a) for purposes of the provisions of subsection 10.3.1, an amendment of the Bylaws in accordance with the provisions thereof shall not be deemed an amendment of this Declaration;

(b) the Bylaws may be amended by and only by the affirmative vote of Unit Owners having at least sixty-six and two-thirds percent (66-2/3%) of the total number of Votes then held by all of the Unit Owners;

(c) the Declarant may, without obtaining the consent thereto of any Unit Owner or Mortgagee, amend this Declaration, the Bylaws or the Condominium Plat if and only if such amendment is (in the Declarant's reasonable opinion) necessary to correct obvious typographical, mathematical or similar errors therein; and

(d) nothing in the foregoing provisions of subsections 10.3.1 and 10.3.2 shall be deemed in any way to require the consent of each Unit Owner and each Mortgagee to any amendment of this Declaration made pursuant to the provisions of Section 11-107(d) or Section 11-115 of the Act, so long as such amendment is made in accordance with such provisions of the Act.

10.3.4. Anything contained in any of the provisions of this Declaration notwithstanding, this Declaration and the Condominium Plat may be amended with and only with the approval of Eligible Mortgagees who represent at least fifty-one percent (51%) of the Votes of Units that are subject to Mortgages held by Eligible Mortgagees if the amendment would effect a change in:

(a) Voting rights;

(b) Assessments, assessment liens, and/or the priority of assessment liens;

(c) reserves for maintenance, repair and replacement of the Common Elements;

- (d) responsibility for maintenance and/or repairs;
- (e) reallocation of the individual percentage interests in the Common Elements or the rights to use Limited Common Elements and General Common Elements;
- (f) redefinition of the boundaries of Units other than as referred to in subsection 10.3.3(d);
- (g) conversion of Units into Common Elements or vice versa;
- (h) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium other than in accordance with Article VII;
- (i) insurance or fidelity bond requirements;
- (j) any restrictions on the leasing of Units;
- (k) the imposition of any restrictions on a Unit Owner's right to sell or transfer his Unit;
- (l) any provision requiring the restoration or repair of the Condominium after a casualty or condemnation; and
- (m) any provisions that expressly benefit Mortgagees.

10.3.5. Any amendment to this Declaration shall become effective upon and only upon the recordation of an appropriate amendatory instrument or plat among the Land Records of Baltimore County.

10.3.6. Except as is otherwise provided in this Declaration, the Condominium regime may be terminated with and only with (a) the prior express written consent thereto of eighty percent (80%) of the Unit Owners acting in accordance with the provisions of the Act, (b) the approval of Eligible Mortgagees, if such termination is upon substantial destruction of the Condominium or the condemnation thereof, and (c) the approval of Eligible Mortgagees who represent at least sixty-seven percent (67%) of the Votes of Units that are subject to Mortgages held by Eligible Mortgagees, if such termination is for other reasons.

10.3.7. An Eligible Mortgagee shall be deemed to have approved any action referred to in subsections 10.3.4, 10.3.6 or 6.7.2 if the Eligible Mortgagee fails to submit a response to any written proposal with respect to the foregoing within thirty (30)

days after such Eligible Mortgagee receives notice of the proposal, provided the notice was delivered by certified or registered mail, with a return receipt requested.

10.4. Waiver. Neither the Declarant nor the Council shall be deemed to have waived the exercise of any right which it holds hereunder unless such waiver is made expressly and in writing. Without limiting the generality of the foregoing, no delay or omission by the Declarant or the Council in exercising any such right shall be deemed to be a waiver of the exercise thereof. No such waiver made with respect to any instance involving the exercise of any such right shall be deemed to be a waiver with respect to any other instance involving the exercise thereof, or with respect to any other such right.

10.5. Applicable Law. This Declaration shall be given effect and construed by application of the law of Maryland.

10.6. Headings. The headings of the articles, sections, subsections, paragraphs and subparagraphs hereof are provided herein for and only for convenience of reference, and shall not be considered in construing the contents thereof.

10.7. Severability. No determination by any court, governmental or administrative body or otherwise that any provision of this Declaration, the Bylaws, the Condominium Plat or any amendment thereof is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other provision thereof, or (b) such provision in any instance which is not controlled by such determination. Each such provision shall be valid and enforceable to the fullest extent allowed by law, and shall be construed wherever possible as being consistent with applicable law.

10.8. Construction. All references made herein in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

10.9. Contract Purchasers and Lessees. Nothing in the provisions of this Declaration or the Bylaws shall be deemed in any way to condition the effectiveness of any action upon the consent thereto or joinder therein of any Contract Purchaser or lessee of a Unit, notwithstanding that such effectiveness may be conditioned upon the consent thereto or joinder therein of the Unit Owner of such Unit.

10.10. Exhibits. Each writing or plat which is referred to herein as being attached hereto as an exhibit or is otherwise

designated herein as an exhibit hereto is hereby made a part hereof.

10.11. General Plan of Development.

10.11.1. The provisions of this Declaration, the Bylaws and the Condominium Plat shall conclusively be deemed to be part of a general plan or scheme of development and use for the Condominium and, as such, to be covenants running with, binding upon, benefiting and burdening the respective titles to each Unit and the Common Elements, but shall not bind upon any Future Phases unless and until such Future Phases are added to the Condominium pursuant to Article VII.

10.11.2. Subject to the provisions of the Act, if any Unit Owner, lessee or family member of a Unit Owner or other person fails to comply with any of the provisions of this Declaration, the Bylaws, the Rules and Regulations or the Condominium Plat, such failure shall give rise to a cause of action for the recovery of damages, injunctive relief or both, in the Council and each Unit Owner (including the Declarant if he is a Unit Owner), and the prevailing party shall be entitled to recover all of its expenses incurred in bringing such an action against such person.

10.11.3. Both the Declarant, by delivering to any person a deed conveying to him the title to a Unit, and such person, by accepting such delivery, shall be deemed thereby to have agreed with each other, the Council and each other Unit Owner, to be bound by the provisions of this Declaration, the Bylaws and the Condominium Plat.

10.12. Liability of Unit Owners and Trustee Declarants.

10.12.1. The liability of each person who, together with one or more other persons, is a Unit Owner or a lessee for the adherence to the terms and the satisfaction of the conditions hereof and of the Bylaws shall be joint and several.

10.12.2. Declarants Thomas S. Bozzuto and Richard L. Boales have entered into and executed this Declaration as trustees and not as individuals. Thomas S. Bozzuto, Richard L. Mostyn and Richard L. Boales shall not be liable for any matter or cause arising under this Declaration or in connection therewith except by reason of their own willful misconduct.

10.13. Notices.

10.13.1. Any notice, demand, consent, approval, request or other communication or document to be provided hereunder to the Declarant, the Council, a Unit Owner or any other person shall be

in writing, and shall be provided by first-class mail, postage prepaid, or by hand delivery.

10.13.2. Anything contained in the provisions of this Declaration to the contrary notwithstanding, unless a Unit Owner has notified the Council of its status as such and furnished the Council with its Notice Address in accordance with the provisions of the Bylaws, such person shall have no right under the provisions thereof or of this Declaration (a) to be given any notice, demand, consent, approval, request or other communication or document by the Council, (b) to participate in the consideration of or cast any vote on any question voted upon by the Membership, or (c) otherwise to be recognized as such by the Council.

10.14. Waiver of Reversionary Right. The provisions of this Declaration shall not be construed as conditions subsequent, or as creating a possibility or reverter, and no provision hereof shall be deemed to vest in the Declarant or any other person any reversionary right with respect to any Unit or the Common Elements. Any such reversionary right is hereby expressly waived.

10.15. Declarant's Affirmation Pursuant to Section 11-102.1 of the Act. The Declarant hereby affirms under penalty of perjury that the notice requirements of Section 11-102.1 of the Act, if applicable to this Declaration or to the Condominium, have been fulfilled.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed and ensealed on their behalves by their duly authorized representatives, the day and year first above written.

WITNESS:

Thomas S. Bozzuto,
Trustee (SEAL)

Richard L. Mostyn,
Trustee (SEAL)

Richard L. Boales,
Trustee (SEAL)

ACKNOWLEDGEMENT

STATE OF MARYLAND, CITY OF BALTIMORE, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 1992, before me, the subscriber, a Notary Public of the State of Maryland, personally appeared Thomas S. Bozzuto, Trustee, known to me, or satisfactorily proven, to be the person whose name is subscribed to the within instrument as Trustee, and he, being authorized so to do, executed the same for the purposes therein contained as such Trustee.

AS WITNESS my hand and Notarial Seal the day and year first above written.

Notary Public

My Commission expires:

STATE OF MARYLAND, CITY OF BALTIMORE, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 1992, before me, the subscriber, a Notary Public of the State of Maryland, personally appeared Richard L. Mostyn, Trustee, known to me, or satisfactorily proven, to be the person whose name is subscribed to the within instrument as Trustee, and he, being authorized so to do, executed the same for the purposes therein contained as such Trustee.

AS WITNESS my hand and Notarial Seal the day and year first above written.

Notary Public

My Commission expires:

0081

STATE OF MARYLAND, CITY OF BALTIMORE, TO WIT:

I HEREBY CERTIFY that on this ____ day of _____, 1992, before me, the subscriber, a Notary Public of the State of Maryland, personally appeared Richard L. Boales, Trustee, known to me, or satisfactorily proven, to be the person whose name is subscribed to the within instrument as Trustee, and he, being authorized so to do, executed the same for the purposes therein contained as such Trustee.

AS WITNESS my hand and Notarial Seal the day and year first above written.

Notary Public

My Commission expires:

0497MPK.MAB
08/31/92
6136-1

0082

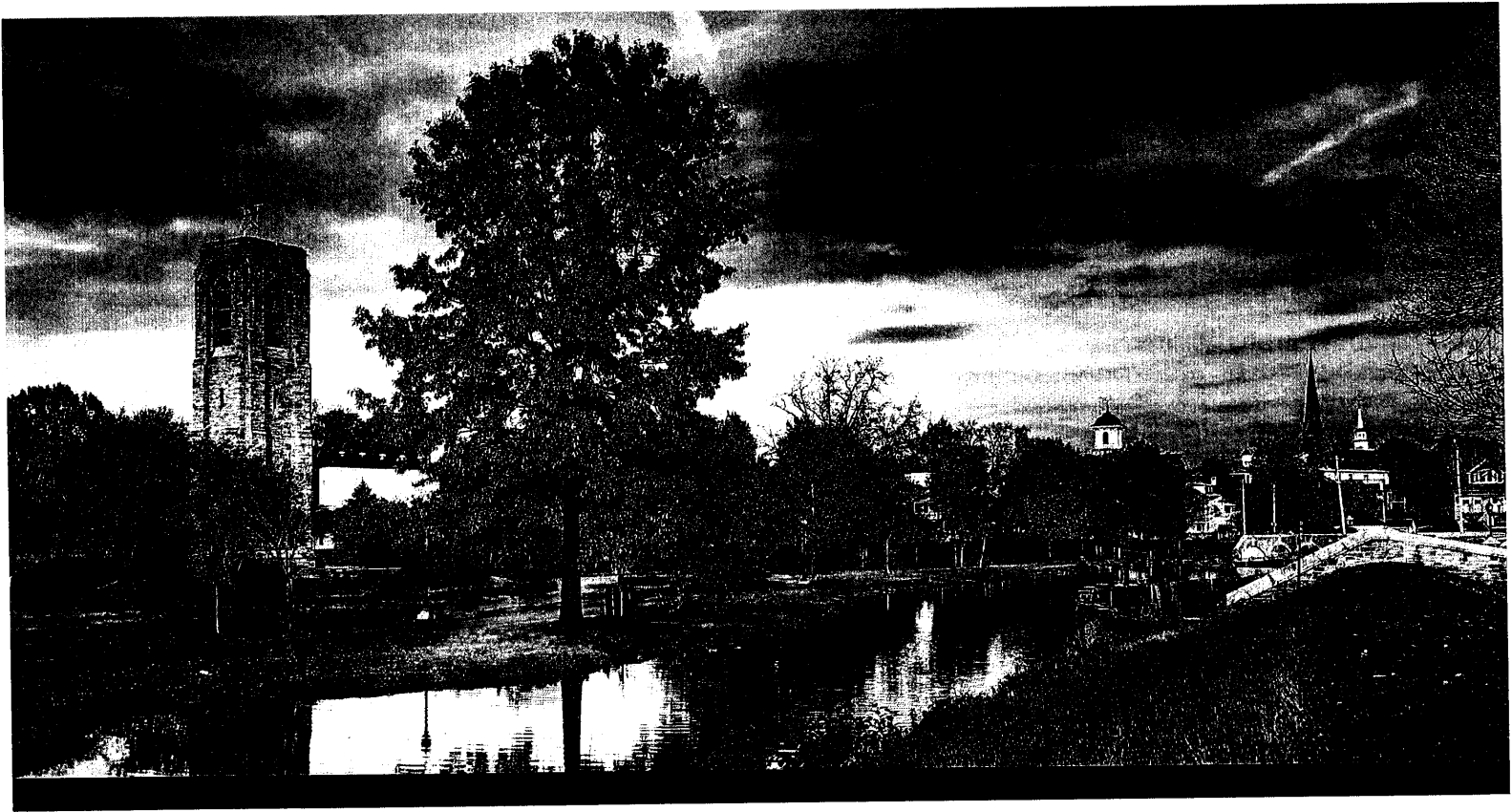
EXHIBIT A

Land Subject to Condominium Regime

0497MPX.MAB
08/31/92
6136-1

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

Current Unaudited Financial Documents



Council of Unit Owners of Silverbrook Wood Condominium, Inc.

Balance Sheet For 11/30/2021

Operating Accounts		
12510 - PPB Operating Account	\$217,989.49	
12555-SO3585 - Conting. T.Rowe	\$18,447.33	
12550-03010805 - PPB Operating MMA	\$3,825.93	
12550-03010813 - PPB Special Assessment Fund	\$53,519.01	
Total Operating Accounts		\$293,781.76
Reserves Accounts		
13010-SO3332 - BB&T	\$14,080.33	
13030-SO6782 - T.Rowe Price	\$17,990.03	
13010-03010821 - PPB Reserve MMA	\$113,663.56	
Total Reserves Accounts		\$145,733.92
Other Assets		
15100 - Owner Receivables	\$103,358.21	
15450 - BOD Purchase Pending Receipt	\$179.16	
Total Other Assets		\$103,537.37
	Total Asset	\$543,053.05
<hr/>		
Current Liabilities		
22000 - Accounts Payable	\$33,637.13	
22500 - Prepaid Owner Assessments	\$21,507.03	
22600 - Loans Payable	\$10,543.08	
Total Current Liabilities		\$65,687.24
Reserve Equity		
33300 - Reserves	\$1,031,628.11	
33318 - Reserves Roof	(\$86,324.37)	
34000 - Reserve Expense	(\$762,896.76)	
Total Reserve Equity		\$182,406.98
Other Equity		
33000 - Retained Earnings	\$222,164.51	
39999 - Net Income (Loss)	\$72,794.32	
Total Other Equity		\$294,958.83
	Total Liability / Equity	\$543,053.05

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

Statement of Revenues and Expenses 11/1/2021 - 11/30/2021

	Current Period			Year To Date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Operating Income							
Income							
41000 - Association Fees	45,360.00	45,360.00	-	498,675.40	498,960.00	(284.60)	544,320.00
41300 - Water Billing	(2,761.05)	-	(2,761.05)	(2,761.05)	-	(2,761.05)	-
44000 - Late Charge Fees	285.00	208.33	76.67	2,610.00	2,291.63	318.37	2,500.00
44200 - Legal Fee Income	97.29	41.67	55.62	781.17	458.37	322.80	500.00
45000 - Misc. Income	55.00	-	55.00	55.00	-	55.00	-
45200 - NSF Fees	-	4.17	(4.17)	225.00	45.87	179.13	50.00
45500 - Interest Income	2.52	16.67	(14.15)	50.01	183.37	(133.36)	200.00
Total Income	43,038.76	45,630.84	(2,592.08)	499,635.53	501,939.24	(2,303.71)	547,570.00
Total Income	43,038.76	45,630.84	(2,592.08)	499,635.53	501,939.24	(2,303.71)	547,570.00

Operating Expense

Administrative							
50071 - Board Purchases	-	83.00	83.00	17.80	913.00	895.20	1,000.00
50260 - Loan Payment	3,673.59	3,673.58	(01)	3,673.59	40,409.38	36,735.79	44,083.00
50300 - Legal	97.29	1,000.00	902.71	4,533.14	11,000.00	6,466.86	12,000.00
50350 - Tax Return/Audit	-	500.00	500.00	4,850.00	5,500.00	650.00	6,000.00
50351 - Tax Preparation	-	50.00	50.00	-	550.00	550.00	600.00
50800 - Master Association Contribution	9,370.86	3,123.67	(6,247.19)	43,730.39	34,360.37	(9,370.02)	37,484.00
51050 - Management Fee	2,507.45	2,483.00	(24.45)	27,289.79	27,313.00	23.21	29,796.00
51150 - Office Expense	-	83.33	83.33	2,216.40	916.63	(1,299.77)	1,000.00
51200 - Miscellaneous Administrative	-	41.67	41.67	1,953.48	458.37	(1,495.11)	500.00
51450 - Postage and Copies	166.75	83.33	(83.42)	620.40	916.63	296.23	1,000.00
53420 - Supplies	-	-	-	273.11	-	(273.11)	-
Total Administrative	15,815.94	11,121.58	(4,694.36)	89,158.10	122,337.38	33,179.28	133,463.00

Utilities							
55000 - Electric	1,926.56	1,666.67	(259.89)	18,884.91	18,333.37	(551.54)	20,000.00
56250 - Telephone	568.53	500.00	(68.53)	5,487.80	5,500.00	12.20	6,000.00
56300 - Trash Removal	1,440.00	-	(1,440.00)	4,836.00	-	(4,836.00)	-
56500 - Water and Sewer	-	1,000.00	1,000.00	18,166.24	11,000.00	(7,166.24)	12,000.00
Total Utilities	3,935.09	3,166.67	(768.42)	47,374.95	34,833.37	(12,541.58)	38,000.00

Grounds							
60350 - Landscaping	1,580.00	2,386.00	806.00	12,852.50	26,246.00	13,393.50	28,632.00
60400 - Landscape Contract	4,772.00	-	(4,772.00)	26,246.00	-	(26,246.00)	-
62150 - Repairs Electrical	-	166.67	166.67	5,520.82	1,833.37	(3,687.45)	2,000.00
62710 - Pipe Breaks Repair	-	-	-	6,280.00	-	(6,280.00)	-
62850 - Snow Removal	-	2,500.00	2,500.00	42,778.45	27,500.00	(15,278.45)	30,000.00
63100 - Signage	-	83.00	83.00	-	913.00	913.00	1,000.00
64041 - Erosion Landscaping	-	3,750.00	3,750.00	1,946.67	41,250.00	39,303.33	45,000.00
64043 - Security	110.00	-	(110.00)	110.00	-	(110.00)	-

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

Statement of Revenues and Expenses 11/1/2021 - 11/30/2021

	Current Period			Year To Date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Operating Expense							
Total Grounds	6,462.00	8,885.67	2,423.67	95,734.44	97,742.37	2,007.93	106,632.00
Buildings							
65250 - Janitorial Services	1,837.84	1,837.83	(.01)	21,497.68	20,216.13	(1,281.55)	22,054.00
65255 - Trash Removal	-	833.33	833.33	4,320.00	9,166.63	4,846.63	10,000.00
65901 - Security System Maintenance	283.48	833.00	549.52	9,960.48	9,163.00	(797.48)	10,000.00
66100 - Fire/Sprinkler Maintenance	228.48	416.67	188.19	4,554.42	4,583.37	28.95	5,000.00
66910 - Repairs & Maintenance	1,430.00	5,000.00	3,570.00	47,220.67	55,000.00	7,779.33	60,000.00
67000 - Repairs Plumbing	-	333.33	333.33	5,993.22	3,666.63	(2,326.59)	4,000.00
67052 - Interior Decorating	-	-	-	276.86	-	(276.86)	-
67850 - Extermination	95.00	416.67	321.67	4,740.00	4,583.37	(156.63)	5,000.00
Total Buildings	3,874.80	9,670.83	5,796.03	98,563.33	106,379.13	7,815.80	116,054.00
Insurance & Tax							
80000 - Insurance	2,192.90	5,153.92	2,961.02	35,105.90	56,693.12	21,587.22	61,847.00
80050 - Insurance Claim	-	2,083.33	2,083.33	-	22,916.63	22,916.63	25,000.00
Total Insurance & Tax	2,192.90	7,237.25	5,044.35	35,105.90	79,609.75	44,503.85	86,847.00
Reserve Contributions							
97000 - Reserve Contribution	-	5,547.83	5,547.83	-	61,026.13	61,026.13	66,574.00
Total Reserve Contributions	-	5,547.83	5,547.83	-	61,026.13	61,026.13	66,574.00
Total Expense	32,280.73	45,629.83	13,349.10	365,936.72	501,928.13	135,991.41	547,570.00
Operating Net Total	10,758.03	1.01	10,757.02	133,698.81	11.11	133,687.70	-

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

Statement of Revenues and Expenses 11/1/2021 - 11/30/2021

	Current Period			Year To Date			Annual Budget
	Actual	Budget	Variance	Actual	Budget	Variance	
Reserve Income							
Income							
45500 - Interest Income	4.78	-	4.78	121.64	-	121.64	-
Total Income	4.78	-	4.78	121.64	-	121.64	-
Total Income	4.78	-	4.78	121.64	-	121.64	-
Reserve Expense							
Reserve Contributions							
97000 - Reserve Contribution	5,547.83	-	(5,547.83)	61,026.13	-	(61,026.13)	-
Total Reserve Contributions	5,547.83	-	(5,547.83)	61,026.13	-	(61,026.13)	-
Total Expense	5,547.83	-	(5,547.83)	61,026.13	-	(61,026.13)	-
Reserve Net Total	(5,543.05)	-	(5,543.05)	(60,904.49)	-	(60,904.49)	-
Net Total	5,214.98	1.01	5,213.97	72,794.32	11.11	72,783.21	-

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

Insurance Dec Page



QBE INSURANCE CORPORATION

One General Drive
Sun Prairie, WI 53596

COMMON POLICY DECLARATIONS

POLICY NUMBER: MC1800000008203

PREVIOUS POLICY NUMBER: MC1800000008202

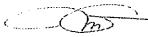
COMPANY NAME QBE Insurance Corporation One General Drive Sun Prairie, WI 53596	PRODUCER NAME 0190395 McGowan Program Administrators 10745 Birmingham Way Woodstock, MD 21163
NAMED INSURED: COU of Silverbrook Wood Condominium Inc	
MAILING ADDRESS: c/o Tidewater Property Management 3600 Crondall Lane, Suite 100 Owings Mills, MD 21117	
POLICY PERIOD: FROM <u>11/01/2021</u> TO <u>11/01/2022</u> AT 12:01 A.M. STANDARD TIME AT YOUR MAILING ADDRESS SHOWN ABOVE.	

BUSINESS DESCRIPTION Condominiums

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.	
	PREMIUM
COMMERCIAL GENERAL LIABILITY COVERAGE PART	\$5,656.00
COMMERCIAL PROPERTY COVERAGE PART	\$54,384.00
TERRORISM - CERTIFIED ACTS (GENERAL LIABILITY)	EXCLUDED
TERRORISM - CERTIFIED ACTS (PROPERTY)	EXCLUDED
TOTAL:	\$60,040.00

POLICY NUMBER: MC1800000008203

FORMS APPLICABLE TO ALL COVERAGE PARTS (SHOW NUMBERS):	
See Schedule of Forms and Endorsements.	
Countersigned 11/19/21	By: 
(Date)	(Authorized Representative)

SCHEDULE OF FORMS AND ENDORSEMENTS

POLICY NUMBER: MC1800000008203	EFFECTIVE DATE: 11/01/2021
--	--------------------------------------

<u>NUMBER</u>	<u>TITLE</u>
COMMON	
IL DS 00 (09-08)	Common Policy Declarations
IL 00 17 (11-98)	Common Policy Conditions
IL 00 21 (09-08)	Nuclear Energy Liability Exclusion Endorsement (Broad Form)
QBCP 2035 (04 18)	Bridge Endorsement
IL P 001 (01-04)	U.S. Treasury Department's Office Of Foreign Assets Control ("OFAC") Advisory Notice To Policyholders
CP 81 33 (07-14)	Nuclear, Biological, Chemical, And Radiological Hazards Exclusion
QBIL-0124 (08-09)	Pollutants Definition Amendment
PROPERTY	
CO 1100 (04-02)	Commercial Output Program - Declarations
CO 1063 04 02 (01-02)	Flood Schedule
CL 0100 (03 99)	Common Policy Conditions
CL 0168 (10 14)	Amendatory Endorsement Maryland
CL 0700 (10 06)	Virus or Bacteria Exclusion
CO 0406 (07 16)	Amendatory Endorsement Maryland
CO 1000 (10 02)	Commercial Output Program Property Coverage
CO 1001 (04 02)	Commercial Output Program Income Coverage
CO 1003 (04 02)	Equipment Breakdown Coverage
CO 1006 (04 02)	Crime Coverage
CO 1052 (04 02)	Location Schedule
CO 1062 (04 02)	Earthquake Schedule
CO 1073 (03 05)	Equipment Breakdown Schedule
CO 1080 (11 03)	Limited Fungus and Related Perils Schedule
CO 1221 (04 02)	Earthquake Endorsement
CO 1227 (05 02)	Scheduled Locations Endorsement
CO 1293 (11 03)	Limited Fungus and Related Perils Coverage
QBCP 2022 (12 17)	Condominium Pro Coverage Enhancement
QBCP 2023 (12 17)	Condominium Pro Schedule of Coverages
QBCP 2025 (12 17)	Condominium Pro Multiple Deductible Schedule
CL 0610 (01 15)	Certified Act of Terrorism Exclusion
CO 1054 (04 02)	Crime Schedule
QBCP 2024 (12 17)	Condominium Pro Multiple Deductible
CO 1223 (04 02)	Flood Endorsement
GENERAL LIABILITY	
CG DS 01 (10-01)	Commercial General Liability Declarations
CG 00 01 (04-13)	Commercial General Liability Coverage Form
CG 01 41 (03-11)	Maryland - Condominiums
CG 02 01 (12-17)	Maryland Changes
CG 21 06 (05-14)	Exclusion - Access Or Disclosure Of Confidential Or Personal Information And Data-Related Liability - With Limited Bodily Injury Exception
CG 21 47 (12-07)	Employment-Related Practices Exclusion
CG 21 60 (09-98)	Year 2000 Computer-Related And Other Electronic Problems
CG 21 65 (12-04)	Total Pollution Exclusion With A Building Heating, Cooling And Dehumidifying Equipment Exception And A Hostile Fire Exception
CG 21 67 (12-04)	Fungi or Bacteria Exclusion

SCHEDULE OF FORMS AND ENDORSEMENTS

POLICY NUMBER: MC1800000008203	EFFECTIVE DATE: 11/01/2021
--	--------------------------------------

NUMBER

TITLE

GENERAL LIABILITY

CG 21 75 (01-15)	Exclusion of Certified Acts of Terrorism and Exclusion Of Other Acts of Terrorism Committed Outside The United States
CG 21 96 (03-05)	Silica Or Silica-Related Dust Exclusion
CG 24 26 (04-13)	Amendment Of Insured Contract Definition
CG 26 73 (12-04)	Maryland Changes - Premium Audit Condition
QBCG-0100 (08-09)	Exclusion - Asbestos Liability
QBCG-0101 (08-09)	Exclusion - Lead Liability
QBCG-0151 (08-09)	Hired Auto And Non-Owned Auto Liability
QBCG-0371 (03-13)	General Liability Broadening Endorsement

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:
 - A. Under any Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
 - B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
 - C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or (b) has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.
2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

- (c)** Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- (d)** Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.



This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

BRIDGE ENDORSEMENT

The following provisions apply to this policy:

1. Common Policy Conditions

Common Policy Conditions CL 0100 apply to the Property Coverage Part.

For all coverages other than those in the Property Coverage Part, including but not limited to the Commercial Output Program Property Coverage Part, Common Policy Conditions IL 00 17 applies.

2. Amendatory Endorsements

The applicable state amendatory endorsements will be added for the coverages of this policy and shown on the applicable Declarations, Schedule, or "schedule of coverages".

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. Please read this Notice carefully.

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site - <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

COMMERCIAL OUTPUT PROGRAM -- DECLARATIONS

POLICY NUMBER: MC1800000008203

COMPANY NAME QBE Insurance Corporation

PRODUCER NAME AND NUMBER 0190395 McGowan Program Administrators

NAME OF INSURED COU of Silverbrook Wood Condominium Inc

MAILING ADDRESS c/o Tidewater Property Management
3600 Crondall Lane, Suite 100
Owings Mills, MD 21117

POLICY PERIOD: From: 11/01/2021 To: 11/01/2022 at
12:01 a.m. Standard Time at your mailing address shown above.

IN RETURN FOR YOUR PAYMENT OF THE PREMIUM, WE PROVIDE THE INSURANCE AS
DESCRIBED IN THIS POLICY.

BUSINESS DESCRIPTION: Habitational


MORTGAGE HOLDER NAME AND MAILING ADDRESS:
N/A

LOCATION ADDRESS:

See Form CO 1052 (04 02)
Location Schedule

FORMS APPLICABLE TO ALL COVERAGES:

PREMIUM \$54,384.00 PAYABLE At Inception

COUNTERSIGNATURE  DATE 11/19/21
(Authorized Representative)
Company Officer's Signature

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR, BIOLOGICAL, CHEMICAL AND RADIOLOGICAL HAZARDS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
ASSET COVERAGE PART
PREFERRED ASSET COVERAGE PART
BUILDERS RISK COVERAGE
COMMERCIAL OUTPUT PROGRAM
DIFFERENCE IN CONDITIONS PROGRAM

- I. We will not pay for any loss, damage, cost or expense, whether real or alleged, that is caused, results from, is exacerbated by or otherwise impacted by, either directly or indirectly, any of the following:
 - 1) **Nuclear Hazard** – including, but not limited to, nuclear reaction, nuclear detonation, nuclear radiation, radioactive contamination and all agents, materials, products or substances, whether engineered or naturally occurring, involved therein or released thereby;
 - 2) **Biological Hazard** – including, but not limited to, any biological and/or poisonous or pathogenic agent, material, product or substance, whether engineered or naturally occurring, that induces or is capable of inducing physical distress, illness, or disease;
 - 3) **Chemical Hazard** – including, but not limited to, any chemical agent, material, product or substance;
 - 4) **Radioactive Hazard** – including, but not limited to, any electromagnetic, optical, or ionizing radiation or energy, including all generators and emitters thereof, whether engineered or naturally occurring.
- II. The provisions of subparagraphs **I. 2)** and **I. 3)** will not apply where the agent, material, product or substance at issue is utilized in the course of business by an insured.
- III. Only if and to the extent required by state law, the following exception to the exclusion in paragraph **I.** applies:

If a hazard excluded under paragraph **I.** results in fire, we will pay for the loss, damage, cost or expense caused by that fire, subject to all applicable policy provisions including the Limit of Insurance on the affected property. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. This coverage does not apply to insurance provided under Business Income, Rental Value or Extra Expense coverage forms or endorsements that apply to those coverage forms.

All other terms and conditions of this policy remain unchanged.

COMMON POLICY CONDITIONS

1. **Assignment** -- This policy may not be assigned without "our" written consent.
2. **Cancellation** -- "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.

"We" may cancel this policy, or one or more of its parts, by written notice sent to "you" at "your" last mailing address known to "us". If notice of cancellation is mailed, proof of mailing will be sufficient proof of notice.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least ten days before the cancellation is effective. If "we" cancel this policy for any other reason, "we" will give "you" notice at least 30 days in advance of cancellation. The notice will state the time that the cancellation is to take effect.

"Your" return premium, if any, will be calculated according to "our" rules. It will be refunded to "you" with the cancellation notice or within a reasonable time. Payment or tender of the unearned premium is not a condition of cancellation.
3. **Change, Modification, or Waiver of Policy Terms** -- A waiver or change of the "terms" of this policy must be issued by "us" in writing to be valid.
4. **Inspections** -- "We" have the right, but are not obligated, to inspect "your" property and operations at any time. This inspection may be made by "us" or may be made on "our" behalf. An inspection or its resulting advice or report does not warrant that "your" property or operations are safe, healthful, or in compliance with laws, rules, or regulations. Inspections or reports are for "our" benefit only.
5. **Examination of Books and Records** -- "We" may examine and audit "your" books and records that relate to this policy during the policy period and within three years after the policy has expired.

CL 0100 03 99

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1998

AMENDATORY ENDORSEMENT MARYLAND

1. Under Common Policy Conditions, Cancellation is deleted and replaced by the following:

Cancellation And Nonrenewal

- a. "You" may cancel this policy by returning the policy to "us" or by giving "us" written notice and stating at what future date coverage is to stop.
- b. "We" may cancel or not renew this policy by mailing written notice to "you" at "your" last mailing address known to "us". Such notice may also be delivered by electronic means if "you" have affirmatively consented to that method of delivery and "we" have obtained such consent in accordance with Maryland law. Proof of mailing or delivery is sufficient proof of notice.
- c. If this policy has been in effect for 45 days or less, "we" may cancel by giving "you" notice:
- 1) at least 10 days before cancellation is effective, if cancellation is for nonpayment of premium; or
 - 2) at least 15 days before cancellation is effective, if cancellation is because the risk does not meet "our" underwriting standards.

If notice is mailed, it will be sent by a first-class mail tracking method. The notice will state the reason for cancellation.

- d. If this policy has been in effect for more than 45 days, or if it is a renewal of a policy issued by "us", "we" may cancel only if one or more of the following reasons apply:

- 1) nonpayment of premium;
- 2) there has been a material misrepresentation or fraud in connection with the application, policy, or presentation of a claim;
- 3) there has been a matter or issue related to the risk that constitutes a threat to public safety; or
- 4) there has been a change in the condition of the risk that has resulted in an increase in the hazard insured against.

If "we" cancel this policy for nonpayment of premium, "we" will give "you" notice at least 10 days before cancellation is effective. If notice is mailed, it will be sent by a first-class mail tracking method.

If "we" cancel this policy for any reason other than nonpayment of premium, "we" will give "you" notice at least 45 days before cancellation is effective. If notice is mailed, it will be sent by a first-class mail tracking method or by a commercial mail delivery service. The notice will state the reason for cancellation.

Within 30 days of the date on which "we" give such notice, "you" may make a written request to "us" for additional information in support of "our" cancellation.

However, no notice of cancellation is required if "you" have replaced this insurance.

- e. If the premium was paid by a premium finance company, "we" will return to the premium finance company, from "your" account, any gross unearned premiums that are due, computed on a pro rata basis and excluding any expense constant, administrative fee, or any nonrefundable charge filed with and approved by the insurance commissioner. Such return premium will be refunded within a reasonable time that will not exceed 45 days after:

- 1) "our" receipt of a notice of cancellation from the premium finance company;
- 2) the date "we" cancel this policy; or
- 3) the completion of any payroll audit necessary to determine the amount of premium earned while this policy was in force.

This applies regardless of whether the policy is cancelled by "you", "us", or the premium finance company.

If the premium was not paid by a premium finance company, "your" return premium, if any, will be calculated on a pro rata basis and will be refunded at the time of cancellation or as soon as practicable.

In all cases, payment or tender of the unearned premium is not a condition of cancellation.

- f. If "we" decide not to renew this policy, "we" will give "you" notice at least 45 days before the nonrenewal is effective.

If notice is mailed, it will be sent by a first-class mail tracking method or by a commercial mail delivery service.

If nonrenewal is for any reason other than nonpayment of premium, the notice will state the reason for nonrenewal.

Within 30 days of the date on which "we" give such notice, "you" may make a written request to "us" for additional information in support of "our" nonrenewal.

2. Under Common Policy Conditions, the following condition is added:

Conditional Renewal

- a. If "we" intend to renew this policy with an increase in premium, "we" will mail, by first-class mail, written notice to "you" and "your" agent, if any, at least 45 days before the renewal is effective. Such notice may also be delivered by electronic means if "you" have affirmatively consented to that method of delivery and "we" have obtained such consent in accordance with Maryland law.

However, the notice is not required if the premium increase results from:

- 1) an increase in exposure units;
- 2) the application of an experience rating plan;
- 3) the application of a retrospective rating plan;
- 4) a change made by an "insured" that increases "our" exposure; or
- 5) an audit of an "insured".

- b. If "we" intend to renew this policy with a reduction or elimination of coverage, a change in deductible, or an increase in "limits", "we" will mail, by first-class mail, written notice to "you" at least 45 days before the renewal is effective. Such notice may also be delivered by electronic means if "you" have affirmatively consented to that method of delivery and "we" have obtained such consent in accordance with Maryland law.

The notice will include a clear and specific description of each change in coverage which identifies the type of coverage that will be changed and the dollar amount of such change.

However, no notice is required if the change in coverage is requested by "you".

3. Under Common Policy Conditions, the following condition is added:

Notice Of Recalculated Premium

- a. If "we" discover a material risk factor during the 45-day underwriting period of this policy, but the risk continues to meet "our" underwriting standards, "we" will recalculate the premium for "your" policy based on such material risk factor.
- b. If "we" recalculate the premium for "your" policy as provided in a. above, "we" will give "you" written notice that states:
- 1) the amount of the recalculated premium;
 - 2) the reason for the change in the premium in accordance with c. below; and
 - 3) "your" right to cancel the policy and receive a pro-rata refund of any premium paid by notifying "us" of the termination.

- c. In stating the reason for the change in the premium, "we" will:

- 1) identify each material risk factor that was discovered during the 45-day underwriting period; and
- 2) with respect to each material risk factor, explain with specificity why the material risk factor required the premium to be recalculated.

- d. For purposes of this condition, material risk factor means a risk factor that:

- 1) was incorrectly recorded or not disclosed by "you" in the application for this policy;
- 2) was in existence on the date of such application; and
- 3) modifies the premium charged on the policy.

CL 0168 10 14

CERTIFIED ACT OF TERRORISM EXCLUSION

1. The following definition is added.

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in consultation with the Secretary of Homeland Security, and the Attorney General of the United States:

- a. to be an act of terrorism;
- b. to be a violent act or an act that is dangerous to human life, property, or infrastructure;
- c. to have resulted in damage:
 - 1) within the United States; or
 - 2) to an air carrier (as defined in section 40102 of title 49, United States Code); to a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or at the premises of any United States mission;
- d. to have been committed by an individual or individuals, as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion; and
- e. to have resulted in insured losses in excess of five million dollars in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act, as amended.

2. The following exclusion is added.

CERTIFIED ACT OF TERRORISM EXCLUSION

"We" will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

3. The following provisions are added.

- a. Neither the "terms" of this endorsement nor the "terms" of any other terrorism endorsement attached to this Coverage Part provide coverage for any loss that would otherwise be excluded by this Coverage Part under:
 - 1) exclusions that address war, military action, or nuclear hazard; or
 - 2) any other exclusion; and
- b. the absence of any other terrorism endorsement does not imply coverage for any loss that would otherwise be excluded by this Coverage Part under:
 - 1) exclusions that address war, military action, or nuclear hazard; or
 - 2) any other exclusion.

CL 0610 01 15

VIRUS OR BACTERIA EXCLUSION

DEFINITIONS

Definitions Amended --

When "fungus" is a defined "term", the definition of "fungus" is amended to delete reference to a bacterium.

When "fungus or related perils" is a defined "term", the definition of "fungus or related perils" is amended to delete reference to a bacterium.

PERILS EXCLUDED

The additional exclusion set forth below applies to all coverages, coverage extensions, supplemental coverages, optional coverages, and endorsements that are provided by the policy to which this endorsement is attached, including, but not limited to, those that provide coverage for property, earnings, extra expense, or interruption by civil authority.

1. The following exclusion is added under Perils Excluded, item 1.:

Virus or Bacteria --

"We" do not pay for loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

This exclusion applies to, but is not limited to, any loss, cost, or expense as a result of:

- a. any contamination by any virus, bacterium, or other microorganism; or
 - b. any denial of access to property because of any virus, bacterium, or other microorganism.
2. **Superseded Exclusions** -- The Virus or Bacteria exclusion set forth by this endorsement supersedes the "terms" of any other exclusions referring to "pollutants" or to contamination with respect to any loss, cost, or expense caused by, resulting from, or relating to any virus, bacterium, or other microorganism that causes disease, illness, or physical distress or that is capable of causing disease, illness, or physical distress.

OTHER CONDITIONS

Other Terms Remain in Effect --

The "terms" of this endorsement, whether or not applicable to any loss, cost, or expense, cannot be construed to provide coverage for a loss, cost, or expense that would otherwise be excluded under the policy to which this endorsement is attached.

CL 0700 10 06

AMENDATORY ENDORSEMENT MARYLAND

1. Under Other Conditions, Misrepresentation, Concealment, Or Fraud is deleted and replaced by the following:

Misrepresentation, Concealment, Or Fraud

-- "We" do not provide coverage for "you" or any other insured if, before or after a loss:

- a. "you" have or any other insured has willfully concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
 - 2) "your" interest herein; or
 - b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.
2. Under Other Conditions, Suit Against Us is deleted and replaced by the following:

Suit Against Us -- No one may bring a legal action against "us" under this coverage unless:

- a. all of the "terms" of the Commercial Output Program Coverages have been complied with; and
- b. the suit has been brought within three years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by the law.

3. Under Other Conditions, Mortgage Provisions is deleted and replaced by the following:

Mortgage Provisions -- If a mortgagee (mortgage holder) is named in this policy, loss to building property will be paid to the

mortgagee and "you" as their interest appears. If more than one mortgagee is named, they will be paid in order of precedence.

The insurance for the mortgagee continues in effect even when "we" may deny coverage to "you" because of "your" acts, neglect, or failure to comply with the coverage "terms". The insurance for the mortgagee does not continue in effect if the mortgagee is aware of changes in ownership or substantial increase in risk and does not notify "us".

If "we" cancel this policy, "we" will notify the mortgagee at least 10 days before the effective date of cancellation if "we" cancel for "your" nonpayment of premium, or 30 days before the effective date of cancellation if "we" cancel for any other reason.

"We" may request payment of the premium from the mortgagee if "you" fail to pay the premium.

If "we" pay the mortgagee for a loss for which "we" may deny coverage to "you", the mortgagee's right to collect that portion of the mortgage debt from "you" then belongs to "us". This does not affect the mortgagee's right to collect the remainder of the mortgage debt from "you".

As an alternative, "we" may pay the mortgagee the remaining principal and accrued interest in return for a full assignment of the mortgagee's interest and any instruments given as security for the mortgage debt.

If "we" choose not to renew this policy, "we" will give written notice to the mortgagee at least ten days before the expiration date of this policy.

CO 0406 07 16

COMMERCIAL OUTPUT PROGRAM PROPERTY COVERAGE PART

AGREEMENT

In return for "your" payment of the required premium, "we" provide the coverage described herein subject to all the "terms" of the Commercial Output Program. This coverage is also subject to the "schedule of coverages" and additional policy conditions relating to assignment or transfer of rights or duties, cancellation, changes or modifications, inspections, and examination of books and records.

Endorsements and schedules may also apply. They are identified on the "schedule of coverages".

Refer to Definitions for words and phrases that have special meaning. These words and phrases are shown in quotation marks or bold type.

DEFINITIONS

1. The words "you" and "your" mean the persons or organizations named as the insured on the "schedule of coverages".
2. The words "we", "us", and "our" mean the company providing this coverage.
3. "Accident" means direct physical loss as follows:
 - a. mechanical breakdown;
 - b. rupturing or bursting of moving parts of machinery caused by centrifugal force;
 - c. loss caused by arcing or electrical currents other than lightning;
4. "Business" means the usual business operations occurring at "covered locations" including the tenantability of "covered locations" when the selected coverage option includes "rents".
5. "Computers" means:
 - a. "hardware" owned by "you" or in "your" care, custody, or control; or
 - b. "software".
6. "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by "you" or not, into a "computer", a Web site, or a "computer" network and that results in but is not limited to:
 - a. deletion, destruction, generation, or modification of "software";
 - b. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";
 - c. observation, scanning, or copying of "data records", "programs and applications", and "proprietary programs";
- d. explosion of steam boilers, steam pipes, steam turbines, or steam engines that "you" own or lease or that are operated under "your" control;
- e. loss to steam boilers, steam pipes, steam turbines, or steam engines caused by any condition or occurrence within such equipment; or
- f. loss to hot water boilers or heaters caused by any condition or occurrence within such equipment.

- d. damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or
 - e. denial of access to or denial of services from "computers", "computer" network, or Web site including related "software".
7. "Computer virus" means the introduction into a "computer", "computer" network, or Web site of any malicious, self-replicating electronic data processing code or other code and that is intended to result in, but is not limited to:
- a. deletion, destruction, generation, or modification of "software";
 - b. alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";
 - c. damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or
 - d. denial of access to or denial of services from "computers", "computer" network, or Web site including related "software".
8. "Covered equipment", unless otherwise specified in a schedule, means equipment:
- a. that generates, transmits, or utilizes energy; or
 - b. which, during normal usage, operates under vacuum or pressure, other than the weight of its contents.
- Such equipment must be covered property, except as specifically provided for under Utility Service Interruption coverage and the Spoilage Coverage Part.
- "Covered equipment" does not mean:
- a. equipment manufactured by "you" for sale;
- b. buildings, structures, or compartments that cover or house "covered equipment";
 - c. foundations that support "covered equipment";
 - d. sewage and other underground piping and vessels, water piping, or sprinkler system piping. However, "we" cover:
 - 1) boiler feedwater and condensate return piping; and
 - 2) water piping for heating, air conditioning, or refrigeration systems;
 - e. "mobile equipment", including but not limited to draglines or other excavation equipment;
 - f. aircraft or watercraft and their motors, equipment, and accessories;
 - g. automobiles, motor trucks, tractors, trailers, and similar conveyances and their motors, equipment, and accessories. However, any property that is stationary, permanently installed at a "covered location", and receives electrical power from an external power supplier will not be considered an automobile, motor truck, tractor, or trailer; or
 - h. "computers".
9. "Covered location" means any location or premises where "you" have buildings, structures, or business personal property covered under this coverage.
- However, if the Scheduled Locations Endorsement is added to this policy, "covered location" means a location that is described on the Location Schedule.
- "Covered location" does not mean vehicles containing covered property, except vehicles on or within 1,000 feet of the premises of any covered building or structure.

10. "Data records" means files, documents, and information in an electronic format and that are stored on "media".
 - a. mainframe and mid-range computers and servers;
 - b. personal computers and workstations;
 - c. laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and
 - d. peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.
11. "Dependent locations" means locations that are operated by others and that "your" "business" depends on, as described below. Dependent locations includes but is not limited to:
 - a. contributing locations, these are "your" suppliers' locations or locations of suppliers that deliver services or materials to others for "your" account. Contributing locations do not include suppliers of:
 - 1) water;
 - 2) telecommunications, including but not limited to Internet service providers; or
 - 3) power;
 - b. recipient locations, these are locations that receive "your" products;
 - c. leader locations, these are locations that attract customers to "your" "business"; or
 - d. manufacturing locations, these are locations that make products for delivery to "your" customers under contract of sale.
12. "Fine arts" means bona fide works of art of rarity, historical value, or artistic merit, including but not limited to paintings, etchings, pictures, tapestries, and art glass windows.
13. "Flood" means flood, surface water, waves, tidal water, or the overflow of a body of water, all whether driven by wind or not. This includes spray that results from any of these whether driven by wind or not.
14. "Hardware" means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results. "Hardware" includes but not limited to:
 - a. an independent contractor acting as "your" Web host; or
 - b. "your" Internet service provider that is acting as "your" Web host.
15. "Limit" means the amount of coverage that applies.
16. "Media" means an instrument that is used with "hardware" and on which "data records", "programs and applications", and proprietary programs can be recorded or stored. "Media" includes, but is not limited to, films, tapes, cards, discs, drums, cartridges, cells, DVDs, or CD-ROMs.
17. "Mobile equipment" means:
 - a. contractors' equipment or similar equipment of a mobile or floating nature;
 - b. self-propelled vehicles designed and used primarily to carry mounted equipment; or
 - c. vehicles designed for highway use that are unlicensed and not operated on public roads.
18. "Money" means currency, bullion, coins, bank notes in current use, and traveler's checks, register checks, and money orders held for sale to the public.
19. "Off-site server" means a server for "your" Web site that is being maintained or operated by and that is located at the premises of:
 - a. an independent contractor acting as "your" Web host; or
 - b. "your" Internet service provider that is acting as "your" Web host.

20. "One accident" means:

When an initial "accident" causes or results in other "accidents", all of the "accidents" will be considered "one accident". All "accidents" that are the result of the same occurrence will be considered "one accident".

21. "Perishable stock" means personal property preserved and maintained under controlled conditions and susceptible to loss or damage if the controlled conditions change.

22. "Pollutant" means:

- a. any solid, liquid, gaseous, thermal, or radioactive irritant or contaminant, including but not limited to acids, alkalis, chemicals, fumes, smoke, soot, vapor, and waste. Waste includes materials to be recycled, reclaimed, or reconditioned, as well as disposed of; and
- b. electrical or magnetic emissions, whether visible or invisible, and sound emissions.

23. "Programs and applications" means operating programs and applications that "you" purchase and that are:

- a. stored on "media"; or
- b. pre-installed and stored in "hardware".

Applications includes, but is not limited to, programs for word processing, spreadsheet calculations, and graphic design.

24. "Proprietary programs" means proprietary operating programs and applications that "you" developed or that "you" had developed specifically for "you" and that are:

- a. stored on "media"; or
- b. installed and stored in "hardware".

25. "Rents" means "your" actual loss of:

- a. rental income from a "covered location" as furnished or equipped by "you", less any expenses that do not continue;

- b. the fair rental value of any part of a "covered location" that "you" occupy, less any expenses that do not continue; and

- c. other charges for which a tenant is legally obligated and which "you" would otherwise be obligated.

26. "Restoration period" means:

- a. The time it should reasonably take to resume "your" "business" to a similar level of service starting from the date of a physical loss of or damage to property at a "covered location" that is caused by a covered peril and ending on the date:

- 1) the property should be rebuilt, repaired, or replaced; or
- 2) business is resumed at a new permanent location.

This is not limited by the expiration date of the policy.

- b. The "restoration period" also means the increased time required to comply with the enforcement of any ordinance, law, or decree that:

- 1) regulates the construction, use, or repair of any property; or
- 2) requires the demolition of any property, in part or in whole, not damaged by a covered peril.

However, except as provided under Supplemental Income Coverage, Pollutant Cleanup and Removal, "we" do not cover the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants".

The ordinance, law, or decree must be in force at the time of loss.

- c. Only as regards coverage described under Dependent Locations in the Supplemental Income Coverages, "restoration period" also means the time it should reasonably take to resume "your" "business" starting from the date of direct physical loss of or damage to a "dependent location" caused by a covered peril, and ending on the date:
- 1) the property at the "dependent location" should be rebuilt, repaired, or replaced; or
 - 2) business is resumed at a new, permanent location.
- This is not limited by the expiration date of the policy.
- d. Only as regards coverage described under Off Premises Utility Service Interruption; and Property In Transit, On Exhibition, or In the Custody Of Sales Representatives in the Supplemental Income Coverages, "restoration period" also means the time it should reasonably take to resume "your" "business" starting from the date of direct physical loss of or damage caused by a covered peril to:
- 1) property not located at a "covered location" and that is owned by a utility, a landlord, or another utility supplier;
 - 2) the "off-site server" for "your" Web site or the location that houses the "off-site server" for "your" Web site;
 - 3) property in transit, on exhibition, or in the custody of sales representatives;
- and ending on the date the property should be rebuilt, repaired, or replaced. This is not limited by the expiration date of the policy.
27. "Schedule of coverages" means:
- a. all pages labeled schedule of coverages or schedules which pertain to this coverage; and
 - b. declarations or supplemental declarations which pertain to this coverage.
28. "Securities" means negotiable and nonnegotiable instruments or contracts representing either "money" or other property. This includes, but is not limited to, stock certificates; tokens, tickets, revenue, or stamps (whether represented by actual stamps or unused value in a meter) in current use; and evidences of debt used in connection with charge, credit, or debit cards that are not issued by "you", but does not include "money".
29. "Sinkhole collapse" means the sudden settlement or collapse of earth supporting the covered property into subterranean voids created by the action of water on a limestone or similar rock formation. It does not include the value of the land or the cost of filling sinkholes.
30. "Software" means:
- a. "media";
 - b. "data records";
 - c. "programs and applications"; and
 - d. "proprietary programs".
31. "Specified perils" means aircraft; civil commotion; explosion; falling objects; fire; hail; leakage from fire extinguishing equipment; lightning; riot; "sinkhole collapse"; smoke; sonic boom; vandalism; vehicles; "volcanic action"; water damage; weight of ice, snow, or sleet; and windstorm.
- Falling objects does not include loss to:
- a. business personal property in the open; or
 - b. to the interior of buildings or structures, or business personal property inside buildings or structures unless the exterior of the roof or walls are first damaged by a falling object.

Water damage means the sudden or accidental discharge or leakage of water or steam as a direct result of breaking or cracking of a part of the system or appliance containing the water or steam.

32. "Spoilage" means any detrimental change in physical state of "perishable stock". Detrimental change includes, but is not limited to, thawing of frozen goods, warming of refrigerated goods, solidification of liquid or molten material, chemical reactions to material in process, and reduction in value of time sensitive materials.
33. "Terms" are all provisions, limitations, exclusions, conditions, and definitions that apply.
34. "Theft" means any act of stealing, including burglary or robbery.
35. "Valuable papers" means documents, manuscripts, or records that are inscribed, printed, or written. This includes, but is not limited to, abstracts, books, deeds, drawings, films, maps, or mortgages.
36. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow. It does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss to the covered property.

PROPERTY COVERED

"We" cover the following property unless the property is excluded or subject to limitations.

"We" cover direct physical loss to covered property at a "covered location" caused by a covered peril.

BUILDING PROPERTY

1. **Covered Building Property** -- Covered Building Property means buildings and structures and:

- a. completed additions;
- b. fixtures, machinery, and equipment which are a permanent part of a covered building or structure;
- c. outdoor fixtures;
- d. personal property owned by "you" and used to maintain or service a covered building or structure or its premises. This includes air-conditioning equipment; fire extinguishing apparatus; floor coverings; and appliances for refrigerating, cooking, dish washing, and laundering;
- e. if not covered by other insurance, buildings and additions to buildings under construction, alteration, and repair including:
 - 1) materials, equipment, supplies, and temporary structures, on or within 1,000 feet of a "covered location", intended and designated for use in the construction, alteration, and repair of buildings or additions to buildings; and
 - 2) "your" contractual liability for the interest of contractors and sub-contractors in buildings and additions to buildings under construction, alteration, and repair such as materials, equipment, supplies, and temporary structures, on or within 1,000 feet of a "covered location", intended and designated for use in the construction, alteration, and repair of buildings or additions to buildings;
- f. building glass;
- g. the following property if it is located on or within 1,000 feet of a covered building or structure:
 - 1) radio and television towers, antennas, satellite dishes, masts, lead-in wiring, and guy wires. This includes foundations and any other property that is permanently attached to any of these types of property;

- 2) awnings or canopies; and
 - 3) fences;
 - h. signs, whether or not they are attached to covered buildings, or structures; or
 - i. foundations of buildings, structures, machinery, or boilers.
2. **Building Property That Is Not Covered --** Except as provided under Supplemental Coverages - Underground Pipes, Pilings, Bridges and Roadways, Covered Building Property does not include:
- a. pilings, piers, wharves, docks, or retaining walls;
 - b. underground pipes, flues, or drains; and
 - c. bridges, walkways, roadways, and other paved surfaces.

- b. leased personal property which "you" have a contractual responsibility to insure;
- c. "your" interest in personal property of others to the extent of "your" labor, material, and services;
- d. "computers", if not covered by other insurance;
- e. personal property which will become a part of "your" installation, fabrication, or erection project while:
 - 1) at the site of installation, fabrication, or erection; or
 - 2) while in temporary storage awaiting installation, fabrication, or erection.

Coverage under this provision is not restricted to buildings or structures at a "covered location" or within 1,000 feet of a "covered location";

BUSINESS PERSONAL PROPERTY

1. **Covered Business Personal Property --** Covered business personal property means "your" business personal property in buildings or structures at a "covered location" or in the open (or in vehicles) on or within 1,000 feet of a "covered location". This includes:

- a. "your" use interest as a tenant in improvements to the buildings or structures. Improvements are fixtures, alterations, installations, or additions:
 - 1) to a building or structure "you" occupy but do not own; and
 - 2) made or acquired at "your" expense and which cannot be legally removed by "you".

"We" also cover "your" interest as a tenant in undamaged improvements that "you" lose because "your" lease has been canceled by the lessor as a result of damage to the building or structure "you" occupy but do not own. The damage to the building must be caused by a covered peril;

- f. "mobile equipment", if not covered by other insurance. Coverage under this provision is not restricted to buildings or structures at a "covered location" or within 1,000 feet of a "covered location"; and
- g. personal property of others. This means personal property of others that is in "your" care, custody, or control.

Personal property of others includes property that is sold under an installation agreement where "your" responsibility continues until the property is accepted by the buyer.

"Our" payment for loss to personal property of others will only be for the benefit of the owners of the personal property.

2. **Business Personal Property That Is Not Covered --** Covered business personal property does not include:
- a. "off-site server"; and

- b. except as provided under Supplemental Marine Coverages;
 - 1) personal property in transit as described under Property In Transit;
 - 2) "fine arts" as described under Fine Arts;
 - 3) "computers" while away from a "covered location" as described under Off Premises Computers;
 - 4) property while temporarily on display or exhibit as described under Property On Exhibition;
 - 5) samples of "your" stock as described under Sales Representative Samples; and
 - 6) duplicate or back-up "software" as described under Software Storage.

PROPERTY NOT COVERED

- 1. **Airborne or Waterborne Property** -- "We" do not cover airborne or waterborne personal property unless the property is being transported by regularly scheduled airlines or ferry service.
- 2. **Aircraft or Watercraft** -- "We" do not cover aircraft or watercraft (and their motors, equipment, and accessories) that are operated principally away from a "covered location". However, "we" do cover:
 - a. aircraft or watercraft (and their motors, equipment, and accessories) that "you" manufacture, process, warehouse, or hold for sale; and
 - b. rowboats or canoes out of water at a "covered location".
- 3. **Animals** -- "We" do not cover animals, including but not limited to birds and fish, unless owned by others and boarded by "you". "We" do cover animals "you" own and hold for sale while inside of buildings.
- 4. **Automobiles and Vehicles** -- "We" do not cover automobiles, motor trucks, tractors, trailers, and similar conveyances designed and used for over-the-road transportation of people or cargo.

"We" do cover:

 - a. "mobile equipment" described under Business Personal Property; and
 - b. automobiles and vehicles that "you" manufacture, process, or warehouse. However, "we" do not cover automobiles or vehicles held for sale, lease, loan or rental.
- 5. **Checked Luggage** -- "We" do not cover loss resulting from "theft" or disappearance of a laptop, palmtop, notebook PC, or any portable "computer" while in transit as checked luggage.
- 6. **Contraband** -- "We" do not cover contraband or property in the course of illegal transportation or trade.
- 7. **Cost of Excavation** -- "We" do not cover the cost of excavations, grading, filling, or backfilling. However, if a covered loss occurs to covered property below the surface of the ground, "we" cover costs that are a necessary part of the repairing, rebuilding, or replacement of the property.
- 8. **Crops While Outside of Buildings** -- "We" do not cover grain, hay, straw, or other crops while outside of buildings.
- 9. **Exports and Imports** -- "We" do not cover exported or imported property that is covered under any ocean marine cargo insurance policy or any similar policy that anyone has obtained covering exports and imports.
- 10. **Land, Water, and Growing Crops** -- "We" do not cover:
 - a. land, including but not limited to land on which the covered property is located;

- b. underground or surface water; or
- c. growing crops.

11. Money, Securities, Accounts, and

Valuable Papers -- Except as provided elsewhere in this policy, "we" do not cover "money", "securities", accounts, bills, and the cost to reproduce, replace, or restore "valuable papers" and lost information.

12. Outdoor Trees, Shrubs, Plants, or Lawns -
- Except as provided under Supplemental Coverages - Trees, Shrubs, and Plants, "we" do not cover trees, shrubs, plants, or lawns (other than stock).

13. Property More Specifically Insured -- "We"
do not cover property which is more specifically insured in whole or in part by any other insurance. "We" do cover the amount in excess of the amount due from the more specific insurance whether "you" can collect on it or not.

14. Property of Others -- "We" do not cover property of others for which "you" are responsible as:

- a. a carrier for hire; or
- b. an arranger of transportation. This includes carloaders, consolidators, brokers, freight forwarders, or shipping associations.

15. Property You Have Sold -- "We" do not cover property that "you" have sold after it has been delivered. This does not include property which "you" have sold under an installation agreement.

However, if no "limit" is indicated for a Coverage Extension, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, the coverages provided below are part of and not in addition to the applicable "limit" for coverage described under Property Covered.

The "limit" provided under a Coverage Extension cannot be combined or added to the "limit" for any other Coverage Extension or Supplemental Coverage including a Coverage Extension or Supplemental Coverage that is added to this policy by endorsement.

The following coverage extensions are not subject to and not considered in applying coinsurance when coinsurance conditions are added to this coverage.

1. **Consequential Loss** -- "We" pay for "your" consequential loss of undamaged business personal property. Consequential loss means the loss of value of an undamaged part or parts of a product which becomes unmarketable. It must be unmarketable due to a physical loss to another part or parts of the product caused by a covered peril.
2. **Debris Removal** -- "We" pay the cost to remove the debris of covered property that is caused by a covered peril. This coverage does not include costs to:
 - a. extract "pollutants" from land or water; or
 - b. remove, restore, or replace polluted land or water.

"We" do not pay any more under this coverage than 25% of the amount "we" pay for the direct physical loss. "We" will not pay more for loss to property and debris removal combined than the "limit" for the damaged property.

COVERAGE EXTENSIONS

The following Coverage Extensions indicate an applicable "limit". This "limit" may also be shown in the "schedule of coverages". If a different "limit" is indicated in the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, "we" pay up to an additional \$50,000 for debris removal expense when the debris removal expense exceeds 25% of the amount "we" pay for direct physical loss or when the loss to property and debris removal combined exceeds the "limit" for the damaged property.

"We" do not pay any expenses unless they are reported to "us" in writing within 180 days from the date of direct physical loss to covered property.

3. **Emergency Removal** -- "We" pay for any direct physical loss to covered property while it is being moved or being stored to prevent a loss caused by a covered peril. This coverage applies for up to 365 days after the property is first moved, but does not extend past the date on which this policy expires.
4. **Emergency Removal Expenses** -- "We" pay up to \$5,000 for "your" expenses to move or store covered property to prevent a loss caused by a covered peril. This coverage applies for up to 365 days after the property is first moved, but does not extend past the date on which this policy expires.

The "limit" for Emergency Removal Expenses is separate from, and not part of, the applicable "limit" for coverage described under Property Covered.

5. **Fraud and Deceit** -- "We" pay up to \$5,000 for "theft" of covered property when "you", "your" agents, customers, or consignees are fraudulently induced to part with the covered property:
 - a. to persons who falsely represent themselves as the proper persons to receive the property; or
 - b. by the acceptance of fraudulent bills of lading or shipping receipts.

6. **Damage From Theft** -- "We" cover direct physical damage caused by "theft" or attempted "theft" to:
 - a. a building that "you" do not own and that contains "your" business personal property; or
 - b. personal property not owned by "you" within such building and that is used to maintain or service the building or structure or its premises.

This coverage extension only applies to a location where "you" are a tenant and the terms of "your" lease make "you" liable for damage caused by "theft" or attempted "theft".

7. **Off Premises Utility Service Interruption**
 - a. **Coverage** -- "We" cover direct physical loss or damage caused by the interruption of an off premises utility service when the interruption:
 - 1) results in the direct physical loss or damage to covered property located at a "covered location"; and
 - 2) is a result of direct physical loss or damage by a covered peril to property that is not located at a "covered location" and that is owned by a utility, a landlord, or another supplier who provides "you" with:
 - a) power or gas;
 - b) telecommunications, including but not limited to Internet access; or
 - c) water, including but not limited to waste water treatment.

- b. **Overhead Transmission Lines** -- If the "schedule of coverages" indicates that overhead transmission lines are excluded, coverage under this extension does not include loss to overhead transmission lines that deliver utility service to "you". Overhead transmission lines include, but are not limited to:

- 1) overhead transmission and distribution lines;
- 2) overhead transformers and similar equipment; and
- 3) supporting poles and towers.

- c. **Perishable Stock Exclusion** -- Coverage under this extension does not include loss of "perishable stock" due to "spoilage" that results from:

- 1) complete or partial lack of electrical power; or
- 2) fluctuation of electrical current.

- d. **Applicable Limit** -- The most "we" pay in any one occurrence under this Coverage Extension is \$50,000.

Unless otherwise indicated, a "limit" for a Supplemental Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered. The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Coverage cannot be combined or added to the "limit" for any other Supplemental Coverage or Coverage Extension including a Supplemental Coverage or Coverage Extension that is added to this policy by endorsement.

Unless otherwise stated, each supplemental coverage:

- a. applies to covered property in or on buildings or structures at a "covered location" or in the open (or in vehicles) within 1,000 feet of a "covered location"; and
- b. is not subject to and not considered in applying coinsurance when coinsurance conditions are added to this coverage.

SUPPLEMENTAL COVERAGES

The following Supplemental Coverages indicate an applicable "limit". This "limit" may also be shown in the "schedule of coverages". If a different "limit" is indicated in the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

1. **Brands or Labels Expense** -- If covered business personal property is damaged and the damage is caused by a covered peril, "we" have the option to take all or any part of the damaged business personal property at the agreed or appraised value. "You" may stamp salvage or remove any brands or labels from the property or its containers. "You" must not damage the property or containers when "you" remove the brands or labels. "You" must re-label the merchandise or its containers if required by law.

The most "we" pay in any one occurrence for "your" expenses for stamping or removing brands or labels is \$50,000.

2. **Expediting Expenses** -- When a covered peril occurs to covered property, "we" pay for reasonable expenses necessary to expedite permanent repairs or replacement and make temporary repairs to damaged covered property. Expediting expenses include additional labor or overtime, and transportation costs.

The most "we" pay for all expediting expenses in any one occurrence is \$50,000.

3. **Fire Department Service Charges** -- "We" pay up to \$25,000 to cover "your" liability, assumed by contract or agreement prior to the loss, for fire department service charges.

This coverage is limited to charges incurred when the fire department is called to save or protect covered property from a covered peril.

No deductible applies.

4. **Inventory and Appraisal Expense** -- "We" pay up to \$50,000 for reasonable expenses, for the taking of inventory and appraisals, incurred by "you" at "our" request to assist "us" in the determination of the amount of a loss caused by a covered peril.

"We" do not pay for:

- a. any expenses incurred under the Other Conditions, Appraisal section of this coverage; or
 - b. any public adjusters' fees or attorneys' fees.
5. **Ordinance or Law (Undamaged Parts of a Building)** -- When a covered peril occurs to a covered building or structure, "we" pay for the value of undamaged parts of a covered building or structure that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:
- a. requires the demolition of undamaged parts of a covered building or structure that is damaged or destroyed by a covered peril;

- b. regulates the construction or repair of a building or structure, or establishes building, zoning, or land use requirements at a "covered location"; and
- c. is in force at the time of loss.

"We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants".

This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.

6. **Ordinance or Law (Increased Cost to Repair and Cost to Demolish and Clear Site)** --

- a. **Increased Cost to Repair** -- When a covered peril occurs to a covered building or structure, "we" cover the:

- 1) increased cost to repair, rebuild, or reconstruct damaged portions of a covered building or structure; and
- 2) increased cost to repair, rebuild, or reconstruct undamaged portions of a covered building or structure whether or not those undamaged portions need to be demolished;

as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when a covered peril occurs to a covered building or structure.

If a covered building or structure is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.

"We" do not cover the increased cost of construction until the covered building or structure is actually repaired or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.

b. **Cost to Demolish and Clear Site --**

"We" cover the cost to demolish and clear the site of undamaged parts of the covered building or structure that is damaged or destroyed by a covered peril. The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when a covered peril occurs to a covered building or structure.

c. **We Do Not Cover --** "We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that:

- 1) requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants"; or
- 2) "you" were required to comply with before the covered peril occurred to a covered building or structure, even if the building or structure was undamaged and "you" failed to comply with the ordinance, law, or decree.

d. **What We Pay If The Building Is Repaired or Replaced --** If the covered building or structure is repaired or replaced, "we" pay the lesser of:

- 1) the amount "you" actually spend to demolish and clear the site, plus the actual increased cost to repair, rebuild, or construct the property but not for more than a building or structure of the same height, floor area, and style; or
- 2) \$100,000.

e. **What We Pay If The Building Is Not Repaired or Replaced --** If the covered building or structure is not repaired or replaced, "we" pay the lesser of:

- 1) the amount "you" actually spend to demolish and clear the site; plus the cost "you" would have incurred to replace the damaged or destroyed property with other property:
 - a) of like kind, and quality;
 - b) of the same height, floor area, and style; and
 - c) used for the same purpose; or
- 2) \$100,000.

7. **Personal Effects --** "We" cover direct physical loss caused by a covered peril to personal effects owned by "you", "your" officers, "your" partners, or "your" employees.

The most "we" pay for loss to personal effects in any one occurrence or at any one "covered location" is \$15,000.

8. **Pollutant Cleanup and Removal --** "We" pay "your" expense to extract "pollutants" from land or water if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" is caused by a covered peril that occurs during the policy period. The expenses are paid only if they are reported to "us" in writing within 180 days from the date the covered peril occurs.

"We" do not pay the cost of testing, evaluating, observing, or recording the existence, level, or effects of "pollutants". However, "we" pay the cost of testing which is necessary for the extraction of "pollutants" from land or water.

The most "we" pay for each site or "covered location" is \$50,000 for the sum of all such expenses arising out of a covered peril occurring during each separate 12 month period of this policy.

9. **Recharge of Fire Extinguishing Equipment** -- "We" pay up to \$50,000 to cover "your" incurred expenses to recharge "your" automatic fire extinguishing equipment or hand held fire extinguishing equipment when the equipment is discharged:

- a. to fight a fire;
- b. as a result of a covered peril; or
- c. as a result of an accidental discharge.

However, "we" do not pay for "your" expenses to recharge equipment as a result of a discharge during testing or installation.

If it is less expensive to do so, "we" will pay "your" costs to replace "your" automatic fire extinguishing equipment or hand held fire extinguishing equipment rather than recharge the equipment.

10. **Rewards** -- "We" pay up to \$10,000 as a reward for information that leads to a conviction for arson, "theft", or vandalism. The conviction must involve a covered loss caused by arson, "theft", or vandalism.

The amount "we" pay is not increased by the number of persons involved in providing the information.

11. **Sewer Backup and Water Below the Surface** -- "We" cover direct physical loss caused by:

- a. water that backs up through a sewer or drain; or
- b. water below the surface of the ground, including but not limited to water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.

The most "we" pay for loss caused by sewer backup and water below the surface in any one occurrence is \$25,000.

12. **Trees, Shrubs, and Plants** -- "We" cover direct physical loss (and debris removal expenses) to outdoor trees, shrubs, plants, and lawns at a "covered location". "We" only cover loss caused by:

- a. fire;
- b. lightning;
- c. explosion;
- d. riot or civil commotion;
- e. falling objects; or
- f. vandalism.

The most "we" pay for loss to trees, shrubs, and plants in any one occurrence is \$50,000.

Coverage under this supplemental coverage does not apply to property held for sale by "you".

13. **Underground Pipes, Pilings, Bridges, and Roadways** -- "We" cover direct physical loss caused by a covered peril to:

- a. pilings, piers, wharves, docks, or retaining walls;
- b. underground pipes, flues, or drains; and
- c. bridges, walkways, roadways, and other paved surfaces.

The most "we" pay under this Supplemental Coverage in any one occurrence or at any one "covered location" is \$250,000.

SUPPLEMENTAL MARINE COVERAGES

The following Supplemental Marine Coverages indicate an applicable "limit". This "limit" may also be shown in the "schedule of coverages". If a different "limit" is indicated in the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for a Supplemental Marine Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for a Supplemental Marine Coverage provided below is separate from, and not part of the applicable "limit" for coverage described under Property Covered. The "limit" available for coverage described under a Supplemental Marine Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Marine Coverage and the "limit" for coverage described under Property Covered.

The "limit" provided under a Supplemental Marine Coverage cannot be combined or added to the "limit" for any other Supplemental Marine Coverage, Supplemental Coverage, or Coverage Extension including a Supplemental Marine Coverage, Supplemental Coverage, or Coverage Extension that is added to this policy by endorsement.

The following supplemental marine coverages are not subject to and not considered in applying coinsurance when coinsurance conditions are added to this coverage.

1. **Accounts Receivable** -- "We" pay up to \$50,000 to cover losses and expenses that "you" incur as a result of a direct physical loss caused by a covered peril to "your" records of accounts receivable.

Losses and expenses under this coverage means:

- a. all sums due "you" from customers, provided "you" are unable to effect collection;
- b. interest charges on any loan used to offset impaired collections pending "our" payment of such sums;
- c. collection expenses in excess of normal collection costs made necessary because of loss or damage; and
- d. other reasonable expenses incurred by "you" in recreating records of accounts receivable following such loss or damage.

2. **Electrical or Magnetic Disturbance of Computers** -- "We" cover direct physical loss to "computers" caused by electrical or magnetic disturbance that results in electrical or magnetic damage to "computers" and damage to, disturbance of, or erasure of electronic records.

This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.

3. **Power Supply Disturbance of Computers** - "We" cover direct physical loss to "computers" caused by power supply disturbance such as interruption of power supply, power surge, blackout, or brownout.

This coverage is part of and not in addition to the applicable "limit" for coverage described under Property Covered.

4. **Virus and Hacking Coverage** -- "We" cover direct physical loss to covered "computers", "your" "computer" network and "your" Web site caused by a "computer virus" or by "computer hacking". However, "we" do not cover:

- a. loss of exclusive use of any "data records" or "proprietary programs" that have been copied, scanned, or altered;
- b. loss of or reduction in economic or market value of any "data records" or "proprietary programs" that have been copied, scanned, or altered;
- c. theft from "your" "data records" or "proprietary programs" of confidential information through the observation of the "data records" or "proprietary programs" by accessing covered "computers", "your" computer network, or "your" Web site without any alteration or other physical loss or damage to the records or programs.

Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets; and

- d. except as provided under the Supplemental Income Coverages section of the Commercial Output Program - Income Coverage Part (if attached to this policy), denial of access to or services from "computers", "your" "computer" network, or "your" Web site.

The most "we" pay in any one occurrence under this Supplemental Marine Coverage is \$25,000.

The most "we" pay for all covered losses under this Supplemental Marine Coverage during each separate 12-month period of this policy is \$50,000.

5. **Fine Arts** -- "We" cover direct physical loss caused by a covered peril to "your" "fine arts" at a "covered location". "We" also cover "your" "fine arts" while:

- a. temporarily on display or exhibit away from a "covered location"; or
- b. in transit between a "covered location" and a location where the "fine arts" will be temporarily on display or exhibit.

The most "we" pay for loss to "fine arts" in any one occurrence or at any one "covered location" is \$100,000.

6. **Off Premises Computers** -- "We" cover direct physical loss caused by a covered peril to "computers" in the custody of "you", "your" officers, "your" partners, or "your" employees, while:

- a. away from a "covered location"; or
- b. in transit between a "covered location" and "you", "your" officers, "your" partners, or "your" employees.

The most "we" pay in any one occurrence for loss to off premises "computers" is \$25,000.

7. **Property on Exhibition** -- "We" cover direct physical loss caused by a covered peril to business personal property while temporarily on display or exhibit at locations "you" do not regularly occupy.

The most "we" pay in any one occurrence for loss to property on exhibition is \$50,000.

8. **Property in Transit** -- "We" cover direct physical loss caused by a covered peril to business personal property while in transit, regardless if the loss involves one or more vehicles, conveyances, containers, trailers, or any combination of these.

a. **Property You Have Sold** -- "We" also cover direct physical loss caused by a covered peril to business personal property that "you" have sold and are shipping at the owner's risk. "We" only pay for loss to business personal property that "you" have sold when the shipment has been rejected by the owner because:

- 1) the property is damaged; and
- 2) the owner of the property has refused to pay "you".

b. **Rejected Shipments** -- "We" also cover direct physical loss caused by a covered peril to rejected shipments while in due course of transit back to "you" or while awaiting return shipment to "you".

c. **Bills of Lading** -- "You" may accept bills of lading or shipping receipts issued by carriers for hire that limit their liability to less than the actual cash value of the covered property.

d. **Perishable Stock** -- "We" do not cover loss to "perishable stock" resulting from a breakdown of refrigeration equipment on any vehicle, conveyance, container, or trailer.

The most "we" pay in any one occurrence for loss to property in transit is \$50,000.

9. **Sales Representative Samples** -- "We" cover direct physical loss caused by a covered peril to samples of "your" stock in trade (and containers) and similar property of others.

"We" cover samples of "your" stock in trade while the property is:

- a. in the custody of "your" sales representatives and agents;
- b. in "your" custody while acting as a sales representative; or

c. in transit between a "covered location" and "your" sales representatives.

The most "we" pay in any one occurrence for loss to samples of "your" stock in trade is \$50,000.

10. **Software Storage** -- "We" cover direct physical loss caused by a covered peril to duplicate and back-up "software" stored at a "software" storage location. Each "software" storage location must be in a separate building which is at least 100 feet away from a "covered location".

The most "we" pay in any one occurrence for loss to duplicate and back-up "software" is \$50,000.

11. **Valuable Papers** -- "We" pay up to \$100,000 for the cost of research or other expenses necessary to reproduce, replace, or restore lost information that results from a direct physical loss caused by a covered peril to "your" "valuable papers".

PERILS COVERED

"We" cover risks of direct physical loss unless the loss is limited or caused by a peril that is excluded.

PERILS EXCLUDED

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.

- a. **Ordinance or Law** -- Except as provided under Supplemental Coverages - Ordinance or Law, "we" do not pay for loss or increased cost caused by enforcement of any code, ordinance, or law regulating the use, construction, or repair of any building or structure; or requiring the demolition of any building or structure including the cost of removing its debris.

"We" do not pay for loss regardless if the loss is caused by or results from the:

- 1) enforcement of any code, ordinance, or law even if a building or structure has not been damaged; or
- 2) increased costs that "you" incur because of "your" compliance with a code, ordinance, or law during the construction, repair, rehabilitation, remodeling, or razing of a building or structure, including the removal of debris, following a direct physical loss to the property.

- b. **Earth Movement** -- "We" do not pay for loss caused by any earth movement (other than "sinkhole collapse") or caused by eruption, explosion, or effusion of a volcano. Earth movement includes, but is not limited to: earthquake; landslide; mudflow; mudslide; mine subsidence; or sinking, rising, or shifting of earth.

"We" do cover direct loss by fire, explosion, or "volcanic action" resulting from either earth movement or eruption, explosion, or effusion of a volcano.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

- c. **Civil Authority** -- "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

"We" do cover loss resulting from acts of destruction by the civil authority to prevent the spread of fire, unless the fire is caused by a peril excluded under this coverage.

- d. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke. Direct loss by fire resulting from the nuclear hazard is covered.

- e. **War and Military Action** -- "We" do not pay for loss caused by:

- 1) war, including undeclared war or civil war; or
- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

- f. **Flood** -- "We" do not pay for loss caused by "flood". However, "we" do cover the resulting loss if fire, explosion, or sprinkler leakage results.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

- g. **Utility Failure** -- Except as provided under Coverage Extensions - Off Premises Utility Service Interruption, "we" do not pay for loss caused by or resulting from the failure of a utility to supply electrical power or other utility service to a "covered location", however caused, if the failure takes place away from the "covered location".

But if failure of a utility to supply electrical or other utility service to a "covered location" results in a covered peril, "we" cover the loss or damage caused by that covered peril.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

- h. **Sewer Backup and Water Below the Surface** -- Except as provided under Supplemental Coverages - Sewer Backup and Water Below the Surface, "we" do not pay for loss caused by or resulting from:

- 1) water that backs up through a sewer or drain; or
- 2) water below the surface of the ground, including but not limited to water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.

But if sewer backup and water below the surface results in fire, explosion, or sprinkler leakage, "we" cover the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

- a. **Animal Nesting, Infestation, or Discharge** -- "We" do not pay for loss caused by nesting, infestation, discharge, or release of waste products or secretions by animals, including but not limited to, birds, insects, or vermin.

But if nesting, infestation, discharge, or release of waste products or secretions by animals results in a "specified peril" or breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or breakage of building glass.

- b. **Collapse** -- "We" do not pay for loss caused by collapse, except as provided under the Other Coverages, Collapse. But if collapse results in a covered peril, "we" cover the loss or damage caused by that covered peril.

This exclusion does not apply to "computers", "mobile equipment", and the Supplemental Marine Coverages.

- c. **Computer Virus or Computer Hacking** -- Except as provided under Supplemental Marine Coverages - Virus and Hacking Coverage, "we" do not pay for:

- 1) any direct or indirect loss or damage; or
- 2) loss of access, loss of use, or loss of functionality

caused by a "computer virus" or by "computer hacking".

- d. **Contamination or Deterioration -- "We"**
do not pay for loss caused by contamination or deterioration including corrosion, decay, fungus, mildew, mold, rot, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a "specified peril" or breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or breakage of building glass.

This exclusion does not apply to loss caused by corrosion, decay, fungus, mildew, mold, rot, or rust to "computers" that results from direct physical damage by a covered peril to the air conditioning system that services "your" "computers".

- e. **Criminal, Fraudulent, Dishonest, or Illegal Acts -- "We"** do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another by:
- 1) "you";
 - 2) others who have an interest in the property;
 - 3) others to whom "you" entrust the property;
 - 4) "your" partners, officers, directors, trustees, joint adventurers; or
 - 5) the employees or agents of 1), 2), 3), or 4) above, whether or not they are at work.

This exclusion does not apply to acts of destruction by "your" employees, but "we" do not pay for "theft" by employees.

This exclusion does not apply to covered property in the custody of a carrier for hire.

- f. **Defects, Errors, and Omissions -- "We"**
do not pay for loss which results from one or more of the following:

- 1) an act, error, or omission (negligent or not) relating to:
 - a) land use;
 - b) the design, specification, construction, workmanship, installation, or maintenance of property;
 - c) planning, zoning, development, siting, surveying, grading, or compaction; or
 - d) maintenance of property (such as land, structures, or improvements);

whether on or off a "covered location";

- 2) a defect, weakness, inadequacy, fault, or unsoundness in materials used in construction or repair, whether on or off a "covered location";
- 3) the cost to make good an error in design; or
- 4) a data processing error or omission in programming or giving improper instructions.

In addition, "we" do not pay for loss to business personal property caused by deficiencies or defects in design, specifications, materials, or workmanship, or caused by latent or inherent defects.

But if a defect, error, or omission as described above results in a covered peril, "we" cover the loss or damage caused by that covered peril.

- g. **Electrical Currents** -- "We" do not pay for loss caused by arcing or by electrical currents other than lightning. But if arcing or electrical currents other than lightning result in fire, "we" cover the loss or damage caused by that fire.

"We" do cover the direct loss by a covered peril which occurs at "covered locations" as a result of any power interruption or other utility services.

This exclusion does not apply to "computers".

- h. **Steam Boiler Explosion** -- "We" do not pay for loss caused by an explosion of steam boilers, steam pipes, steam turbines, or steam engines that "you" own or lease or that are operated under "your" control.

But if an explosion of steam boilers, steam pipes, steam turbines, or steam engines results in a fire or combustion explosion, "we" cover the loss or damage caused by that fire or combustion explosion. "We" also cover loss or damage caused by or resulting from the explosion of gas or fuel in a firebox, combustion chamber, or flue.

- i. **Increased Hazard** -- "We" do not pay for loss occurring while the hazard has been materially increased by any means within "your" knowledge or "your" control.
- j. **Loss of Use** -- "We" do not pay for loss caused by loss of use, delay, or loss of market.
- k. **Mechanical Breakdown** -- "We" do not pay for loss caused by mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force.

But if a mechanical breakdown or rupturing or bursting of moving parts of machinery caused by centrifugal force results in a "specified peril", the breakage of building glass, or an elevator collision, "we" cover the loss or damage caused by that "specified peril", breakage of building glass, or elevator collision.

This exclusion does not apply to "computers".

- l. **Neglect** -- "We" do not pay for loss caused by "your" neglect to use all reasonable means to save covered property at and after the time of loss.

"We" do not pay for loss caused by "your" neglect to use all reasonable means to save and preserve covered property when endangered by a covered peril.

- m. **Pollutants** -- "We" do not pay for loss caused by or resulting from release, discharge, seepage, migration, dispersal, or escape of "pollutants":
- 1) unless the release, discharge, seepage, migration, dispersal, or escape is caused by a "specified peril" or
 - 2) except as specifically provided under the Supplemental Coverages, Pollutant Cleanup and Removal.

"We" do pay for any resulting loss caused by a "specified peril".

- n. **Seepage** -- "We" do not pay for loss caused by continuous or repeated seepage or leakage of water or steam that occurs over a period of 14 days or more.

- o. **Settling, Cracking, Shrinking, Bulging, or Expanding** -- "We" do not pay for loss caused by settling, cracking, shrinking, bulging, or expanding of pavements, footings, foundations, walls, ceilings, or roofs. But if settling, cracking, shrinking, bulging, or expanding results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

This exclusion does not apply to "computers" and "mobile equipment".

- p. **Smoke, Vapor, or Gas** -- "We" do not pay for loss caused by smoke, vapor, or gas from agricultural smudging or industrial operations.

This exclusion does not apply to "computers" and "mobile equipment".

- q. **Smog** -- "We" do not pay for loss caused by smog. But if smog results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

This exclusion does not apply to "computers" and "mobile equipment".

- r. **Temperature/Humidity** -- "We" do not pay for loss to:

- 1) personal property, except as provided under Coverage Extensions - Off Premises Utility Service Interruption; or
- 2) "perishable stock";

caused by dryness, dampness, humidity, or changes in or extremes of temperature.

But if dryness, dampness, humidity, or changes in or extremes of temperature, as described above, results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

"We" do pay for loss to "computers" that results from direct physical damage by a covered peril to the air conditioning system that services "your" "computers".

- s. **Wear and Tear** -- "We" do not pay for loss caused by wear and tear, marring, or scratching.

But if wear and tear, marring, or scratching results in a "specified peril" or the breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or the breakage of building glass.

- t. **Weather** -- "We" do not pay for loss caused by weather conditions if the weather conditions contribute in any way with a cause or event excluded in paragraph 1. above to produce the loss or damage.

But if weather conditions result in a covered peril, "we" cover the loss or damage caused by that covered peril.

- u. **Voluntary Parting** -- Except as provided under Coverage Extensions - Fraud and Deceit, "we" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense.

ADDITIONAL PROPERTY NOT COVERED OR SUBJECT TO LIMITATIONS

1. **Accounts Receivable** -- "We" do not cover loss to accounts receivables that is a result of:
- a. an error or omission in bookkeeping, accounting, or billing; or

- b. "your" discovery of a discrepancy in "your" books or records if an audit or inventory computation is necessary to prove the factual existence of the discrepancy.
2. **Animals** -- "We" do not cover loss to animals, including but not limited to birds and fish, except death or destruction of animals held for sale caused by "specified perils" or breakage of building glass.
3. **Boilers** -- "We" do not cover loss to steam boilers, steam pipes, steam turbines, or steam engines caused by any condition or occurrence within such equipment. "We" do cover loss to such equipment caused by the explosion of gas or fuel in a firebox, combustion chamber, or flue.
- "We" do not cover loss to hot water boilers or heaters caused by any condition or occurrence within such equipment other than explosion. This exclusion includes bursting, cracking, or rupturing.
4. **Contamination of Perishable Stock Due to Release of Refrigerant** -- "We" do not pay for loss of "perishable stock" due to contamination from the release of a refrigerant, including but not limited to ammonia.
5. **Furs** -- "We" do not cover furs or fur garments for loss by "theft" for more than \$10,000 total in any one occurrence.
6. **Glassware/Fragile Articles** -- "We" do not cover breakage of fragile articles such as glassware and porcelains, except as a result of "specified perils" or breakage of building glass.
- This exclusion does not apply to:
- a. glass that is a part of a building or structure;
 - b. bottles or other containers held for sale;
 - c. lenses of photographic and scientific instruments; or
- d. "fine arts" as described under Supplemental Marine Coverages.
7. **Jewelry, Watches, and Precious Stones** -- "We" do not cover more than \$10,000 total in any one occurrence for loss by "theft" of jewelry, watches, and precious stones, including but not limited to watch movements, jewels, pearls, and semi-precious stones. This limitation does not apply to items of jewelry, watches, or precious stones worth \$100 or less.
8. **Missing Property** -- "We" do not cover missing property when the only proof of loss is unexplained or mysterious disappearance, or shortage discovered on taking inventory, or other instance where there is no physical evidence to show what happened to the property.
- This exclusion does not apply to property in the custody of carriers for hire.
9. **Personal Property in the Open** -- "We" do not cover loss to personal property in the open caused by rain, snow, ice, or sleet.
- This exclusion does not apply to "mobile equipment" or to property in the custody of carriers for hire.
10. **Stamps, Tickets, and/or Letters of Credit** -- "We" do not cover more than \$5,000 total in any one occurrence for loss by "theft" to stamps, tickets (such as lottery tickets held for sale), or letters of credit.
11. **Unauthorized or Fraudulent Transfer** -- Except as provided under Coverage Extensions - Fraud and Deceit, "we" do not cover loss of, or loss caused by the transfer or delivery of covered property from a "covered location" or "your" "computer" to a person or place outside of a "covered location" on the basis of unauthorized or fraudulent instructions, including but not limited to instructions transmitted:
- a. by a computer, whether or not owned by "you", or

- b. via any telecommunications transmission method.
12. **Valuable Papers** -- "We" do not cover loss to "valuable papers" caused by errors or omissions in processing or copying.
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OTHER COVERAGES

1. **Collapse** -- "We" pay for loss caused by direct physical loss involving collapse as described in a., b., and c. below.
- a. Collapse of a building or structure, any part of a building or structure, or personal property inside a building or structure, if the collapse is caused by one or more of the following:
 - 1) "specified perils" or breakage of building glass all only as insured against in this Coverage Part;
 - 2) hidden decay, unless "you" know of the presence of the decay prior to the collapse;
 - 3) hidden insect or vermin damage, unless "you" know of the damage prior to the collapse;
 - 4) weight of people or personal property;
 - 5) weight of rain that collects on a roof; or
 - 6) use of defective material or methods in construction, remodeling, or renovation if the collapse occurs during the course of the construction, remodeling, or renovation.

However, if the collapse occurs after construction, remodeling, or renovation is complete and is caused in part by a peril listed in 1) through 5) above, "we" will pay for the loss or damage even if the use of defective material or methods in construction, remodeling, or renovation, contributes to the collapse.

- b. The following property is covered for loss involving collapse only if the collapse is of a building or structure or any part of a building or structure and is caused by one or more of the causes listed above in 1.a. or collapse caused by "specified perils" or breakage of building glass all only as insured against in this Coverage Part:

- 1) outdoor radio or television antennas (and satellite dishes) and their lead-in wiring, masts, or towers;
- 2) awnings, gutters, and down spouts;
- 3) yard fixtures;
- 4) outdoor swimming pools;
- 5) fences;
- 6) bulkheads, piers, wharves, and docks;
- 7) beach or diving platforms or appurtenances;
- 8) retaining walls that are not part of buildings; and
- 9) bridges, walkways, roadways, and other paved surfaces.

- c. Collapse means a sudden and unexpected falling in or caving in of a building or structure or any portion of a building or structure with the result that the building or portion of the building cannot be occupied for its intended purpose.
- d. The following are not considered to be in a state of collapse:
 - 1) a building or structure that is standing or any portion of a building that is standing even if it displays evidence of bending, bulging, cracking, expansion, leaning, sagging, settling, or shrinkage;
 - 2) a building or structure or any portion of a building structure in danger of falling in or caving; and
 - 3) a portion of a building or structure that is standing even if it has separated from another portion of the building or structure.

2. **Tearing Out and Replacing** -- When "we" cover buildings or structures and a loss caused by water, other liquids, powder, or molten material is covered, "we" also pay the cost of tearing out and replacing any part of the covered building or structure to repair damage to the system or appliance from which the water or other substance escapes.

"We" also pay the cost to repair or replace damaged parts of fire extinguishing equipment if the damage results in discharge of any substance from an automatic fire protection system; or is directly caused by freezing.

WHAT MUST BE DONE IN CASE OF LOSS

1. **Notice** -- In case of a loss, "you" must:
- give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice);
 - give notice to the police when the act that causes the loss is a crime; and
 - give notice to the credit card company if the loss involves a credit card.
2. **Protect Property** -- "You" must take all reasonable steps to protect covered property at and after an insured loss to avoid further loss. "We" will pay the reasonable costs incurred by "you" for necessary repairs or emergency measures performed solely to protect covered property from further damage by a peril insured against if a peril insured against has already caused a loss to covered property. "You" must keep an accurate record of such costs. However "we" will not pay for such repairs or emergency measures performed on property which has not been damaged by a peril insured against. This does not increase "our" "limit".
3. **Proof of Loss** -- "You" must send "us", within 60 days after "our" request, a signed, sworn proof of loss. This must include the following information:
- the time, place, and circumstances of the loss;
 - other policies of insurance that may cover the loss;
 - "your" interest and the interests of all others in the property involved, including all mortgages and liens;
 - changes in title or occupancy of the covered property during the policy period;
 - detailed estimates for repair or replacement of covered property; and
 - an inventory of damaged and undamaged covered property showing in detail the quantity, description, cost, actual cash value, and amount of the loss. "You" must attach to the inventory copies of all bills, receipts, and related documents that substantiate the inventory.
4. **Examination** -- "You" must submit to examination under oath in matters connected with the loss as often as "we" reasonably request and give "us" sworn statements of the answers. If more than one person is examined, "we" have the right to examine and receive statements separately and not in the presence of others.
5. **Records** -- "You" must produce records, including tax returns and bank microfilms of all canceled checks relating to value, loss, and expense and permit copies and extracts to be made of them as often as "we" reasonably request.
6. **Damaged Property** -- "You" must exhibit the damaged and undamaged property as often as "we" reasonably request and allow "us" to inspect or take samples of the property.

7. **Volunteer Payments** -- "You" must not, except at "your" own expense, voluntarily make any payments, assume any obligations, pay or offer any rewards, or incur any other expenses except as respects protecting property from further damage.
8. **Abandonment** -- "You" may not abandon the property to "us" without "our" written consent.
9. **Cooperation** -- "You" must cooperate with "us" in performing all acts required by the Commercial Output Program coverages.
3. **Fine Arts** -- The value of "fine arts" will be based on the fair market value at the time of loss.
4. **Glass** -- The value of glass will be based on the cost of safety glazing material where required by code, ordinance, or law.
5. **Hardware** -- The following is the value of "hardware":
 - a. **Hardware That Is Replaced** -- The value of "hardware" that is replaced will be based on the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced.
 - b. **Hardware That Is Not Replaced** -- The value of "hardware" that is not repaired or replaced will be based on the actual cash value at the time of loss (with a deduction for depreciation).
 - c. **Partial Loss** -- In no event will "we" pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.

VALUATION

1. **Replacement Cost** -- The value of covered property will be based on replacement cost without any deduction for depreciation unless Actual Cash Value is indicated on the "schedule of coverages".

The replacement cost is limited to the cost of repair or replacement with similar materials on the same site and used for the same purpose. The payment will not exceed the amount "you" spend to repair or replace the damaged or destroyed property.

Replacement cost valuation does not apply until the damaged or destroyed property is repaired or replaced. "You" may make a claim for actual cash value before repair or replacement takes place, and later for the replacement cost if "you" notify "us" of "your" intent within 180 days after the loss.

This replacement cost provision does not apply to paragraphs 3. through 13. below.

2. **Actual Cash Value** -- When Actual Cash Value is indicated on the "schedule of coverages" for covered property, the value of covered property will be based on the actual cash value at the time of the loss (with a deduction for depreciation) except as provided in paragraphs 3. through 13. below.

6. **Software** -- The following is the value of "software":
 - a. **Programs and Applications** -- The value of "programs and applications" will be based on the cost to reinstall the "programs or applications" from the licensed discs that were originally used to install the programs or applications.

If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".

- b. **Proprietary Programs** -- The value of "proprietary programs" will be based on the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.
- If duplicate copies do not exist, the value of "proprietary programs" will be based on the cost of research or other expenses necessary to reproduce, replace, or restore lost "proprietary programs".
- c. **Data Records** -- The value of "data records" will be based on the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.
- If duplicate copies do not exist, the value of "data records" will be based on the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents, and records.
- d. **Media** -- The value of "media" will be based on the cost to repair or replace the "media" with material of the same kind or quality.
7. **Merchandise Sold** -- The value of merchandise that "you" have sold but not delivered will be based on the selling price less all discounts and unincurred expenses.
8. **Manufactured Stock** -- The value of stock manufactured by "you" will be based on the price that such stock would have been sold for, less all discounts and unincurred expenses.
9. **Pair or Set** -- The value of a lost or damaged article which is part of a pair or set is based on a reasonable proportion of the value of the entire pair or set. The loss is not considered a total loss of the pair or set.
10. **Loss to Parts** -- The value of a lost or damaged part of an item that consists of several parts when it is complete is based on the value of only the lost or damaged part or the cost to repair or replace it.
11. **Tenant's Improvements** -- The value of lost or damaged tenant's improvements and the loss of undamaged tenant's improvements due to the cancellation of a lease will be based on the replacement cost if repaired or replaced at "your" expense within 24 months.
- The value of lost or damaged tenant's improvements and the loss of undamaged tenant's improvements due to the cancellation of a lease will be based on a portion of "your" original cost if not repaired or replaced within 24 months. This portion is determined as follows:
- divide the number of days from the date of the loss to the expiration date of the lease by the number of days from the date of installation to the expiration date of the lease; and
 - multiply the figure determined in 11.a. above by the original cost.
- If "your" lease contains a renewal option, the expiration of the lease in this procedure will be replaced by the expiration of the renewal option period.
- Lost or damaged tenant's improvements and the loss of undamaged tenant's improvements due to the cancellation of a lease are not covered if repaired or replaced at another's expense.
12. **Valuable Papers** -- The value of "valuable papers" will be based on their actual cash value at the time of loss.
13. **Accounts Receivable** -- The value of accounts receivable will be based on the total sum of accounts receivable due. From this total "we" will deduct:
- all amounts due from the records of accounts receivable that are not lost;

- b. all amounts due that can be established by other means;
- c. all amounts due that "you" have collected from the records that are lost;
- d. all unearned interest and service charges; and
- e. an amount to allow for bad debts.

If a loss occurs and "you" cannot establish the actual accounts receivable due, it will be determined as follows:

- a. "We" will determine the total of the average monthly accounts receivable amounts for the 12 month period that directly precedes the month in which the loss occurred.
- b. "We" will adjust the total for any normal variance in the accounts receivable amount for the month in which the loss occurred.

HOW MUCH WE PAY

- 1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.
- 2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount stated on the "schedule of coverages" in any one occurrence. The deductible applies to the loss before application of any coinsurance or reporting provisions.
- 3. **Earthquake Period** -- All earthquakes or volcanic eruptions that occur within a 168-hour period will be considered a single event. This 168-hour period is not limited by the policy expiration.

- 4. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 3., 5., 6., and 7. under How Much We Pay and coinsurance provisions (if applicable), "we" pay the lesser of:

- a. the amount determined under Valuation;
- b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or
- c. the "limit" that applies to covered property.

- 5. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.

- 6. **Insurance Under More Than One Policy** -- "You" may have another policy subject to the same plan, "terms", conditions, and provisions as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

If there is another policy covering the same loss, other than that described above, "we" will pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" will not pay more than the applicable "limit".

- 7. **Automatic Increase** -- The "limit" on the "schedule of coverages" or the Scheduled Locations Endorsement is automatically increased annually by the annual percentage shown on the "schedule of coverages" or Scheduled Locations Endorsement for Automatic Increase.

LOSS PAYMENT

1. **Our Options** -- In the event of loss covered by this coverage form, "we" have the following options:
 - a. pay the value of the lost or damaged property;
 - b. pay the cost of repairing or replacing the lost or damaged property;
 - c. rebuild, repair, or replace the property with other property of equivalent kind and quality, to the extent practicable, within a reasonable time; or
 - d. take all or any part of the property at the agreed or appraised value.

"We" must give "you" notice of "our" intent to rebuild, repair, or replace within 30 days after receipt of a duly executed proof of loss.
2. **Your Losses** -- "We" will adjust all losses with "you". Payment will be made to "you" unless another loss payee is named in the policy. An insured loss will be payable 30 days after a satisfactory proof of loss is received, and the amount of the loss has been established either by written agreement with "you" or the filing of an appraisal award with "us".
3. **Property of Others** -- Losses to property of others may be adjusted with and paid to:
 - a. "you" on behalf of the owner; or
 - b. the owner.

If "we" pay the owner, "we" do not have to pay "you". "We" may also choose to defend any suits arising from the owners at "our" expense.

OTHER CONDITIONS

In addition to the "terms" which are contained in other sections of the Commercial Output Program coverages, the following conditions apply.

1. **Appraisal** -- If "you" and "we" do not agree on the amount of the loss or the value of covered property, either party may demand that these amounts be determined by appraisal.

If either makes a written demand for appraisal, each will select a competent, independent appraiser and notify the other of the appraiser's identity within 20 days of receipt of the written demand. The two appraisers will then select a competent, impartial umpire. If the two appraisers are unable to agree upon an umpire within 15 days, "you" or "we" can ask a judge of a court of record in the state where the property is located to select an umpire.

The appraisers will then determine and state separately the amount of each loss.

The appraisers will also determine the value of covered property items at the time of the loss, if requested.

If the appraisers submit a written report of any agreement to "us", the amount agreed upon will be the amount of the loss. If the appraisers fail to agree within a reasonable time, they will submit only their differences to the umpire. Written agreement so itemized and signed by any two of these three sets the amount of the loss.

Each appraiser will be paid by the party selecting that appraiser. Other expenses of the appraisal and the compensation of the umpire will be paid equally by "you" and "us".

2. **Benefit to Others** -- Insurance under the Commercial Output Program coverages will not directly or indirectly benefit anyone having custody of "your" property.
3. **Conformity With Statute** -- When a condition of this coverage is in conflict with an applicable law, that condition is amended to conform to that law.
4. **Control of Property** -- The Commercial Output Policy coverages are not affected by any act or neglect beyond "your" control.
5. **Death** -- If "you" die, "your" rights and duties will pass to "your" legal representative but only while acting within the scope of duties as "your" legal representative. Until "your" legal representative is appointed, anyone having proper temporary custody of "your" property will have "your" rights and duties but only with respect to that property.
6. **Liberalization** -- If a revision of a form or endorsement which broadens Commercial Output Program coverages without additional premium is adopted during the policy period, or within six months before this coverage is effective, the broadened coverage will apply.
7. **Misrepresentation, Concealment, or Fraud** -- These Commercial Output Program coverages are void as to "you" and any other insured if, before or after a loss:
 - a. "you" or any other insured have willfully concealed or misrepresented:
 - 1) a material fact or circumstance that relates to this insurance or the subject thereof; or
 - 2) "your" interest herein; or
 - b. there has been fraud or false swearing by "you" or any other insured with regard to a matter that relates to this insurance or the subject thereof.
8. **Policy Period** -- "We" pay for a covered loss that occurs during the policy period.
9. **Recoveries** -- If "we" pay "you" for the loss and lost or damaged property is recovered, or payment is made by those responsible for the loss, the following provisions apply:
 - a. "you" must notify "us" promptly if "you" recover property or receive payment;
 - b. "we" must notify "you" promptly if "we" recover property or receive payment;
 - c. any recovery expenses incurred by either are reimbursed first;
 - d. "you" may keep the recovered property, but "you" must refund to "us" the amount of the claim paid, or any lesser amount to which "we" agree; and
 - e. if the claim paid is less than the agreed loss due to a deductible or other limiting "terms" of this policy, any recovery will be prorated between "you" and "us" based on "our" respective interest in the loss.
10. **Restoration of Limits** -- Except as indicated under Supplemental Coverages - Pollutant Cleanup and Removal and Supplemental Marine Coverages - Virus and Hacking Coverage, any loss "we" pay under the Commercial Output Program coverages does not reduce the "limits" applying to a later loss.
11. **Subrogation** -- If "we" pay for a loss, "we" may require "you" to assign to "us" "your" right of recovery against others. "You" must do all that is necessary to secure "our" rights. "We" will not pay for a loss if "you" impair this right to recover.

"You" may waive "your" right to recover from others in writing before a loss occurs.
12. **Suit Against Us** -- No one may bring a legal action against "us" under this coverage unless:
 - a. all of the "terms" of the Commercial Output Program coverages have been complied with; and

- b. the suit has been brought within two years after "you" first have knowledge of the loss.

If any applicable law makes this limitation invalid, then suit must begin within the shortest period permitted by the law.

13. **Territorial Limits** -- "We" cover property while in the United States of America, its territories and possessions, Canada, and Puerto Rico.

However, "we" do cover foreign shipments as described under Overseas Transit.

14. **Mortgage Provisions** -- If a mortgagee (mortgage holder) is named in this policy, loss to building property will be paid to the mortgagee and "you" as their interest appears. If more than one mortgagee is named, they will be paid in order of precedence.

The insurance for the mortgagee continues in effect even when "your" insurance may be void because of "your" acts, neglect, or failure to comply with the coverage "terms". The insurance for the mortgagee does not continue in effect if the mortgagee is aware of changes in ownership or substantial increase in risk and does not notify "us".

If "we" cancel this policy, "we" will notify the mortgagee at least ten days before the effective date of cancellation if "we" cancel for "your" nonpayment of premium, or 30 days before the effective date of cancellation if "we" cancel for any other reason.

"We" may request payment of the premium from the mortgagee if "you" fail to pay the premium.

If "we" pay the mortgagee for a loss where "your" insurance may be void, the mortgagee's right to collect that portion of the mortgage debt from "you" then belongs to "us". This does not affect the mortgagee's right to collect the remainder of the mortgage debt from "you".

As an alternative, "we" may pay the mortgagee the remaining principal and accrued interest in return for a full assignment of the mortgagee's interest and any instruments given as security for the mortgage debt.

If "we" choose not to renew this policy, "we" will give written notice to the mortgagee at least ten days before the expiration date of this policy.

15. **Vacancy - Unoccupancy** -- "We" do not pay for loss caused by attempted "theft"; breakage of building glass; sprinkler leakage (unless "you" have protected the system against freezing); "theft"; vandalism; or water damage occurring while the building or structure has been:

- a. vacant for more than 60 consecutive days; or
- b. unoccupied for more than:
- 1) 60 consecutive days; or
 - 2) the usual or incidental unoccupancy period for a "covered location";

whichever is longer.

The amount "we" will pay will be reduced by 15% for any loss by a covered peril, not otherwise excluded above, if the building or structure is vacant or unoccupied, as described above.

Unoccupied means that the customary activities or operations at a "covered location" are suspended, but business personal property has not been removed. The building or structure will be considered vacant and not unoccupied when the occupants have moved, leaving the building or structure empty or containing only limited business personal property. Buildings or structures under construction are not considered vacant or unoccupied.

COMMERCIAL OUTPUT PROGRAM INCOME COVERAGE PART

Coverage provided under this coverage part is also subject to the "terms" and conditions in the Commercial Output Program - Property Coverage Part under the sections titled Agreement, Definitions, Property Not Covered, Perils Covered, Perils Excluded, What Must Be Done In Case Of Loss, Loss Payment, and Other Conditions.

COVERAGE OPTIONS

One of the following described coverage options applies when that option is indicated on the "schedule of coverages":

1. Earnings, "rents", and extra expense.
2. Earnings and extra expense.
3. "Rents" and extra expense.
4. Extra expense only.

If option 1. above is selected, the term Earnings includes "rents". When Option 3. is indicated, the term Earnings means only "rents".

COVERAGE

"We" provide the following coverage unless the coverage is excluded or subject to limitations.

"We" provide the coverages described below during the "restoration period" when "your" "business" is necessarily wholly or partially interrupted by direct physical loss of or damage to property at a "covered location" or in the open (or in vehicles) within 1,000 feet thereof as a result of a covered peril.

If "you" lease, rent, or do not own the building "you" occupy, for the purposes of determining an Income Coverage loss, "your" location is the space that "you" lease, rent, or occupy, including but not limited to:

1. all passageways to "your" location within the building; and
2. "your" business personal property in the open (or in a vehicle) within 1,000 feet.

EARNINGS

"We" cover "your" actual loss of net income (net profit or loss before income taxes) that would have been earned or incurred and continuing operating expenses normally incurred by "your" "business", including but not limited to payroll expense.

The net sales value of goods that would have been produced is included in net income for manufacturing risks.

EXTRA EXPENSE

"We" cover only the extra expenses that are necessary during the "restoration period" that "you" would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a covered peril.

"We" cover any extra expense to avoid or reduce the interruption of "business" and continue operating at a "covered location", replacement location, or a temporary location. This includes expenses to relocate and costs to outfit and operate a replacement or temporary location.

"We" will also cover any extra expense to reduce the interruption of "business" if it is not possible for "you" to continue operating during the "restoration period".

To the extent that they reduce a loss otherwise payable under this Coverage Part, "we" will cover any extra expenses to:

1. repair, replace, or restore any property; and
 2. research, replace, or restore information on damaged "valuable papers" or "data records".
-

EXCLUSIONS AND LIMITATIONS

The following exclusions apply in addition to the exclusions and limitations in the Commercial Output Program - Property Coverage Part.

1. **Finished Stock** -- "We" do not cover loss caused by or resulting from loss or damage to stock manufactured by "you" which is ready to pack, ship, or sell. This includes loss caused by or resulting from the time required to reproduce such stock. This does not apply to stock manufactured and held for sale at retail outlets that "you" own and that are insured under this Coverage Part.
2. **Leases, Licenses, Contracts, or Orders** -- "We" do not cover any increase in loss due to the suspension, lapse, or cancellation of leases, licenses, contracts, or orders.

However, "we" do cover loss during the "restoration period" if the suspension, lapse, or cancellation results directly from the interruption of "your" "business".

"We" do not cover any extra expense caused by the suspension, lapse, or cancellation of leases, licenses, contracts, or orders beyond the "restoration period".

3. **Strikes, Protests, and Other Interference** -- "We" do not cover any increase in loss due to interference by strikers or other persons at a "covered location". This applies to interference with rebuilding, repairing, or replacing the property or with resuming "your" "business".

INCOME COVERAGE EXTENSIONS

The following Income Coverage Extensions indicate an applicable "limit" or limitation. This "limit" or limitation may also be shown on the "schedule of coverages". If a different "limit" or limitation is indicated on the "schedule of coverages", that "limit" or limitation will apply instead of the "limit" or limitation shown below.

The following Income Coverage Extensions are part of and not in addition to the applicable Income Coverage "limit".

1. **Interruption by Civil Authority** -- "We" extend "your" coverage for earnings and extra expense to include loss sustained while access to "covered locations" or a "dependent location" is specifically denied by an order of civil authority. This order must be a result of direct physical loss of or damage to property, other than at a "covered location" and must be caused by a covered peril. Unless otherwise indicated on the "schedule of coverages", this Income Coverage Extension is limited to 30 consecutive days from the date of the order.
2. **Period of Loss Extension After Business Resumes** -- "We" extend "your" coverage for earnings to cover loss from the date the covered property that incurred the loss is rebuilt, repaired, or replaced and "business" is resumed or tenantability is restored until:
 - a. the end of 90 consecutive days (unless otherwise indicated on the "schedule of coverages"); or
 - b. the date "you" could reasonably resume "your" "business" to the conditions that would generate the earnings amount or "rents" that would have existed had no loss or damage occurred,

whichever is earlier.

Loss of earnings or "rents" must be caused by direct physical loss of or damage to property at a "covered location" or in the open (or in vehicles) within 1,000 feet thereof as a result of a covered peril.

SUPPLEMENTAL INCOME COVERAGES

Unless otherwise indicated, the following Supplemental Income Coverages apply separately to each "covered location".

The following Supplemental Income Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages". If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

Unless otherwise indicated, a "limit" for a Supplemental Income Coverage provided below is separate from, and not part of, the applicable Income Coverage "limit". The "limit" available for coverage described under a Supplemental Income Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Income Coverage and the Income Coverage "limit".

The "limit" provided under a Supplemental Income Coverage cannot be combined or added to the "limit" for any other Supplemental Income Coverage.

1. Computer Virus and Hacking --

- a. **Coverage** -- Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses caused by a "computer virus" or by "computer hacking" that results in:
 - 1) direct physical loss or damage to covered "computers", "your" computer network, or "your" Web site; or
 - 2) denial of access to or services from "your" "computer", "your" computer network, or "your" Web site.

- b. **Exclusions** -- "We" do not cover loss of earnings or extra expenses under this Supplemental Income Coverage that results from:

- 1) loss of exclusive use of any "data records" or "proprietary programs" that have been copied, scanned, or altered;
- 2) loss of or reduction in economic or market value of any "data records" or "proprietary programs" that have been copied, scanned, or altered; or
- 3) theft from "your" "data records" or "proprietary programs" of confidential information through the observation of the "data records" or "proprietary programs" by accessing covered "computers", "your" computer network, or "your" Web site without any alteration or other physical loss or damage to the records or programs.

Confidential information includes, but is not limited to customer information, processing methods, or trade secrets.

- c. **Waiting Period** -- Unless otherwise indicated on the "schedule of coverages", "we" do not pay for "your" loss of earnings under this Supplemental Income Coverage until after the first 12 hours following the direct physical loss of or damage to "your" "computers", "your" computer network, or "your" Web site. This waiting period does not apply to extra expenses that "you" incur.
- d. **Applicable Limit** -- The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$25,000.

The most "we" pay for all covered losses under this Supplemental Income Coverage during each 12-month period of this policy is \$75,000.

2. **Dependent Locations** -- Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted by direct physical loss of or damage, caused by a covered peril, to property at a "dependent location".

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$100,000.

3. **Off Premises Utility Service Interruption** --

- a. **Coverage** -- Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted due to the interruption of an off premises utility services when the interruption is a result of direct physical loss or damage by a covered peril to property that is not located at a "covered location" and that is owned by a utility, a landlord, or another supplier who provides "you" with:

- 1) power or gas;
- 2) telecommunications, including but not limited to Internet access; or
- 3) water, including but not limited to waste water treatment.

- b. **Overhead Transmission Lines** -- If the "schedule of coverages" indicates that overhead transmission lines are excluded, coverage under this Supplemental Income Coverage does not include loss to overhead transmission lines that deliver utility service to "you". Overhead transmission lines include, but are not limited to:

- 1) overhead transmission and distribution lines;
- 2) overhead transformers and similar equipment; and
- 3) supporting poles and towers.

- c. **Waiting Period** -- Unless otherwise indicated on the "schedule of coverages", "we" do not pay for "your" loss of earnings under this Supplemental Income Coverage until after the first 12 hours following the direct physical loss of or damage to the property owned by a utility, a landlord, or another supplier. This waiting period does not apply to extra expenses that "you" incur.

- d. **Applicable Limit** -- The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$10,000.

4. **Pollutant Cleanup and Removal** -- When there is a loss to a "covered location" caused by a covered peril, coverage for earnings is extended to loss of earnings during the "restoration period" due to the increased time of interruption of "your" "business" caused by the enforcement of any ordinance, law, or decree that requires "you" to extract "pollutants" from land or water at the "covered location".

This Supplemental Income Coverage only applies if the discharge, dispersal, seepage, migration, release, or escape of the "pollutants" into the land or water at the "covered locations" is caused by a covered peril and occurs during the policy period.

Coverage for earnings is not extended to loss of earnings during the "restoration period" due to the increased time of interruption of "your" "business" caused by the enforcement of any ordinance, law, or decree that requires "you" to test, evaluate, observe, or record the existence, level, or effects of "pollutants". However, "we" cover the increased period of interruption when testing is necessary for the extraction of "pollutants" from land or water.

The ordinance, law, or decree must be in force at the time of loss.

The most "we" pay in any one occurrence or at any one location under this Supplemental Income Coverage is \$25,000.

5. **Contract Penalty** -- Coverage for earnings is extended to cover contract penalties that "you" are assessed or are required to pay because "you" are unable to complete a project or fill an order in accordance with contract terms or conditions.

"Your" inability to complete a project or fill an order on time must be a direct result of physical loss of or damage to covered property caused by a covered peril at a "covered location".

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$25,000.

The most "we" pay for all covered losses under this Supplemental Income Coverage during each 12-month period of this policy is \$100,000.

6. **Property In Transit, On Exhibition, or In The Custody Of Sales Representatives** -- Coverage for earnings is extended to loss of earnings during the "restoration period" when "your" "business" is interrupted as a result of a direct physical loss, caused by a covered peril, to property in transit, on exhibition, or in the custody of sales representatives as described under the Supplemental Marine Coverages in Commercial Output Program - Property Coverage Part.

The most "we" pay in any one occurrence under this Supplemental Income Coverage is \$10,000.

WHAT MUST BE DONE IN CASE OF LOSS

Other "terms" relating to What Must Be Done In Case Of Loss also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

Intent to Continue Business -- If "you" intend to continue "your" "business", "you" must resume all or part of "your" "business" as soon as possible.

VALUATION

1. **Earnings** -- In determining an earnings loss "we" consider:
- the experience of "your" "business", before the loss and the probable experience during the time of interruption had no loss occurred;
 - "your" continuing operating expenses normally incurred by "your" "business", including but not limited to payroll expense necessary to resume "business" to a similar level of service that existed before the occurrence of direct physical loss or damage; and
 - pertinent sources of information and reports including:
 - "your" accounting procedures and financial records;
 - bills, invoices, and other vouchers;
 - contracts, deeds, and liens;
 - reports on feasibility and status; and
 - records documenting "your" budget and marketing objectives and results.

"We" do not pay for any increase in loss due to "your" failure to use reasonable efforts to resume all or part of "your" "business". This includes making use of other locations and property to reduce the loss.

If "your" "business" is not resumed as soon as possible, or if it is not resumed at all, the value of loss payment is based on the period of time it would have otherwise taken to resume "your" "business" as soon as possible.

Only as regards coverage described under Dependent Locations in the Income Coverage Extensions, "we" will reduce the amount of "your" loss of earnings to the extent "you" can resume "your" "business" by using other available sources of materials or outlets for "your" products.

2. **Extra Expense** -- In determining extra expenses that "you" have incurred, "we" consider the salvage value of any property bought for temporary use during the "restoration period" and it will be deducted from the amount of loss determined for extra expense.

HOW MUCH WE PAY

Other "terms" relating to How Much We Pay also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

"We" pay no more than the Income Coverage "limit" indicated on the "schedule of coverages" for any one loss. Payment for earnings, extra expense, and "rents" combined does not exceed the "limit".

LOSS PAYMENT

See the Commercial Output Program - Property Coverage Part.

OTHER CONDITIONS

The following condition applies as it relates to this Coverage Part, other "terms" also apply. These "terms" are described in the Commercial Output Program - Property Coverage Part.

Appraisal -- If "you" and "we" do not agree on the amount of net income (net profit or loss before income taxes), payroll expense, and operating expenses, or the amount of loss, either party may demand that these amounts be determined by appraisal in accordance with the provisions described in the Commercial Output Program - Property Coverage Part under Other Conditions, Appraisal.

EQUIPMENT BREAKDOWN COVERAGE PART

Coverage provided under this coverage part is also subject to the "terms" and conditions in the Commercial Output Program - Property Coverage Part under the sections titled Agreement, Definitions, Property Not Covered, What Must Be Done In Case Of Loss, Loss Payment, and Other Conditions.

Reference to Equipment Breakdown Schedule or schedule in this coverage part means the Equipment Breakdown Schedule or the "schedule of coverages".

ADDITIONAL DEFINITIONS

Some of the following definitions may not appear elsewhere in this coverage part, but may appear in the Equipment Breakdown Schedule.

1. "Boilers and vessels" means:
 - a. Boilers, including attached steam, condensate, and feedwater piping; and
 - b. Fired or unfired pressure vessels subject to vacuum or internal pressure other than the static pressure of its contents.
2. "Production machinery" means machines or apparatus that process or produce a product intended for eventual sale. This includes all component parts of such machine or apparatus and any other equipment used exclusively with such machine or apparatus.
3. "Suit" means a judicial proceeding that has been set up to determine liability and damages for loss to property of others consisting of covered property that is in "your" care, custody, or control. Judicial proceedings also includes arbitration proceedings that "you" may be required to submit to.

COVERAGE

Property Damage -- "We" cover direct physical loss to covered property caused by or resulting from an "accident" to "covered equipment" at "covered locations".

The term covered property as used in this coverage part means the types of property described under the Property Covered section of the Commercial Output Program - Property Coverage Part as well as the covered property described in the Supplemental and Supplemental Marine Coverages.

ADDITIONAL PROPERTY NOT COVERED

In addition to the property identified under the Property Not Covered in the Commercial Output Program - Property Coverage Part, the following additional property is not covered:

1. **Animals** -- "We" do not cover animals, including but not limited to:
 - a. birds and fish;
 - b. animals owned by others and boarded by "you"; and
 - c. animals "you" own and hold for sale.
2. **Perishable Stock** -- "We" do not pay for loss of "perishable stock" due to:
 - a. "spoilage" that results from an "accident" to "covered equipment";
 - b. contamination from the release of a refrigerant, including but not limited to ammonia;

- c. "spoilage" that results from a complete or partial lack of electrical power; or
- d. "spoilage" that results from a fluctuation of electrical current.

COVERAGE EXTENSIONS

If indicated on the Equipment Breakdown Schedule, the following additional coverages also apply to loss caused by or resulting from an "accident" to "covered equipment". The most that "we" will pay for loss arising from any "one accident" is the amount indicated on the schedule for the applicable Coverage Extension.

If two or more "limits" apply to the same portion of a loss, "we" will only pay the smaller "limit" for that portion of the loss.

Except as otherwise provided, the "limits" for the additional coverages are a part of, and not in addition to, the Property Damage Limit.

1. Income Coverages --

- a. **Coverage** -- If a "limit" is indicated on the Equipment Breakdown Schedule, "we" provide the coverages described below during the "restoration period" when "your" "business" is necessarily wholly or partially interrupted as a result of an "accident" to "covered equipment".

This coverage applies only when the "accident" to "covered equipment" occurs at "covered locations" or in the open (or in vehicles) within 1,000 feet thereof.

If "you" lease, rent, or do not own the building "you" occupy, for the purposes of determining an Income Coverage loss, "your" location is the space that "you" lease, rent, or occupy, including but not limited to:

- 1) all passageways to "your" location within the building; and

- 2) "your" business personal property in the open (or in a vehicle) within 1,000 feet.

- b. **Coverage Options** -- Coverage options include:

- 1) Earnings, "rents", and extra expense.
- 2) Earnings and extra expense.
- 3) "Rents" and extra expense.
- 4) Extra expense only

Earnings includes "rents" when option 1. is selected. Earnings means only "rents" when option 3. is selected.

- c. **Earnings** -- "We" cover "your" actual loss of net income (net profit or loss before income taxes) that would have been earned or incurred and continuing operating expenses normally incurred by "your" "business", including but not limited to payroll expense.

The net sales value of goods that would have been produced is included in net income for manufacturing risks.

- d. **Extra Expense** -- "We" cover only the extra expenses that are necessary during the "restoration period" that "you" would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from an "accident" to "covered equipment".

"We" cover any extra expense to avoid or reduce the interruption of "business" and continue operating at a "covered location", replacement location, or a temporary location. This includes expenses to relocate and costs to outfit and operate a replacement or temporary location.

"We" will also cover any extra expense to reduce the interruption of "business" if it is not possible for "you" to continue operating during the "restoration period".

To the extent that they reduce a loss otherwise payable under this Coverage Part, "we" will cover any extra expenses to:

- 1) repair, replace, or restore any property; and
- 2) research, replace, or restore information on damaged "valuable papers" or "data records".

e. **Period of Loss Extension After Business Resumes** -- "We" extend "your" coverage for earnings to cover loss from the date the covered property that incurred the loss is rebuilt, repaired, or replaced until:

- 1) the end of 30 consecutive days (unless otherwise indicated on the schedule); or
- 2) the date "you" could reasonably resume "your" "business" to the conditions that would generate the earnings amount or "rents" that would have existed had no loss or damage occurred,

whichever is earlier. This does not increase the "limit".

2. **Expediting Expenses** -- "We" pay the reasonable extra costs to expedite permanent repairs or replacement and make temporary repairs to damaged covered property.
3. **Pollutants** -- "We" pay for the additional cost to repair or replace covered property because of contamination by "pollutants". This includes the additional expenses to clean up or dispose of such property.

Additional expenses mean those beyond what would have been required had no "pollutants" been involved.

"We" will also pay for additional loss as described under Income Coverages caused by contamination by "pollutants", if this coverage is also indicated on the Equipment Breakdown Schedule.

4. **Ordinance or Law** --

a. **Undamaged Parts of a Building** -- When an "accident" to "covered equipment" at a "covered location" occurs, "we" pay for the value of undamaged parts of a covered building or structure that is required to be demolished as a result of the enforcement of any ordinance, law, or decree that:

- 1) requires the demolition of undamaged parts of a covered building or structure that is damaged or destroyed by an "accident" to "covered equipment";
- 2) regulates the construction or repair of a building or structure, or establishes building, zoning, or land use requirements at a "covered location"; and
- 3) is in force at the time of loss.

"We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants".

b. **Increased Cost to Repair and Cost to Demolish and Clear Site** --

- 1) **Increased Cost to Repair** -- When an "accident" occurs to "covered equipment" at a "covered location", "we" cover the:
 - a) increased cost to repair, rebuild, or reconstruct damaged portions of a covered building or structure; and

- b) increased cost to repair, rebuild, or reconstruct undamaged portions of a covered building or structure whether or not those undamaged portions need to be demolished;

as a result of the enforcement of building, zoning, or land use ordinance, law, or decree and is in force at the time when the "accident" to covered equipment occurs at a covered location.

If a covered building or structure is repaired or rebuilt, it must be intended for similar occupancy as the current property, unless otherwise required by building, zoning, or land use ordinance, law, or decree.

"We" do not cover the increased cost of construction until the covered building or structure is actually repaired or replaced and unless the repairs or replacement are made as soon as reasonably possible after the loss, not to exceed two years.

- 2) **Cost to Demolish and Clear Site** -- "We" cover the cost to demolish and clear the site of undamaged parts of the covered building or structure that is damaged or destroyed by an "accident" to "covered equipment". The demolition must be a result of the enforcement of a building, zoning, or land use ordinance, law, or decree that is in force at the time when the "accident" occurs to "covered equipment".
- 3) **We Do Not Cover** -- "We" do not cover the costs associated with the enforcement of any ordinance, law, or decree that:

- a) requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, or neutralize or in any way respond to or assess the effects of "pollutants"; or

- b) "you" were required to comply with before the occurrence of an "accident" to "covered equipment" at a "covered location", even if the building or structure was undamaged and "you" failed to comply with the ordinance, law, or decree.

- 4) **What We Pay If The Building Is Repaired or Replaced** -- If the covered building or structure is repaired or replaced, "we" pay the lesser of:

- a) the amount "you" actually spend to demolish and clear the site, plus the actual increased cost to repair, rebuild, or construct the property but not for more than a building or structure of the same height, floor area, and style; or
- b) the "limit" indicated on the Schedule.

- 5) **What We Pay If The Building Is Not Repaired or Replaced** -- If the covered building or structure is not repaired or replaced, "we" pay the lesser of:

- a) the amount "you" actually spend to demolish and clear the site, plus the cost "you" would have incurred to replace damaged or destroyed property with other property of like kind, and quality; of the same height, floor area, and style; and used for the same purpose; or
- b) the "limit" indicated on the schedule.

5. **Off Premises Utility Service Interruption --**
"We" extend Income Coverages to loss of earnings or extra expenses that "you" incur during the "restoration period" when "your" "business" is interrupted due to the interruption of an off premises utility service when the interruption is a result of an "accident" to "covered equipment" that is not located at a "covered location" and that is owned by a utility, a landlord, or another supplier who provides "you" with:

- a. power or gas;
- b. telecommunications, including but not limited to Internet access; or
- c. water, including but not limited to waste water treatment.

6. **Defense Costs --** "We" have the right and duty to defend any "suit" brought against "you" as a result of damage to property of others that is in "your" care, custody, or control and is caused by an "accident" to "covered equipment". "We" may investigate and settle a claim or "suit". "We" do not have to provide a defense after "we" have paid the "limit" as a result of a judgment or written settlement.

"You" must not admit liability for a loss, settle a claim, or incur expense without "our" written consent. "You" must not interfere with "our" negotiation for a settlement.

"We" will pay the following additional expenses associated with any "suit" "we" defend:

- a. Expenses which "we" incur while investigating and defending the "suit".
- b. Actual loss of "your" salary, up to \$250 per day, for "your" time spent away from work at "our" request.
- c. Expenses that "you" incur at "our" request.
- d. All costs that "you" are required to pay as a result of any "suit" "we" defend.

- e. Interest that accrues after entry of a judgment, until "we" tender, deposit in court, or pay "our" part of the judgment.
- f. Interest that is awarded against "you" before the entry of a judgment. If "we" make an offer to settle the "suit", "we" will not pay any interest that accrues after the offer to settle.
- g. Cost of a bond for the release of attachments. "We" are not required to furnish a bond itself.

This Coverage Extension will not reduce the available Property Damage Limit and does not have to be indicated on the schedule.

PERILS COVERED

"We" cover risks of direct physical loss caused by or resulting from an "accident" to "covered equipment" unless the loss is limited or caused by a peril that is excluded.

PERILS EXCLUDED

- 1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.
 - a. **Ordinance or Law --** Except as provided under Coverages Extensions - Ordinance or Law, "we" do not pay for loss or increased cost caused by enforcement of any code, ordinance, or law regulating the use, construction, or repair of any building or structure; or requiring the demolition of any building or structure including the cost of removing its debris.

b. **Earth Movement or Volcanic Eruption** -- "We" do not pay for loss caused by any earth movement or caused by eruption, explosion, or effusion of a volcano. Earth movement includes, but is not limited to: earthquake; landslide; mudflow; mudslide; mine subsidence; or sinking, rising, shifting of earth, or "sinkhole collapse".

c. **Civil Authority** -- "We" do not pay for loss caused by order of any civil authority, including seizure, confiscation, destruction, or quarantine of property.

d. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from a nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means).

e. **War and Military Action** -- "We" do not pay for loss caused by:

- 1) war, including undeclared war or civil war; or
- 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or
- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

f. **Water** -- "We" do not pay for loss caused by water. This means:

- 1) "flood";

- 2) water that backs up through a sewer or drain; and

- 3) water below the surface of the ground. This includes water that exerts pressure on or flows, seeps, or leaks through or into a building or structure, sidewalk, driveway, foundation, swimming pool, or other structure.

However, if electrical "covered equipment" requires drying out as a result of the above described peril, "we" pay for the direct expenses for drying out the electrical "covered equipment".

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

a. **Wear, Tear, Deterioration, and Corrosion** -- "We" do not pay for loss caused by wear and tear, marring, scratching, deterioration, erosion, or corrosion.

"We" do pay for any resulting loss caused by an "accident".

b. **Animals** -- "We" do not pay for loss caused by animals, including birds, insects, or vermin. "We" do pay for any resulting loss caused by an "accident".

c. **Windstorm and Hail** -- "We" do not pay for loss caused by windstorm or hail.

d. **Fire and Combustion Explosion** -- "We" do not pay for loss caused by fire or combustion explosion whether or not caused by or resulting from an "accident".

e. **Discharge of Water** -- "We" do not pay for loss caused by the discharge of water or other extinguishing agent to fight a fire.

f. **Breakage of Glass, Freezing, Collapse, and Molten Material** -- "We" do not pay for loss caused by breakage of glass, weather related freezing, collapse, or molten materials.

- g. **Specified Perils** -- "We" do not pay for loss caused by "specified perils". However, this exclusion does not apply to explosion of steam boilers, steam pipes, steam turbines, or steam engines.
- 3. "We" do not pay for "your" loss of earnings or extra expenses that "you" incur if one or more of the following excluded causes or events apply.
 - a. **Leases, Licenses, Contracts, or Orders** -- "We" do not pay for any increase in loss of earnings or extra expenses due to the suspension, lapse, or cancellation of leases, licenses, contracts, or orders. However, "we" do cover loss during the "restoration period" if the suspension, lapse, or cancellation results directly from the interruption of "your" "business".

"We" do not cover any loss of earnings or extra expense beyond the "restoration period" caused by the suspension, lapse, or cancellation of leases, licenses, contracts, or orders.
 - b. **Due Diligence to Resume Your Business** -- "We" do not pay for any increase in loss of earnings or extra expenses due to "your" failure to use due diligence and dispatch and all reasonable means to resume "your" "business".

VALUATION

- 1. **Covered Property** -- Unless otherwise indicated on the Equipment Breakdown Schedule, the value of covered property will be determined in accordance with:
 - a. replacement cost provisions; and

- b. items 3. through 9;

as described in the Valuation section of the Commercial Output Program - Property Coverage Part and is subject to the provisions described below for Environmental, Safety, and Efficiency Improvements and Equipment Utilizing CFC Refrigerants.
- 2. **Environmental, Safety, and Efficiency Improvements** -- If "covered equipment" requires replacement due to an "accident", "we" will pay your additional cost to replace with equipment that "we" agree is better for the environment, safer for people, or more energy efficient than the equipment being replaced, subject to the following conditions:
 - a. "we" will not pay more than 125% of what the cost would have been to replace with like kind and quality;
 - b. "we" will not pay to increase the size or capacity of the equipment;
 - c. this provision only applies to Property Damage coverage;
 - d. this provision does not increase any of the applicable limits;
 - e. this provision does not apply to any property valued on an Actual Cash Value basis; and
 - f. this provision does not apply to the replacement of component parts.
- 3. **Equipment Utilizing CFC Refrigerants** -- Air conditioning or refrigeration equipment that utilizes a refrigerant containing CFC (chlorofluorocarbon) substances will be valued at the cost to do the least expensive of the following:
 - a. repair or replace the damaged property and replace any lost CFC refrigerant;
 - b. repair the damaged property, retrofit the system to accept a non-CFC refrigerant, and charge the system with a non-CFC refrigerant; or

- c. replace the system with one using a non-CFC refrigerant.

In determining the least expensive option, "we" will include any associated Income or Extra Expense loss. If option b. or c. is more expensive than a., but you wish to retrofit or replace anyway, "we" will consider this better for the environment and therefore eligible for valuation under paragraph 2., Environmental, Safety, and Efficiency Improvements. In such case, a. of that section is amended to read: "We" will not pay more than 125% of what the cost would have been to repair or replace with like kind and quality.

HOW MUCH WE PAY

1. **Insurable Interest** -- "We" do not cover more than "your" insurable interest in any property.

2. **Deductible** -- If deductibles vary by type of "covered equipment" and more than one type of equipment is involved in any "one accident", the highest deductible will apply. Unless the Equipment Breakdown Schedule indicates that a single deductible applies to all Equipment Breakdown coverages, multiple deductibles may apply to any "one accident".

- a. **Property and Income Coverages** -- Unless otherwise indicated on the Equipment Breakdown Schedule, the Property Coverage Deductible applies to all loss covered by this coverage part, with the exception of those coverages subject to the Income Coverage Deductible as described below.

Unless more specifically indicated on the Equipment Breakdown Schedule, the Income Coverage Deductible applies to

- 1) earnings, "rents", and extra expense; and
- 2) service interruption.

- b. **Application of Deductibles** --

- 1) **Dollar Deductibles** -- "We" will not pay for loss resulting from any "one accident" until the amount of loss exceeds the applicable deductible indicated on the Equipment Breakdown Schedule. "We" will then pay the amount of loss in excess of the applicable deductible or deductibles, subject to the applicable "limit" indicated on the schedule.
- 2) **Multiple of Average Daily Value Deductibles** -- If a deductible is expressed as a number times Average Daily Value (ADV), the deductible will be calculated as follows:

The ADV will be the operating expenses that would have been normally earned or incurred during the "restoration period" by "your" "business" had no "accident" occurred divided by the number of working days in that period.

Operating expenses includes net income (net profit or loss before income taxes), payroll expense, interest, and other continuing operating expenses.

No reduction will be made:

- a) for operating expenses not being earned;
- b) in the number of working days because of the "accident"; or
- c) for any other scheduled or unscheduled shutdowns during the "restoration period".

The ADV applies to all "covered locations" included in the valuation of the loss. The number indicated on the Equipment Breakdown Schedule will be multiplied by the ADV as determined above. The result will be used as the applicable deductible.

- 3) Time Deductibles -- If a time deductible is indicated on the Equipment Breakdown Schedule, "we" will not be liable for any loss occurring during the specified number of hours or days immediately following the "accident". If a time deductible is expressed in days, each consecutive day will mean twenty-four consecutive hours.
3. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 4., 5., and 6. under How Much We Pay, "we" pay the lesser of:
 - a. the amount determined under Valuation;
 - b. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable subject to the Valuation provisions under:
 - 1) Environmental, Safety and Efficiency Improvements; and
 - 2) Equipment Utilizing CFC Refrigerants; or
 - c. the "limit" that applies to covered property.
 4. **Coinsurance** -- If indicated on the Equipment Breakdown Schedule, specified coverages may be subject to coinsurance.
 - a. Property Damage -- "We" will not pay for the full amount of "your" loss if the applicable "limit" is less than the product of the specified coinsurance percentage times the value of the property subject to the coverage at the time of the loss. Instead, "we" will determine what percentage this calculated product is compared to the applicable "limit" and apply that percentage to the loss after application of the Deductible. The resulting amount or the applicable "limit" is the most "we" will pay. "We" will not pay for the remainder of the loss.
- b. Income Coverage -- "We" pay only a part of the loss if the "limit" is less than the coinsurance percentage multiplied by the sum of "your" net income (net profit or loss before income taxes), payroll expense, interest, and other continuing operating expenses projected for the 12 months following the inception, or last previous anniversary date of this policy (whichever is later), normally earned by "your" "business". "Our" part of the loss is determined using the following steps:
 - 1) multiply the coinsurance percentage by the sum of "your" net income (net profit or loss before income taxes), payroll expense, interest, and other continuing operating expenses projected for the 12 months following the inception, or last previous anniversary date of this policy;
 - 2) divide the "limit" by the figure determined in 1. above;
 - 3) multiply the total amount of loss by the figure determined in 2) above.

"We" pay the amount determined in 3) above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.
- Coinsurance does not apply to coverage for extra expense.
5. **Insurance Under More Than One Coverage** -- If more than one coverage of this policy insures the same loss, "we" pay no more than the actual claim, loss, or damage sustained.
 6. **Insurance Under More Than One Policy** -- "You" may have another policy subject to the same plan, "terms", conditions, and provisions as this policy. If "you" do, "we" will pay "our" share of the covered loss. "Our" share is the proportion that the applicable "limit" under this policy bears to the "limit" of all policies covering on the same basis.

If there is another policy covering the same loss, other than that described above, "we" will pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. But "we" will not pay more than the applicable "limit".

"We" can do this by mailing or delivering a written notice of suspension to "your" address as shown in the declarations, or at the address where the "covered equipment" is located.

Once so suspended, "your" insurance can be reinstated only by written notice from "us". If "your" insurance is so suspended, "you" will get a pro rata premium refund. But the suspension is effective even if "we" have not yet offered or made a refund.

ADDITIONAL CONDITIONS

1. **Suspension** -- When any "covered equipment" is discovered to be in, or exposed to a dangerous situation or condition, any representative of "ours" may immediately suspend the insurance coverage against loss from an "accident" to that equipment. The suspension will not apply to any other covered peril under any other coverage part.

2. **Jurisdictional Inspections** -- If any property that is "covered equipment" under the Equipment Breakdown Coverage requires inspection to comply with state or municipal boiler and pressure vessel regulations, "we" agree to perform such inspection on "your" behalf.

**CRIME COVERAGE PART
EMPLOYEE FRAUD AND DISHONESTY
MONEY AND SECURITIES**

AGREEMENT

In return for "your" payment of required premium, "we" provide the coverage described herein subject to all the "terms" in this coverage part and in the "schedule of coverages", Common Policy Conditions, Definitions, What Must Be Done In Case Of Loss, Loss Payment, and Other Conditions of the Commercial Output Program - Property Coverage Part.

DEFINITIONS

1. "Computer fraud" means the fraudulent transfer, payment, or delivery of covered property:
 - a. from a "covered location", "your" "computer", or a banking premises to a person or place outside of a "covered location"; and
 - b. directly related to the use of any "hardware", "software" or peripheral equipment whether or not owned by "you" or in "your" care, custody, or control
2. "Employee" means any natural person while in "your" service (and for 30 days after termination of service); whom "you" compensate directly by salary, wages, or commissions; and whom "you" have the right to direct and control while performing services for "you". "Employee" also means an:
 - a. who is employed by an employment contractor while that person is subject to "your" direction and control and performing services for "you" on a:

- 1) long term basis; or

- 2) short-term or temporary basis;

excluding, however, any such short-term or temporary employee while having care and custody of property outside the "covered locations";

- b. who is a non-compensated volunteer while performing services for "you" excluding, however, any non-compensated persons while performing fund raising services;
- c. who is a student intern receiving practical work experience at "your" facility for course credit while acting within the scope of the usual duties of an "employee";
- d. who is:
 - 1) "your" director;
 - 2) "your" trustee; or
 - 3) any officer with an ownership interest of 25% or greater in any one or more of the entities named as insureds;

while handling funds or "other covered property" of any employee welfare or pension benefit plan insured under this coverage part; or

- e. who is an administrator, employee, manager, officer, or trustee of any employee welfare or pension benefit plan insured under this coverage part with the exception of a plan administrator or manager who is an independent contractor.

"Employee" does not mean any:

- a. agent, broker, factor, commission merchant, consignee, independent contractor, or similar representative; or

- b. director, trustee or "manager" except while performing acts coming within the scope of the usual duties of an "employee"
- 3. "Forgery" means the fabricating or altering of any signature of the name of another person or organization with intent to deceive. A signature which consists in whole or in part of one's own name signed, with or without authority, in any capacity and for any purpose does not, in and of itself, constitute a forgery. "We" will treat mechanically reproduced facsimile signatures the same as handwritten signatures.
- 4. "Manager" means a person serving in a position that provides direction for "your" limited liability company.
- 5. "Other covered property" means "your" tangible property or the tangible property of others not otherwise excluded under this coverage part.

COVERAGE

"We" cover the property described in the following coverages unless the property is excluded or subject to limitations. "We" only cover a loss under a described coverage when the loss occurs during the policy period as shown in the declarations.

"We" cover loss caused by a peril described in the following coverages when a specific "limit" is indicated on the Crime Schedule for the coverage. If Not Covered is inserted opposite any specified coverage, such coverage and any other reference to that coverage in this coverage part will be deemed to be deleted from this policy.

- 1. **Employee Fraud and Dishonesty** -- "We" cover direct physical loss of and direct loss from damage to:
 - a. "money";
 - b. "securities"; and
- 2. **Money and Securities** -- "We" cover loss caused by "theft", disappearance, or destruction of "money", "securities", bullion, and lottery tickets that "you" own, hold, or for which "you" are legally liable while:
 - a. at "covered locations" or premises of a bank or savings institution; or
 - b. away from "covered locations" while:
 - 1) in the care, custody, or control of:
 - a) "you";
 - b) "your" partners, officers, directors, "managers", "employees"; or
 - c) members with ownership interest in any limited liability company named as an insured; or
 - 2) temporarily within "your" residence or the residence of:
 - a) "your" partners, officers, directors, "managers", "employees"; or
 - b) members with ownership interest in any limited liability company named as an insured.

c. "other covered property"

that "you" own, hold, or for which "you" are legally liable including, property inside the premises of a customer of "yours", that results from dishonest or fraudulent acts committed by any of "your" "employees", whether identified or not, while acting alone or in collusion with other individuals.

Dishonest or fraudulent acts includes, but is not limited to, "theft", "computer fraud", and "forgery" or alteration.

The most "we" will pay in any one occurrence is the applicable Employee Fraud and Dishonesty "limit" indicated in the Crime Schedule. As respects Employee Fraud and Dishonesty coverage, an occurrence means all loss which results from one or a series of fraudulent or dishonest acts caused by one or more "employees"

The most "we" will pay in any one occurrence is the applicable Money and Securities "limit" indicated in the Crime Schedule. As respects Money and Securities coverage, an occurrence means an act or event or a series of related acts or events without regard to the number of persons involved in causing the loss.

COVERAGE EXTENSIONS

The "limits" applicable to the following Coverage Extensions are shown in the Crime Schedule. However, if no "limit" is indicated for a Coverage Extension, coverage is provided up to the full "limit" for the applicable coverage, unless a different "limit" is indicated in the Crime Schedule.

1. **Employee Fraud and Dishonesty** -- The coverage provided below is part of, and not in addition to, the applicable Employee Fraud and Dishonesty "limit".

Outside Coverage Territory -- "We" cover direct physical loss of, and direct loss to:

- a. "money";
- b. "securities"; and
- c. "other covered property";

that results from dishonest or fraudulent acts committed by any of "your" "employees" while the "employee" was temporarily outside of the Territorial Limits for not more than 90 days.

Dishonest or fraudulent acts includes, but is not limited to, "theft", "computer fraud", and "forgery" or alteration.

Loss payment is subject to the Employee Fraud and Dishonesty deductible.

2. **Money and Securities** -- The coverage provided below is part of, and not in addition to, the applicable Money and Securities "limit".

Conveyance By Armored Vehicle -- "We" cover loss caused by "theft", disappearance, or destruction to "money", "securities", bullion, and lottery tickets that "you" own, hold, or for which "you" are legally liable while in the care, custody, or control of an armored vehicle company.

"We" pay only for the amount of "your" loss that "you" cannot recover:

- a. under "your" contract with the armored vehicle company; and
- b. from any insurance or indemnity coverage carried by the armored vehicle for the benefit of customers.

The most "we" will pay in any one occurrence is the Money and Securities Conveyance By Armored Vehicle "limit" indicated in the "schedule of coverages". Loss payment is subject to the applicable Money and Securities deductible.

SUPPLEMENTAL COVERAGES

Unless otherwise indicated, the "limit" for a Supplemental Coverage is separate from, and not part of, the applicable "limit" for the coverages described under Coverage. However, if no "limit" is indicated for a Supplemental Coverage, coverage is provided up to the full "limit" for the applicable coverage. The "limit" available for coverage described under a Supplemental Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for a Supplemental Coverage and the "limit" for the coverages described under Coverage.

1. **Inventory Fees and Proof of Loss**

Expense -- "We" will pay for the reasonable expenses "you" incur, at "our" request, to prove "your" claim and to determine the amount of the loss or damage covered under this coverage part.

"We" will not pay expenses:

- a. incurred in conjunction with the Appraisal Provision; or
- b. public adjuster fees.

"We" will pay up to \$5,000 under this Supplemental Coverage unless a different "limit" is indicated in the Crime Schedule. If a different "limit" is indicated in the Crime Schedule, that "limit" will apply instead of the "limit" shown above.

No deductible applies to this Supplemental Coverage.

2. **Loss Sustained Prior To The Policy Period Of This Insurance --**

- a. If "you" sustained loss prior to the policy period of this insurance that "you" could have recovered under prior insurance except that the time within which to discover the loss under the prior insurance had expired, "we" will cover "your" loss under this Crime Coverage Part, provided:
 - 1) the effective date of this insurance corresponds with the date of cancellation or termination of the prior insurance; and
 - 2) this insurance would have covered "your" loss had it been in force at the time when the act or event causing the loss took place or was performed.
- b. The amount "you" can recover is limited to the lesser of the applicable "limit" for
 - 1) insurance under the Crime Coverage Part as of its effective date; or
 - 2) the prior insurance.

This Supplemental Coverage is part of, and not in addition to, the applicable "limits" for coverage described under Coverage.

If a loss is covered by the Crime Coverage Part and would have been covered under prior insurance with a lower applicable deductible than the deductible that applies to the Crime Coverage Part, the lower deductible will apply.

PERILS EXCLUDED

1. "We" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events.
 - a. **Civil Authority** -- "We" do not pay for loss caused by any civil authority, including seizure, confiscation, destruction, or quarantine of property.
 - b. **Nuclear Hazard** -- "We" do not pay for loss caused by or resulting from nuclear reaction, nuclear radiation, or radioactive contamination (whether controlled or uncontrolled; whether caused by natural, accidental, or artificial means). Loss caused by nuclear hazard is not considered loss caused by fire, explosion, or smoke.
 - c. **War and Military Action** -- "We" do not pay for loss caused by:
 - 1) war, including undeclared war or civil war; or
 - 2) a warlike action by a military force, including action taken to prevent or defend against an actual or expected attack, by any government, sovereign, or other authority using military personnel or other agents; or

- 3) insurrection, rebellion, revolution, or unlawful seizure of power including action taken by governmental authority to prevent or defend against any of these.

With regard to any action that comes within the "terms" of this exclusion and involves nuclear reaction, nuclear radiation, or radioactive contamination, this War and Military Action Exclusion will apply in place of the Nuclear Hazard Exclusion.

2. "We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

- a. **Criminal, Fraudulent, Dishonest, or Illegal Acts** -- "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another person by:

- 1) "you";
- 2) "your" partners;
- 3) members with ownership interest in any limited liability company named as an insured; or
- 4) officers with ownership interest of 25% or greater in any one or more of the entities named as insureds.

- b. **Discovery After the Policy Period** -- "We" do not pay for any loss that is not discovered within one year of the end of the policy period. In the event of cancellation or termination of:

- 1) this policy;
- 2) any of the coverages described under this coverage part; or
- 3) any of the coverages described under this coverage part, as respects any insured or "employee";

"we" do not pay for any loss that is not discovered within one year from the date of the cancellation or termination.

- c. **Indirect Loss** -- "We" do not pay for any loss that is an indirect result of any act or event covered under this coverage part including, but not limited to, loss resulting from:

- 1) "Your" ability to realize income, dividends, and interest that "you" would have realized had there been no loss of, or loss from damage to, property described under this coverage part.
- 2) Payment of damages of any type for which "you" are legally liable. But, "we" will pay compensatory damages arising directly from a covered loss described under this coverage part.
- 3) Payment of costs, fees or other expenses "you" incur to prove "your" claim and to determine the amount of loss or damage under this coverage part. However, this exclusion does not apply to:

- a) the Appraisal provision described under the Commercial Output Program - Property Coverage Part; and
- b) the provisions described under Supplemental Coverages - Inventory Fees and Proof of Loss Expense.

- d. **Intangible Property or Trade Secrets** -- "We" will not pay for loss of confidential information or processing methods, trade secrets, or intangible property of any kind.

- e. **Inventory Shortage or Profit/Loss Computation** -- "We" do not pay for loss or damage when the only proof of the loss or amount of the loss is dependent upon an inventory or a profit and loss computation.

However, where "you" establish that "you" have sustained a loss described under coverage for Employee Fraud and Dishonesty based on information separate from an inventory computation or profit and loss computations, then "you" may offer "your" inventory computation and/or profit and loss computations along with an actual physical count of inventory to support the other evidence as to the loss amount claimed.

- f. **Legal Expenses** -- "We" do not pay for loss due to expenses related to the defense or prosecution of a legal proceeding or claim.
 - g. **Trading** -- "We" do not pay for loss resulting directly or indirectly from trading whether in "your" name or in a genuine or fictitious account including, but not limited to, trading in commodities, futures, stocks, bonds, or other financial instruments.
3. **Employee Fraud and Dishonesty** -- Unless otherwise noted, the following additional exclusions apply only to coverage described under Employee Fraud and Dishonesty.

"We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

- a. **Discovery of Dishonest Acts** -- "We" do not pay for fraudulent or dishonest acts committed by any "employee" if:
 - 1) "you";
 - 2) any of "your" partners;
 - 3) "your" officers, directors, or "managers"; or
 - 4) members with ownership interest in any limited liability company named as an insured

have knowledge of any fraudulent or dishonest act committed by the "employee" whether before or after being employed by "you" This includes discovery by "you" or by any of "your" partners, officers, directors, "managers", or such members not in collusion with the "employee".

- b. **Employee Canceled Under Prior Insurance** -- "We" do not pay for any loss caused by:

- 1) "your" "employee"; or
- 2) an "employee" of a predecessor in interest of "yours";

for whom similar prior insurance has been canceled and not reinstated since the last such cancellation.

- c. **Vandalism** -- "We" do not pay for any loss or damage caused by vandalism, including but not limited to, any loss or damage to "your" "computers", "your" "computer" network, or "your" web site or denial of access to or services from such equipment caused by or resulting from a "computer virus" or by "computer hacking"

4. **Money and Securities** -- Unless otherwise noted, the following additional exclusions apply only to coverage described under Money and Securities.

"We" do not pay for loss or damage that is caused by or results from one or more of the following excluded causes or events:

- a. **Criminal, Fraudulent, Dishonest, or Illegal Acts** -- "We" do not pay for loss caused by or resulting from criminal, fraudulent, dishonest, or illegal acts committed alone or in collusion with another person by:

- 1) "your" "employees"; or
- 2) "your" directors, trustees, "managers" or authorized representatives.

- b. **Errors or Omissions** -- "We" do not pay for loss resulting from accounting or arithmetical errors or omissions.
- c. **Exchanges or Purchases** -- "We" do not pay for loss caused by or resulting from the giving or surrendering of property in any exchange or purchase.
- d. **Money Operated Devices** -- "We" do not pay for loss of property contained in a "money" operated device unless the "money" deposited is recorded by a continuous recording instrument in the device.
- e. **Property Surrender or Transfer** -- "We" do not pay for loss of property after it has been surrendered or transferred to a person or place outside:

- 1) a "covered location"; or
- 2) the premises of a banking or saving institution;

on the basis of unauthorized instructions or as a result of a threat to do bodily harm to any person or damage to any property.

However, in the event of a threat to do bodily harm to any person or damage to any property, this exclusion does not apply to loss of property while outside a "covered location" or the premises of a bank or savings institution in the care and custody of "you", "your" partners, officers, directors, "managers", "employees", or members with ownership interest in any limited liability company named as an insured, if "you":

- 1) had no knowledge of any threat at the time the transfer began; or
- 2) had knowledge of a threat at the time the transfer began, but the loss was not related to the threat.

- f. **Vandalism or Malicious Mischief** -- "We" do not pay for:
 - 1) loss from damage to a "covered location" or its exterior; or

- 2) loss of, or damage to any cash box, cash drawer, cash register, safe, vault, or similar receptacle;

caused by vandalism or malicious mischief.

- g. **Voluntary Parting** -- "We" do not pay for loss caused by or resulting from voluntary parting with title to or possession of any property because of any fraudulent scheme, trick, or false pretense. This exclusion applies whether the parting was by:

- 1) "you"; or
- 2) anyone acting on "your" express or implied authority.

WHAT MUST BE DONE IN CASE OF LOSS

Notice For Crime Coverage and Proof Of Loss For Crime Coverage as described below replaces the Notice and Proof of Loss provisions under What Must Be Done In Case Of Loss in the Commercial Output Program - Property Coverage Part.

- 1. **Notice For Crime Coverage** -- In case of a loss, "you" must:
 - a. give "us" or "our" agent prompt notice including a description of the property involved ("we" may request written notice); and
 - b. give notice to the:
 - 1) police when the act that causes the loss may have been a crime, except for acts that cause loss under Employee Fraud and Dishonesty;
 - 2) charge or credit card company if the loss involves a charge or credit card; and
 - 3) bank or savings institution if the loss involves a debit card.

2. **Proof Of Loss - Crime Coverage** -- "You" must send "us", within 120 days after "our" request, a signed, sworn proof of loss. This must include the following information:
- the time, place, and circumstances of the loss;
 - other policies of insurance that may cover the loss;
 - "your" interest and the interests of all others in the property involved, including all mortgages and liens;
 - changes in title or occupancy of the covered property during the policy period;
 - detailed estimates for repair or replacement of covered property; and
 - an inventory of damaged and undamaged covered property showing in detail the quantity, description, cost, actual cash value, and amount of the loss. "You" must attach to the inventory copies of all bills, receipts, and related documents that substantiate the inventory.

ADDITIONAL CRIME CONDITIONS

The following conditions apply in addition to those stipulated in the Common Policy Conditions and the Commercial Output Program - Property Coverage Part.

- Acquisition Of Employees Or Additional Locations** -- Insurance under the Crime Coverage Part is extended to additional persons who become "employees" and additional "covered locations" that "you" attain the control and use of through the:
 - consolidation or merger with; or
 - purchase of the assets of;
another entity.

"We" cover "your" additional "employees" and "covered locations", for acts committed or events occurring within 90 days from the date of the merger, consolidation, or purchase, provided that "you"

- furnish "us" with written notice of the merger, consolidation, or purchase within 90 days; and
- "you" pay "us" any additional premium from the date of the merger, consolidation, or purchase to the end of the policy period.

Acquisition of Employee Welfare or Pension Benefit Plans through a merger, consolidation, or purchase and that is sponsored solely by "you" or any named insured under this policy will be included as insureds under Employee Fraud and Dishonesty coverage.

- Discovery Period Extension** -- Insurance under the Crime Coverage Part is extended to cover any loss that is discovered up to one year from the end of the policy period. In the event of cancellation or termination of the Crime Coverage Part or any crime coverage, as to any insured, "we" cover any loss that is discovered up to one year from the date of that cancellation or termination.
- Multiple Named Insureds** -- The following provisions are applicable to this policy whenever there is more than one named insured.
 - Duty of First Named Insured** -- If more than one insured is named in the declarations, the first insured named in the declarations will act for itself and for all other insureds for every purpose related to insurance under this coverage part. If coverage for the first named insured ends, the next named insured listed will become the first named insured.
 - Employee Status** -- An "employee" of any named insured is considered to be an "employee" of all named insureds.

- c. **Pertinent Knowledge** -- If any insured or partner or officer of that insured has knowledge of any information pertinent to insurance under this coverage part, that knowledge is considered as known by each insured.
- d. **Payment to the First Named Insured** -- When "we" make payment for a loss to the first named insured, "we" no longer have any liability for that loss to any other named insured. When payment is made to a named insured other than the first named insured, the payment will be treated as though it was made to the first named insured.
4. **Employee Welfare or Pension Benefit Plans** -- In compliance with the provisions of the Employee Retirement Income Security Act of 1974 (ERISA):
- a. Any Employee Welfare or Pension Benefit Plan, hereafter called Plan, named in the Crime Schedule will be included as insureds under Employee Fraud and Dishonesty coverage.
- b. If any Plan is insured together with any other named insured under this policy, "you" or the administrator of the Plan must select a "limit" under the coverage for Employee Fraud and Dishonesty that is sufficient to provide a "limit" of insurance for each Plan that is at least equal to the amount that would be required if each Plan were insured separately.
- c. If both a Plan and another entity are named in the declarations as insureds, any payment "we" make to a named insured, other than a Plan, for loss sustained by a Plan must be held by the other entity for use by the Plan(s) that sustain the loss.
- d. If "money", "securities", or "other covered property" are commingled for two or more Plans, any payment for loss to such property will be shared by each Plan on a pro rata basis in accordance with the amount of coverage each Plan is required to carry by the Employee Retirement Income Security Act.
- e. The deductible provision does not apply to any loss sustained by a Plan.
5. **Records Pertaining to Money and Securities** -- "You" must keep records of covered "money" and "securities" so "we" can verify the amount of loss.

VALUATION

The following valuation provisions apply in addition to those stipulated in the Commercial Output Program - Property Coverage Part.

1. **Bullion** -- Bullion is valued at the average cost for replacement that is published by the London Metals Market during the period of 14 days immediately preceding the discovery date of the loss or the actual amount paid for replacement, whichever is less.
2. **Money** -- "Money" will be valued at its face value. At "our" option, "we" may pay for loss of "money" issued by any country other than the United States of America at face value in the "money" issued by that country or in the United States of America dollar equivalent as determined by the rate of exchange as reported by the Wall Street Journal, published in New York, on the day the loss was discovered.
3. **Other Covered Property** -- The value of "other covered property" will be based on Replacement Cost as described under the Valuation section of the Commercial Output Program - Property Coverage Part.

If actual cash value is indicated in the Crime Schedule, the value of "other covered property" will be based on Actual Cash Value as described under the Valuation section of the Commercial Output Program - Property Coverage Part.

4. **Securities** -- The value of "securities" will be based on their value at the close of business on the day the loss was discovered. At "our" option, "we" may pay the value of the "securities" or replace them.

HOW MUCH WE PAY

The following provisions for How Much We Pay apply in addition to those stipulated in the Commercial Output Program - Property Coverage Part.

1. **Limit of Insurance** -- The payment of loss under this coverage part will not reduce the "limit" of insurance for other losses provided, however, that the maximum "limit" does not exceed the dollar amount applicable to each coverage indicated in the Crime Schedule.
2. **Deductible** -- "We" pay only that part of "your" loss over the deductible amount in any one occurrence as stated on the Crime Schedule opposite each Coverage. If more than one deductible amount could apply to the same loss, only the highest deductible amount will be applied.
3. **Prior Insurance That We Issued Or Any Affiliate Issued** -- When a covered loss is covered in part by this coverage part and prior insurance that "we" issued or any of "our" affiliates issued, the most that "we" pay for a covered loss is the greater of the amount recoverable under:
 - a. the Crime Coverage Part; or
 - b. any prior coverage that was cancelled or terminated and that "we", or any of "our" affiliates had issued to "you"
4. **Insurance Under More Than One Policy** -- If "you" have another policy covering the same loss, "we" will pay only for the amount of covered loss in excess of the amount due from that other policy, whether "you" can collect on it or not. However, "we" will not pay more than the applicable "limit" of this coverage part.
5. **Limits and Multiple Years of Coverage** -- Regardless of the number of years the Crime Coverage Part remains in force the "limits" will not accumulate nor can they be added together from year to year or policy period to policy period.
6. **Payment of Loss Sustained By More Than One Named Insured** -- "We" will not pay more for loss sustained by more than one named insured than the amount "we" would pay if one insured had sustained the entire loss.

LOCATION SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Coverage provided by the Commercial Output Program coverage parts applies only to the "covered locations" described below. Refer to "schedule of coverages" for applicable "limits", additional coverages, and applicable coinsurance percentage.

SCHEDULE

Loc.

No.	Covered Location (describe):
01	4804-4838 Stone Shop Circle
	4904-4938 Stone Shop Circle
	5004-5038 Stone Shop Circle
	5204-5238 Stone Shop Circle
	5104-5138 Stone Shop Circle
	5212-5238 Wagon Shed Circle
	5112-5138 Wagon Shed Circle
	5303-5337 Wagon Shed Circle
	5203-5237 Wagon Shed Circle
	5103-5137 Triplett Road
	5003-5037 Triplett Road
	5612-5638 Triplett Road
	Owings Mills, MD 21117

**Covered Property/
Coverage Provided (describe)**

Limit

Building	\$43,065,600
Business Personal Property	\$0
Loss of Income (Rents)	\$100,000

MORTGAGE HOLDER NAME AND MAILING ADDRESS:

N/A

**CRIME SCHEDULE
BLANKET LIMITS**

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

LIMITS (check if coverage is applicable)

Employee Fraud and Dishonesty Coverage

Limit - The most "we" pay for loss in any one occurrence is: \$

Deductible Amount: \$

Money and Securities Coverage

Limit - The most "we" pay for loss in any one occurrence at "covered locations" is: \$10,000

Limit - The most "we" pay for loss in any one occurrence away from "covered locations" is: \$5,000

Deductible Amount: \$500

LOCATION COVERAGE (check one)

Blanket Location Coverage -- Coverage(s) indicated above under Limits applies to all "covered locations".

Schedule Location Coverage -- Refer to Crime Schedule - Covered Locations

COVERAGE EXTENSIONS

Limit

Employee Fraud and Dishonesty -- Outside the Coverage Territory

Money and Securities -- Conveyance by Armored Vehicle

SUPPLEMENTAL COVERAGE

Limit

Inventory and Proof of Loss Expense:

Loss Sustained Prior To The Policy Period: Covered

COVERAGE OPTIONS (check if applicable)

Actual Cash Value - "Other Covered Property"

EMPLOYEE WELFARE OR PENSION BENEFIT PLAN

Named Plan:

—

—

—

—

CANCELLATION OF PRIOR INSURANCE

By acceptance of this Policy which includes a Crime Coverage Part, "you" give "us" notice canceling prior Policy or Bond numbers, the cancellation to be effective at the time this Policy becomes effective.

OPTIONAL ENDORSEMENTS

—

—

—

—

—

AAIS
CO 1062 04 02

EARTHQUAKE SCHEDULE

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Refer to "schedule of coverages" for applicable "catastrophe limit" and earthquake deductible.

SCHEDULE

Loc.

No. **Location** (describe)
01 See Form CO 1052 (04 02) Location Schedule

Covered Property/Coverage Provided (describe)
See Form CO 1052 (04 02) Location Schedule

Limits

"Occurrence Limit" \$1,000,000

"Aggregate Limit" \$1,000,000

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CO 1063 04 02

FLOOD SCHEDULE

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

Refer to "schedule of coverages" for applicable "catastrophe limit" and flood deductible.

SCHEDULE

Loc. No.	Location (describe)
01	See Form CO 1052 (04 02) Location Schedule

Covered Property/Coverage Provided (describe)

See Form CO 1052 (04 02) Location Schedule

Limits

"Occurrence Limit"	\$1,000,000
"Aggregate Limit"	\$1,000,000

CO 1063 04 02

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EQUIPMENT BREAKDOWN SCHEDULE

(The information required below may be indicated on the
"schedule of coverages".)

EQUIPMENT BREAKDOWN COVERAGE

	LIMITS	COINSURANCE
Property Damage	\$ <u>SEE CO 1052</u>	0 %
Income Coverages	\$ <u>SEE CO 1052</u>	0 %

INCOME COVERAGES

Period of Loss Extension 90 days

Coverage Options (check one)

Earnings, Rents, and Extra Expense

Earnings and Extra Expense

Rents and Extra Expense

Extra Expense Only

COVERAGE EXTENSIONS

	Limit
-- Expediting Expense	<u>\$100,000</u>
-- Pollutants	<u>\$100,000</u>
-- Ordinance or Law (Undamaged Parts of Buildings)	<u>\$100,000</u>
-- Ordinance or Law (Increased Cost to Repair/Cost to Demolish and Clear Site)	<u>\$100,000</u>

COVERAGE EXTENSIONS (CONT.)

	Limit
-- Off Premises Utility Service Interruption	\$100,000
-- Defense Costs	<u>Covered</u>

DEDUCTIBLES

Property Coverages	\$ <u>All Peril Property Deductible</u>
Income Coverages (\$, hrs, ADV, or Combined)	\$ <u>All Peril Property Deductible</u>
Other (describe)	

INCOME COVERAGE OPTIONS (describe)

OTHER CONDITIONS (describe)

**LIMITED FUNGUS AND RELATED PERILS SCHEDULE
BLANKET LIMIT**

(The information required below may be indicated
on the "schedule of coverages".)

PROPERTY COVERAGE EXTENSION

**Limited Fungus And Related Perils
Property Coverage**

	Limit
The most "we" pay for all losses at all covered locations is:	\$15,000

INCOME COVERAGE EXTENSION

**Limited Fungus And Related Perils
Income Coverage**

Time Limitation: _____ days

EARTHQUAKE ENDORSEMENT

Provisions under this endorsement do not apply to "mobile equipment" and the Supplemental Marine Coverages. Unless described on the Earthquake Schedule, this endorsement does not apply to "computers".

ADDITIONAL DEFINITIONS

1. "Aggregate limit" means the amount of coverage that applies to loss at each location during each separate 12-month period of this policy; this is limited to the expiration or anniversary date.
2. "Occurrence limit" means the amount of coverage that applies to loss in any one occurrence at each location.
3. "Catastrophe limit" means the amount of coverage that applies to all losses at all locations during each separate 12-month period of this policy; this is limited to the expiration or anniversary date.

PERILS COVERED

Volcanic eruption means the eruption, explosion, or effusion of a volcano.

Scheduled Earthquake Coverage -- When scheduled earthquake coverage is indicated on the "schedule of coverages", "we" cover direct physical loss caused by earthquake and volcanic eruption to property and locations described on the Earthquake Schedule.

Blanket Earthquake Coverage -- When blanket earthquake coverage is indicated on the "schedule of coverages", "we" cover direct physical loss to covered property at "covered locations" caused by earthquake and volcanic eruption.

PERILS EXCLUDED

Under Perils Excluded, Earth Movement is replaced by the following:

Earth Movement or Volcanic Eruption -- "We" do not pay for loss caused by:

1. earthquake or volcanic eruption that begins before the inception date of this coverage;
2. blasting (other than volcanic explosion); and
3. landslide, mine subsidence, mudflow, or mudslide even if caused by earthquake or volcanic eruption.

HOW MUCH WE PAY

The following are added to How Much We Pay:

1. **Deductible** -- "We" pay only that part of "your" loss over the earthquake deductible indicated on the "schedule of coverages" in any one occurrence. The deductible may be shown as either an amount or a percentage. When shown as a percentage, the deductible is that percentage of the value of the covered property at the time of the loss.

This deductible replaces any other deductible for the perils of earthquake and volcanic eruption.

2. **Limits That Apply To Scheduled Earthquake Coverage** -- When scheduled earthquake coverage is indicated on the "schedule of coverages", the following "limits" apply to loss to covered property caused by earthquake and volcanic eruption, subject to the provisions under Loss Settlement Terms:

- a. The most "we" pay for loss caused by earthquake and volcanic eruption in any one occurrence at a location described on the Earthquake Schedule is the "occurrence limit" indicated on the schedule.
 - b. The most "we" pay for loss caused by earthquake and volcanic eruption at a location described on the Earthquake Schedule during a 12-month period is the "aggregate limit" indicated on the schedule.
 - c. The most "we" pay for all losses caused by earthquake and volcanic eruption at all locations described on the Earthquake Schedule during a 12-month period is the "catastrophe limit" indicated on the "schedule of coverages".
3. **Limits That Apply To Blanket Earthquake Coverage** -- When blanket earthquake coverage is indicated on the "schedule of coverages", the following "limits" apply to loss to covered property caused by earthquake and volcanic eruption, subject to the provisions under Loss Settlement Terms:
- a. The most "we" pay for loss caused by earthquake and volcanic eruption in any one occurrence at a "covered location" is the "occurrence limit" indicated on the "schedule of coverages".
 - b. The most "we" pay for loss caused by earthquake and volcanic eruption at a "covered location" during a 12-month period is the "aggregate limit" indicated on the "schedule of coverages".
 - c. The most "we" pay for all losses caused by earthquake and volcanic eruption at all "covered locations" during a 12-month period is the "catastrophe limit" indicated on the "schedule of coverages".
4. **Excess Insurance** -- "You" may purchase insurance in excess of the applicable "limit" for earthquake coverage. Such excess insurance will not be considered in applying Insurance Under More Than One Policy nor will it be considered in the application of any pro rata or apportionment provision.

FLOOD ENDORSEMENT

Provisions under this endorsement do not apply to "mobile equipment" and the Supplemental Marine Coverages. Unless described on the Scheduled Flood Endorsement, this endorsement does not apply to "computers".

ADDITIONAL DEFINITIONS

1. "Aggregate limit" means the amount of coverage that applies to all losses at each location during each separate 12 month period of this policy; this is limited to the expiration or anniversary date.
 2. "Occurrence limit" means the amount of coverage that applies to a loss in any one occurrence at each location.
 3. "Catastrophe limit" means the amount of coverage that applies to all losses at all locations during each separate 12 month period of this policy; this is limited to the expiration or anniversary date.
-

PERILS COVERED

Scheduled Flood Coverage -- When scheduled flood coverage is indicated on the "schedule of coverages", "we" cover direct physical loss caused by "flood" to covered property at locations described on the Flood Schedule.

Blanket Flood Coverage -- When blanket flood coverage is indicated on the "schedule of coverages", "we" cover direct physical loss to covered property at "covered locations" caused by "flood".

PERILS EXCLUDED

Under Perils Excluded, the exclusion for Flood is deleted.

HOW MUCH WE PAY

The following are added to How Much We Pay:

1. **Deductible** -- "We" pay only that part of "your" loss over the flood deductible indicated on the "schedule of coverages" in any one occurrence. The deductible may be shown as either an amount or a percentage. When shown as a percentage, the deductible is that percentage of the value of the covered property at the time of the loss.

This deductible replaces any other deductible for the peril of "flood".

2. **Limits That Apply To Scheduled Flood Coverage** -- When scheduled flood coverage is indicated on the "schedule of coverages", the following "limits" apply to loss to covered property caused by "flood", subject to the provisions under Loss Settlement Terms:
 - a. The most "we" pay for loss caused by "flood" in any one occurrence at a location described on the Flood Schedule is the "occurrence limit" indicated on the schedule.
 - b. The most "we" pay for loss caused by "flood" at a location described on the Flood Schedule during a 12 month period is the "aggregate limit" indicated on the schedule.

- c. The most "we" pay for all losses caused by "flood" at all locations described on the Flood Schedule during a 12 month period is the "catastrophe limit" indicated on the "schedule of coverages".
3. **Limits That Apply To Blanket Flood Coverage** -- When blanket flood coverage is indicated on the "schedule of coverages", the following "limits" apply to loss to covered property caused by "flood", subject to the provisions under Loss Settlement Terms:
- a. The most "we" pay for loss caused by "flood" in any one occurrence at a "covered location" is the "occurrence limit" indicated on the "schedule of coverages".
- b. The most "we" pay for loss caused by "flood" at a "covered location" during a 12 month period is the "aggregate limit" indicated on the "schedule of coverages".
- c. The most "we" pay for all losses caused by "flood" at all "covered locations" during a 12 month period is the "catastrophe limit" indicated on the "schedule of coverages".
4. **Excess Insurance And Other Insurance** -- "You" may purchase insurance in excess of the applicable "limit" for flood coverage. "You" may also use insurance under this endorsement as excess insurance over another policy. Such excess or other insurance will not be considered in applying Insurance Under More Than One Policy nor will it be considered in the application of any pro rata or apportionment provision.

SCHEDULED LOCATIONS ENDORSEMENT

PROPERTY COVERED

The following provision is added to Property Covered.

Scheduled Locations -- Coverage provided by the Commercial Output Program coverages applies only to the "covered locations" described on the Location Schedule.

ADDITIONAL COVERAGES

The following Additional Coverages indicate an applicable "limit". This "limit" may also be shown on the "schedule of coverages". If a different "limit" is indicated on the "schedule of coverages", that "limit" will apply instead of the "limit" shown below.

However, if no "limit" is indicated for an Additional Coverage, coverage is provided up to the full "limit" for the applicable covered property unless a different "limit" is indicated on the "schedule of coverages".

Unless otherwise indicated, a "limit" for an Additional Coverage provided below is separate from, and not part of, the applicable "limit" for coverage described under Property Covered. The "limit" available for coverage described under an Additional Coverage:

- a. is the only "limit" available for the described coverage; and
- b. is not the sum of the "limit" indicated for an Additional Coverage and the "limit" for coverage described under Property Covered.

Unless otherwise stated, each additional coverage:

- a. applies to loss caused by a covered peril;

- b. is not subject to and not considered in applying coinsurance when coinsurance conditions are added to this coverage; and

- c. does not extend coverage to personal property at fairs or exhibitions.

1. **Newly Built or Acquired Buildings** -- "We" cover direct physical loss to "your" buildings or structures:

- a. being built at "covered locations" or while being built at other than "covered locations"; or
- b. that "you" acquire during the policy period.

This additional coverage applies for 120 days from the date "you" acquire or begin to construct the building or structure or until "you" report the property to "us", whichever occurs first. This coverage does not go beyond the end of the policy period.

"You" must pay any additional premium due from the date construction is started or from the date "you" acquire the property.

The most "we" pay in any one occurrence for each newly built or acquired building or structure is \$500,000.

2. **Business Personal Property - Acquired Locations** -- "We" cover direct physical loss to "your" business personal property at locations that "you" acquire during the policy period.

This coverage applies for 120 days from the date "you" acquire the location or until "you" report the acquired location to "us", whichever occurs first. This coverage does not go beyond the end of the policy period.

"You" must pay any additional premium due from the date "you" acquire the location.

The most "we" pay in any one occurrence for business personal property at each location "you" acquire is \$250,000.

3. **Locations "You" Elect Not To Describe --** "We" cover direct physical loss to "your" building property and business personal property at locations that are not described on the Location Schedule.

The "limit" provided under this additional coverage cannot be combined or added to the "limits" for Newly Acquired Buildings and Personal Property - Acquired Locations.

The most "we" pay in any one occurrence for each unscheduled location is \$50,000.

4. **Newly Built or Acquired Locations - Income Coverage --** If the Commercial Output Program - Income Coverage Part is attached to this policy, "we" extend "your" coverage for earnings and extra expense to include direct physical loss to "your" covered property while at any location being built or at locations that "you" acquire during the policy period.

If a loss occurs at a location being built and the loss delays the start of "your" "business", the "restoration period" starts from the time "your" "business" would have begun had no loss occurred.

This coverage applies for 120 days from the date the location is acquired or construction begins or until "you" report the location to "us", whichever occurs first. This coverage does not go beyond the end of the policy period.

"You" must pay any additional premium due from the date construction is started or "you" acquire the location.

The most "we" pay in any one occurrence for loss of earnings and incurred extra expense at each newly acquired or built location is \$250,000.

HOW MUCH WE PAY

The following provisions are added to How Much We Pay if a coinsurance percentage is indicated on the "schedule of coverages".

1. **Coinsurance, Property Coverage Part --** "We" pay only a part of the loss if the "limit" is less than the value of the covered property at the time of the loss multiplied by the coinsurance percentage. "Our" part of the loss is determined using the following steps:

- a. multiply the value of the covered property at the time of the loss by the coinsurance percentage;
- b. divide the "limit" for covered property by the result determined in a. above;
- c. multiply the total amount of loss, after the application of any deductible, by the result determined in b. above.

"We" pay the amount determined in c. above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

If there is more than one "limit" indicated on the "schedule of coverage", this procedure applies separately to each covered property for which a "limit" is shown.

If there is only one "limit" indicated on the "schedule of coverage", this procedure applies to the total of all covered property to which the "limit" applies.

2. **Coinsurance, Income Coverage Part --** If the Commercial Output Program - Income Coverage Part is attached to this policy, "we" pay only a part of the loss if the "limit" is less than the coinsurance percentage multiplied by the sum of "your" net income (net profit or loss before income taxes) and continuing operating expenses projected for the 12 months following the inception of this policy or the last previous anniversary date of this policy (whichever is later), normally earned by "your" "business".

"Our" part of the loss is determined using the following steps:

- a. multiply the coinsurance percentage by the sum of "your" net income and continuing operating expenses projected for the 12 months following the inception of this policy or the last previous anniversary date of this policy;
- b. divide the "limit" by the figure determined in a. above;
- c. multiply the total amount of loss by the figure determined in b. above.

"We" pay the amount determined in c. above or the "limit", whichever is less. "We" do not pay any remaining part of the loss.

If there is more than one "limit" indicated on the "schedule of coverage" for the Income Coverage Part, this procedure applies separately to each "limit".

Coinsurance does not apply to coverage for extra expense.

LIMITED FUNGUS AND RELATED PERILS COVERAGE

This policy is amended to include the following "terms". All other "terms" of the policy apply, except as amended by this endorsement.

But if "fungus or related perils" results in a "specified peril", we cover loss or damage caused by that "specified peril".

DEFINITIONS

The following definition is added:

"Fungus or related perils" means:

- a. a fungus, including but not limited to mildew and mold;
- b. a protist, including but not limited to algae and slime mold;
- c. wet rot;
- d. dry rot;
- e. a bacterium; or
- f. a chemical, matter, or compound produced or released by a fungus, a protist, wet rot, dry rot, or a bacterium, including but not limited to toxins, spores, fragments, and metabolites such as microbial volatile organic compounds.

PERILS EXCLUDED

1. The following exclusion is added under Perils Excluded, item 1:

Fungus or Related Perils --

- a. Except as provided under the Limited Fungus and Related Perils Property and Income Coverage in this endorsement, "we" do not pay for loss, cost, or expense caused by or relating to the existence of or any activity of "fungus or related perils".

- b. This exclusion does not apply to:

- 1) loss that results from fire or lightning; or
- 2) collapse caused by hidden decay, to the extent that such loss is covered under Other Coverages, Collapse.

2. Under Perils Excluded, the exclusion for Contamination Or Deterioration and Seepage are deleted and replaced by the following:

- a. **Contamination Or Deterioration --**
"We" do not pay for loss caused by contamination or deterioration including corrosion, decay, rust, or any quality, fault, or weakness in covered property that causes it to damage or destroy itself.

But if contamination or deterioration results in a "specified peril" or breakage of building glass, "we" cover the loss or damage caused by that "specified peril" or breakage of building glass.

This exclusion does not apply to loss caused by corrosion, decay, or rust to "computers" that results from direct physical damage by a covered peril to the air conditioning system that services "your" "computers".

- b. **Seepage --** "We" do not pay for loss caused by continuous or repeated seepage or leakage of water or steam or the presence of moisture, humidity, or vapor that occurs over a period of 14 days or more.

COVERAGE EXTENSIONS

The following coverage is added to Coverage Extensions:

Limited Fungus And Related Perils Property Coverage --

1. **Coverage** -- "We" pay for direct physical loss to covered property caused by or relating to the existence of or any activity of "fungus or related perils".
2. **Coverage Limitation** -- "We" only cover loss caused by "fungus or related perils":
 - a. when the "fungus or related peril" is the result of:
 - 1) a "specified peril" other than fire or lightning; or
 - 2) "flood" (if the Flood Endorsement applies to the affected location);that occurs during the policy period; and
 - b. if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.
3. **Blanket Limit** -- If Blanket Limit is indicated on the Limited Fungus and Related Perils Schedule, the most "we" pay for all losses at all "covered locations" is \$15,000, unless another "limit" is indicated on the schedule. The Blanket Limit applies regardless of the number of claims made.

The Blanket Limit applies regardless of the number of locations or buildings insured under this policy.

The Blanket Limit is the most that "we" pay for the total of all loss or damage arising out of all occurrences of "specified perils", other than fire or lightning, or "flood" (if applicable) during each separate 12-month period beginning with the inception date of this policy.

4. **Location Limit** -- If Location Limit is indicated on the Limited Fungus and Related Perils Schedule, the most "we" pay for all losses at each location described on the Limited Fungus and Related Perils Schedule is \$15,000, unless another "limit" is indicated on the schedule. The Location Limit applies regardless of the number of claims made at a described location.

The Location Limit is the most that "we" pay at each location for the total of all loss or damage arising out of all occurrences of "specified perils" other than fire or lightning or "flood" (if applicable) during each separate 12-month period beginning with the inception date of this policy.

5. **If The Policy Period Is Extended** -- If the policy period is extended for an additional period of less than 12 months, this additional period will be considered part of the preceding period for the purpose of determining the Blanket Limit or Location Limit.
6. **Recurrence And Continuation of Fungus Or Related Perils** -- The Blanket Limit or Location Limit is the most that "we" pay with respect to a specific occurrence of a loss which results in "fungus or related perils" even if such "fungus or related perils" recur or continue to exist during this or any future policy period.
7. **Limit Applies To Other Costs Or Expenses** -- The Blanket Limit or Location Limit also applies to any cost or expense to:
 - a. clean up, contain, treat, detoxify, or neutralize "fungus or related perils" on covered property or remove "fungus or related perils" from covered property;
 - b. remove and replace those parts of covered property necessary to gain access to "fungus or related perils"; and

- c. test for the existence or level of "fungus or related perils" following the repair, replacement, restoration, or removal of damaged property if it is reasonable to believe that "fungus or related perils" are present.
8. **Loss Caused In Total Or In Part By Fungus Or Related Perils** -- The "terms" of this coverage extension do not apply to covered loss or damage to covered property that is not caused, in total or in part, by "fungus or related perils" except to the extent that "fungus or related perils" causes an increase in the loss. When "fungus or related perils" cause an increase in such a loss, that increase is subject to the "terms" of this coverage.

SUPPLEMENTAL COVERAGES

The following provision is added under the Supplemental Coverages, Ordinance or Law (Undamaged Parts of a Building) and Ordinance or Law (Increased Cost to Repair and Cost to Demolish and Clear Site):

We Do Not Pay -- "We" do not pay for:

1. loss or increased cost caused by the enforcement of any ordinance, law, or decree that requires the reconstruction, repair, replacement, remodeling, remediation, or razing of property due to the existence of or any activity of "fungus or related perils"; or
2. costs associated with the enforcement of any ordinance, law, or decree that requires "you" or anyone else to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, or in any way respond to or assess the effects of "fungus or related perils".

INCOME COVERAGE EXTENSIONS

Coverage provided under the Income Coverage Part - Coverage Extensions, if applicable, is amended by the following provision.

Limited Fungus And Related Perils Income Coverage --

1. **Coverage** -- Coverage for earnings and/or extra expense is extended to loss of earnings or extra expenses caused by "fungus or related perils".
2. **Coverage Limitation** -- "We" only cover loss of earnings and/or extra expense caused by "fungus or related perils":
 - a. when the "fungus or related peril" is the result of:
 - 1) a "specified peril" other than fire or lightning; or
 - 2) "flood" (if the Flood Endorsement applies to the affected location);that occurs during the policy period; and
 - b. if all reasonable steps were taken to protect the property from additional damage at and after the time of the occurrence.
3. **Time Limitation** --
 - a. "We" will pay up to 30 days (unless otherwise indicated on the Limited Fungus and Related Perils Schedule) for loss of earnings and/or extra expense if a loss which resulted in "fungus or related perils" does not in itself interrupt "your" "business", but such interruption is necessary due to the loss or damage to property caused by "fungus or related perils". The days need not be successive.

- b. If a covered "business" interruption was caused by loss or damage other than "fungus or related perils" but remediation of "fungus and related perils" lengthens the "restoration period", "we" will pay up to 30 days (unless otherwise indicated on the Limited Fungus and Related Perils Schedule) for loss of earnings and/or expense sustained during the delay (regardless of when such delay for remediation occurs during the "restoration period"). The days need not be successive.

2. Tearing Out and Replacing.
-

OTHER CONDITIONS

The conditions described under Restoration Of Limits do not apply to the coverages provided under this endorsement.

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OTHER COVERAGES

The "terms" of the Limited Fungus And Related Perils Property and Income Coverages do not increase or decrease the coverages under Other Coverages:

1. Collapse; or



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CONDOMINIUM PRO COVERAGE ENHANCEMENT

Name of Parent Company:	
Policy Number:	MC1800000008203
Endorsement Number:	
Effective Date of Endorsement:	11/01/21
Name of Insurer:	QBE Insurance Corporation

This endorsement modifies insurance provided under the following:

COMMERCIAL OUTPUT PROGRAM PROPERTY COVERAGE PART

- I. For the coverage provided by this endorsement, the Commercial Output Program Property Coverage Part is amended as follows:
 - A. Under PROPERTY COVERED, BUILDING PROPERTY, the Covered Building Property provision is deleted and replaced with the following:
 - 1. **Covered Building Property** -- Covered Building Property means buildings and structures and:
 - a. completed additions;
 - b. fixtures, machinery and equipment which are a permanent part of a covered building or structure and not part of or within an individual unit;
 - c. outdoor fixtures outside of individual units;
 - d. personal property owned by "you" and used to maintain or service a covered building or structure or its premises. This includes air-conditioning, venting and heating equipment; fire extinguishing apparatus and security systems; floor coverings; and appliances for refrigerating, cooking, dish washing, and laundering;
 - e. if not covered by other insurance, buildings and additions to buildings under construction, alteration, and repair including:
 - 1) materials, equipment, supplies, and temporary structures, on or within 1,000 feet of a "covered location", intended and designated for use in the construction, alteration, and repair of buildings or additions to buildings; and
 - 2) "your" contractual liability for the interest of contractors and sub-contractors in buildings and additions to buildings under construction, alteration, and repair such as materials, equipment, supplies, and temporary structures, on or within 1,000 feet of a "covered location", intended and designated for use in the construction, alteration, and repair of buildings or additions to buildings;
 - f. building glass;
 - g. the following property if it is located on or within 1,000 feet of a covered building or structure:

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- 1) radio and television towers, antennas, satellite dishes, masts, lead-in wiring, and guy wires. This includes foundations and any other property that is permanently attached to any of these types of property;
 - 2) awnings or canopies; and
 - 3) balconies; indoor or rooftop swimming pools; porches; decks; patios;
- h. signs, whether or not they are attached to covered buildings, or structures;
- i. foundations of buildings, structures, machinery, or boilers;
- j. clubhouses, meeting centers, boat houses, attached garages and carports, buildings housing sewage treatment facilities, and buildings housing heating and air conditioning plants;
- k. other structures not described in the "schedule of coverages" and used in whole as cabanas, recreation courts and fixtures, pool houses, gates, gate houses, storage sheds, shelters, mailboxes, gazebos, pump houses, fences, walkways, roadways, other paved surfaces, outdoor fixtures, outdoor swimming pools, flagpoles, light poles, fountains, outside statues, detached signs, temporary seasonal structures, and freestanding walls, other than retaining walls; or
- l. any of the following types of property contained within a unit, regardless of ownership if "your" Condominium Association Agreement requires you insure it:
- 1) fixtures, improvements, alterations, machinery, and equipment which are a permanent part of a covered building or structure; and
 - 2) appliances for refrigerating, ventilating, cooking, dish washing,

laundrying, security or house-keeping;

However, if one or both of the following options are selected on the "schedule of coverages" and such selection provides broader coverage than the coverage that is required by the Condominium Association's governing documents in Paragraph I. above, losses shall be adjusted according to the selected coverage(s):

(a) Single Entity:

Property within units, regardless of ownership, which was installed at the time of the original construction according to the condominium's plans and specifications, or the replacement of such property with materials of like kind and quality, including appliances used for refrigeration, freezing, cooking, dishwashing, ventilating, laundrying, security or housekeeping.

(b) Inclusive:

Improvements and betterments made by the unit-owner to property within the unit, including appliances used for refrigeration, freezing, cooking, dishwashing, ventilating, laundrying, security or housekeeping.

If neither Single Entity Coverage nor Inclusive Coverage is shown on the "schedule of coverages", losses to the unit shall be adjusted per the Condominium Association's governing documents.

Covered Building Property does not include the personal property owned by, used by, or in the care, custody and control of a unit-owner except for the personal property listed in A.1.I. above.

- B. Under PROPERTY COVERED, BUILDING PROPERTY, the Building Property That Is Not Covered provision is deleted and replaced with the following:

2. Building Property That Is Not Covered -- Except as provided under

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Supplemental Coverages - Underground Pipes, Pilings, Bridges and Roadways, Covered Building Property does not include:

- a. pilings, piers, wharves, docks, or retaining walls;
 - b. underground pipes, flues, or drains; and
 - c. bridges.
- C. Under PROPERTY COVERED, BUSINESS PERSONAL PROPERTY, the Business Personal Property That Is Not Covered provision is deleted and replaced with the following
2. **Business Personal Property That Is Not Covered** -- Covered business personal property does not include:
 - a. "off-site server";
 - b. except as provided under Supplemental Marine Coverages;
 - 1) personal property in transit as described under Property In Transit;
 - 2) "fine arts" as described under Fine Arts;
 - 3) "computers" while away from a "covered location" as described under Off Premises Computers;
 - 4) property while temporarily on display or exhibit as described under Property On Exhibition; and
 - 5) duplicate or back-up "software" as described under Software Storage; and
 - c. Personal property owned by a unit-owner only.
- D. PROPERTY NOT COVERED is amended as follows:
1. The Animals provision is deleted and replaced with the following:
 3. **Animals** -- "We" do not cover animals, including but not limited to birds and fish, unless owned by others and boarded by "you".

2. The Property More Specifically Insured provision is deleted in its entirety.
- E. SUPPLEMENTAL COVERAGES is amended as follows:
1. No deductible applies to the Inventory and Appraisal Expense provision.
 2. The Underground Pipes, Pilings, Bridges, and Roadways is deleted and replaced with the following:
 13. **Underground Pipes, Pilings, and Bridges** -- "We" cover direct physical loss caused by a covered peril to:
 - a. pilings, piers, wharves, docks, or retaining walls;
 - b. underground pipes, flues, or drains; and
 - c. bridges.

The most "we" pay under this Supplemental Coverage in any one occurrence or at any one "covered location" is the amount shown in the "schedule of coverages".

- F. Under SUPPLEMENTAL MARINE COVERAGES, the Sales Representative Samples provision is deleted in its entirety.
- G. VALUATION is amended as follows:
1. The Replacement Cost provision is replaced by the following:
 1. **Replacement Cost** -- The value of covered property will be based on replacement cost without any deduction for depreciation unless Actual Cash Value is indicated on the "schedule of coverages".
- The replacement cost is limited to the cost of repair or replacement with similar materials on the same site and used for the same purpose. The payment will not exceed the amount "you" spend to repair or replace the damaged or destroyed property. If Single Entity coverage is shown in the "schedule of coverages", "we" will not pay more than local builder's grade costs for damaged or destroyed property within units if the

original plans and specifications for the unit cannot be documented or determined.

Replacement cost valuation does not apply until the damaged or destroyed property is repaired or replaced. "You" may make a claim for actual cash value before repair or replacement takes place, and later for the replacement cost if "you" notify "us" of "your" intent within 200 days after the loss.

This replacement cost provision does not apply to paragraphs 3. through 13. below.

2. The following provisions are added:

Guaranteed Replacement Cost -- When the "schedule of coverages" indicates that coverage is provided on a Guaranteed Replacement Cost basis:

a. Loss Settlement Terms under How Much We Pay is deleted and replaced with the following:

4. **Loss Settlement Terms** Subject to paragraphs 1., 2., 3., 5., 6., and 7. Under How Much We Pay and coinsurance provisions (if applicable), "we" pay the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable.

b. Guaranteed Replacement Cost will apply if the following conditions are met:

(1) "you" notify "us" within 120 days following the completion of:

(a) any alteration, addition or improvement to property covered under Property Covered, Building Property or Units; or

(b) any alteration, addition, improvement to or acquisition of property covered under Property Covered, Business Personal Property,

which increases the value by 10% or greater of the original applicable "limit"; and

(2) "you" have paid or agreed to pay any additional premium due for the increase in coverage limits.

All other provisions of the Replacement Cost provision in Valuation apply.

Extended Replacement Cost -- When the "schedule of coverages" indicates that coverage is provided on an Extended Replacement Cost basis, Loss Settlement Terms under How Much We Pay is deleted and replaced with the following:

4. **Loss Settlement Terms** -- Subject to paragraphs 1., 2., 3., 5., 6., and 7. Under How Much We Pay and coinsurance provisions (if applicable) "we" pay the lesser of:

a. the cost to repair, replace, or rebuild the property with material of like kind and quality to the extent practicable; or

b. 125% of the "limit" that applies to the covered property subject to Replacement Cost Valuation provided that:

(1) "you" notify "us" within 120 days following the completion of:

(a) any alteration, addition or improvement to property covered under Property Covered, Building Property or Units; or

(b) any alteration, addition, improvement to or acquisition of property covered under Property Covered, Business Personal Property,

which increases the value by 10% or greater of the original applicable "limit"; and

(2) "you" have paid or agreed to pay any additional premium

due for the increase in coverage limits.

All other provisions of the Replacement Cost provision in Valuation apply.

3. The Manufactured Stock and Tenant's Improvements provisions are deleted in their entirety.
- H. HOW MUCH WE PAY is amended as follows:
1. The Deductible provision is deleted and replaced by the following:
 2. **Deductible**
Per Occurrence Deductible
"We" pay only that part of "your" loss over the deductible amount stated on the "schedule of coverages" in any one occurrence up to the "limit" on the "schedule of coverages". The deductible applies to the loss before application of any coinsurance or reporting provisions. When any occurrence is subject to more than one deductible, only the highest deductible will be applied.
 2. The following provision is added:

Unit-owner's Insurance – If a unit-owner has other insurance that covers the same property as the insurance provided under this policy, the insurance under this policy will be primary and the unit-owners insurance will apply on an excess basis.
- I. The following is added to LOSS PAYMENT, Your Losses:
- If "you" name an insurance trustee, we will adjust losses with "you", but "we" will pay the insurance trustee. If "we" pay the trustee, the payments will satisfy "your" claims against "us".
- J. OTHER CONDITIONS is amended as follows:
1. The Vacancy provision is deleted in its entirety.
 2. The following provisions are added:

Acts or Omissions by Unit-Owners or Holders of a Security Interest -- No act or omission by a unit-owner or holder of a security interest will void this policy or otherwise be a condition to recovery under this policy. This condition does not apply if the unit-owner or holder of a security interest is acting within their authority on behalf of the Condominium Association that is the named insured shown in the "schedule of coverages".

Waiver of Rights of Recovery -- "We" waive our rights of recovery against:

- a. any unit-owner of the Condominium Association shown as the named insured in the "schedule of coverages";
- b. the Condominium Association listed as the named insured in the "schedule of coverage"; and
- c. directors, officers or members of the Board of Directors listed as named insureds on the "schedule of coverages".

However, "we" reserve the right to recover damages for acts or omissions which the builder or developer may be held liable for in their capacity as a builder or developer.

Unintentional Errors and Omissions -- Any unintentional error or omission "you" make in determining or reporting values, or describing the premises, location or property will not void or impair the coverage provided by this policy. "You" must report any error or omission in writing as soon as it is discovered. However, "we" will only cover the loss or damage to the extent "we" would have provided coverage had such unintentional error or omission not been made.

"We" will correct our records and the policy and charge "you" any additional premium due. "You" agree to pay any additional premium generated by such corrections.

II. ADDITIONAL COVERAGE EXTENSIONS

The following coverage is added to Coverage Extensions in the Commercial Output Program Property Coverage Part:

Business Personal Property Off-Premises

- a. "You" may extend the insurance provided by this coverage form to apply to "your" covered business personal property while it is away from "covered location" if it is:
 - 1) temporarily at a location "you" do not own, lease or operate; or
 - 2) in storage at a location "you" lease, provided the lease was executed after the beginning of the current policy period.
- b. This coverage extension does not apply to covered business personal property:
 - 1) in transit;
 - 2) in the care, custody or control of "your" salespersons; or
 - 3) at any trade show, fair, seminar, symposium or exhibition.
- c. The most "we" will pay for loss or damage under this coverage extension is the amount shown in the "schedule of coverages" per temporary location not specifically described in the "schedule of coverages".

If more than one coverage under this policy applies to property that has been damaged from one occurrence, "you" may choose only one of these coverages to apply to that loss. The most "we" will pay is the "limit" applicable to the coverage "you" choose.

III. SUPPLEMENTAL COVERAGES

A. Personal Effects And Property Of Others

Paragraph 1.g. of Business Personal Property is deleted and the Personal Effects provision under Supplemental Coverages in the Commercial Output Program Property Coverage Part is replaced by the following:

7. **Personal Effects and Property of Others** -- "We" cover direct physical loss caused by a covered peril to:
 - a. personal effects owned by "your" directors, officers or members of the board of directors while acting in the scope of their duties as such, "you", "your" partners, or "your" employees; and
 - b. personal property of others that is in "your" care, custody, or control.

"Our" payment for loss to personal property of others will only be for the benefit of the owners of the personal property.

The most "we" pay for loss to personal effects or personal property of others in any one occurrence or at any one "covered location" is the amount shown in the "schedule of coverages".

When **Personal Effects And Property Of Others** applies:

If more than one coverage under this policy applies to property that has been damaged from one occurrence, "you" may choose only one of these coverages to apply to that loss. The most "we" will pay is the "limit" applicable to the coverage "you" choose.

- B. The following Supplemental Coverages are added to the Commercial Output Program Property Coverage Part:

Additional Claim Expenses -- "We" will pay up to the amount shown in the "schedule of coverages" for the reasonable and necessary expenses "you" incur for "your" community manager to assist "you" in preparing and certifying details regarding loss or damage to covered property caused by or resulting from a covered peril.

"We" will not pay for:

- a. expenses incurred, directed or billed by or payable to a public or independent adjuster;
- b. expenses incurred by "you" under the Appraisal provision under Other Conditions; or
- c. expenses payable under the Cost To Prepare Inventory And Appraisal Expense provision under Supplemental Coverages.

No deductible applies.

Alternate Key Systems -- "We" will pay for loss or damage to "alternate key systems", including card programmers, card readers, computers, transceivers, related alarm systems, power supplies and any other electronic or mechanical apparatus needed to make the key system work if a master key

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or grand master key is lost or damaged due to a covered peril.

With respect to this coverage, "alternate key systems" means programmable keying systems that utilize mechanically or electronically coded key cards or key fobs

For the purposes of this coverage only, Paragraph 8. **Missing Property** under Additional Property Not Covered Or Subject To Limitations does not apply.

The most "we" will pay under this Supplemental Coverage in any one occurrence is the amount shown in the "schedule of coverages".

No deductible applies.

When **Alternate Key Systems** applies:

If more than one coverage under this policy applies to property that has been damaged from one occurrence, "you" may choose only one of these coverages to apply to that loss. The most "we" will pay is the "limit" applicable to the coverage "you" choose.

Crisis Management Coverage --

- a. "We" pay for the "crisis management emergency response expenses" "you" incur as a result of an "incident" which occurs during the policy period at a "covered location" that gives rise to a "crisis" to which this coverage applies.

The "incident" must be reported to "us" within six months of the "crisis".

- b. For the purposes of this supplemental coverage only, the following definitions apply:

- 1) "Crisis" means a public announcement that an "incident" occurred on or at a "covered location" or at any event sponsored by "you".
- 2) "Crisis management emergency response expenses" means the reasonable and necessary expenses for services provided by a "crisis management firm", but does not include "your" compensation, fees, benefits, overhead, charges or expenses by "you", "your" employees, or unit-owners.

- 3) "Crisis management firm" means a provider of crisis management emergency response services.

- 4) "Incident" means an occurrence or accident, including accidental discharge of pollutants, which results in death or serious bodily injury to three or more persons.

- c. The most "we" will pay under this Supplemental Coverage for any one "incident" is the amount shown in the "schedule of coverages".

Emergency Real Estate Consulting Fees -

- "We" pay for the reasonable and necessary fees of a realtor or real estate consultant for "your" need to relocate due to damage to a "covered location" resulting from a "covered peril".

The most "we" will pay under this Supplemental Coverage in any one occurrence is the amount shown in the "schedule of coverages".

No deductible applies.

When **Emergency Real Estate Consulting Fees** applies:

If more than one coverage under this policy applies to property that has been damaged from one occurrence, "you" may choose only one of these coverages to apply to that loss. The most "we" will pay is the "limit" applicable to the coverage "you" choose.

Emergency Vacating Expense --

- a. "We" will pay for the reasonable and necessary expenses "you" incur in the evacuation of unit-owners or tenants from a "covered location" as a result of an "emergency".

"We" do not pay for any evacuation expenses that are due to:

- 1) a planned drill simulating an evacuation; or
 - 2) strike.
- b. For the purposes of this supplemental coverage only, "emergency" means an unforeseeable event which affects "your" covered location that puts "your" unit owners or tenants in danger of direct

physical harm, including possible loss of life. "Emergency" also means events for which a government body or official, whether federal, state, or local, issues an emergency evacuation order.

- c. Loss of business income is not covered under this Supplemental Coverage.

The most "we" will pay under this Supplemental Coverage in any one occurrence for any one location is the amount shown in the "schedule of coverages".

When **Emergency Vacating Expense** applies:

If more than one coverage under this policy applies to property that has been damaged from one occurrence, "you" may choose only one of these coverages to apply to that loss. The most "we" will pay is the "limit" applicable to the coverage "you" choose.

Extra Expense -- If the Commercial Output Program Income Coverage Part is not attached to this policy, "we" will pay the actual and necessary "extra expense" "you" sustain due to direct physical loss of or damage to property at a "covered location" including damage to personal property in the open (or in a vehicle) within 1000 feet, caused by or resulting from any covered peril.

If "you" occupy only part of a building, "your" covered location means:

- a. the space that "you" rent, lease or occupy;
- b. the area within 1000 feet of the building or within 1000 feet of the "covered location", whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- c. any area within the building or at the "covered location", if that area services, or is used to gain access to, the space which "you" rent, lease or occupy.

"Extra Expense" means the necessary expenses "you" incur during the "restoration period" that "you" would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a covered peril. "Extra Expense" does not include any cost, fee or expense incurred

by, paid to, or owed to any attorney, public adjuster or consultant retained by "you" for the purpose of negotiating with "us" or preparing or adjusting a claim.

Coverage pertains to "extra expenses" (other than the expense to repair or replace property) which are incurred to:

- 1) avoid or minimize the "suspension" of "business" and to continue "operations" at the "covered location" or at replacement premises or at temporary locations, including relocation expenses and costs to equip and operate the replacement or temporary locations;
- 2) minimize the "suspension" of "business" if "you" cannot continue "operations"; and
- 3) replace or restore the information on "valuable papers" and "data records" which exist as electronic data to the extent it reduces the amount of loss that otherwise would have been payable under this Supplemental Coverage.

"We" will also pay "extra expense" to repair or replace property but only to the extent it reduces the amount of loss that otherwise would have been payable under this Supplemental Coverage.

The most "we" will pay under this Supplemental Coverage is the amount shown in the "schedule of coverages" for all loss sustained in each 12-month period of this policy, regardless of the number of interruptions or the number of "covered locations", locations or "computer" systems involved. If loss payment related to the first interruption does not exhaust this amount, then the balance is available for loss sustained as a result of subsequent interruptions in that 12-month policy period. A balance remaining at the end of the policy period does not increase the amount of insurance in the next policy period. With respect to any interruption which begins in one policy period and continues or results in additional loss in a subsequent policy period(s), all loss is deemed to be sustained in the policy period in which the interruption began.

This coverage does not apply to loss sustained after the end of the "restoration period", even if the amount of insurance stated above has not been exhausted.

With respect to this Supplemental Coverage only, "restoration period" means the period of time that:

- a. begins with the date of direct physical loss or damage caused by or resulting from any covered peril at the described premises; and
- b. ends on the earlier of:
 - 1) the date the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - 2) the date when "business" is resumed at a new permanent location.

"Restoration period" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- a. regulates the construction, use or repair, or requires the tearing down of any property; or
- b. requires insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

"Suspension" means the slowdown or cessation of "your" "business".

"Operations" means "your" "business" occurring at the "covered location".

When **Extra Expense** applies:

If more than one coverage under this policy applies to property that has been damaged from one occurrence, "you" may choose only one of these coverages to apply to that loss. The most "we" will pay is the "limit" applicable to the coverage "you" choose.

No deductible applies.

Identity Theft Expenses --

- a. "We" will reimburse up to the amount shown in the "schedule of coverages" during the 12-month period of this policy for "expenses" incurred by an "identity theft insured" as the direct result of any "identity theft" first discovered during the policy period and reported during the policy period provided that such "identity

theft" commenced after the effective date of "your" first policy covering such type of loss with "us".

- b. Any act or series of acts committed by one or more persons, or in which such person or persons are aiding and abetting others against an "identity theft insured", is considered to be one "identity theft", even if a series of acts continues into a subsequent policy period.
- c. For the purposes of this Supplemental Coverage only, the following definitions are added:

1) "Expenses" means:

- a) costs for notarizing affidavits or similar documents attesting to fraud required by financial institutions or similar credit grantors or credit agencies;
- b) cost for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors;
- c) lost wages as a result of time taken off from work to meet with, or talk to, law enforcement agencies and/or legal counsel, or to complete fraud affidavits, up to a maximum payment of \$1,000 per week for a maximum period of four weeks;
- d) loan application fees for re-applying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information;
- e) reasonable attorney fees incurred, with "our" prior consent for:
 - (1) defense of lawsuits brought against an "identity theft insured" by merchants, financial institutions or their collection agencies;
 - (2) the removal of any criminal or civil judgments wrongly entered against an "identity theft insured"; and

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- (3) challenging the accuracy or completeness of any information in a consumer credit report; and
 - (4) charges incurred for long distance telephone calls to merchants, law enforcement agencies, financial institutions or similar credit grantors, or credit agencies to report or discuss an actual Identity Theft.
- 2) "Identity theft" means the act of knowingly transferring or using, without lawful authority, a means of identification of an "identity theft insured" with the intent to commit, or to aid or abet another to commit, any unlawful activity that constitutes a violation of federal law or any applicable state or local law.
- 3) "Identity theft insured" means:
- a) the first named insured shown in the "schedule of coverages";
 - b) directors, officers or members of the Board of Directors listed as named insureds on the "schedule of coverages";
 - c) an individual sole proprietor if "you" are a sole proprietorship;
 - d) a partner if "you" are a partnership; or
 - e) any individual having an ownership position of 20% or more of the business if "you" are a corporation, Limited Liability Company, or other organization.
- d. "We" will not pay for "expenses" under this Supplemental Coverage:
- 1) incurred due to fraudulent, dishonest or criminal act by an "identity theft insured" or any person aiding or abetting an "identity theft insured" or by any authorized representative of an "identity theft insured" whether acting alone or in collusion with others.

- 2) arising from any "identity theft" by or with the knowledge of any relation or former relation of an "identity theft insured".
- e. The following condition is added to Other Conditions:

Duties In The Event Of An Identity Theft Expenses Loss

"You" must provide receipts, bills or other records that support "your" claim for "expenses" under the Supplemental Coverages - Identity Theft Expenses.

- f. When **Identity Theft Expenses** applies:
- If more than one coverage under this policy applies to property that has been damaged from one occurrence, "you" may choose only one of these coverages to apply to that loss. The most "we" will pay is the "limit" applicable to the coverage "you" choose.
- g. No deductible applies.

Lost Key -- "We" cover direct physical loss caused by a covered peril to a master key or grand master key that results in consequential loss to other keys and locks. "We" pay the cost to replace keys, adjustment of locks to accept new keys, or, if required, new locks and the installation of new locks.

For the purposes of this coverage only, Paragraph 8. Missing Property under Additional Property Not Covered Or Subject To Limitations does not apply.

The most "we" will pay under this Supplemental Coverage in any one occurrence is the amount shown in the "schedule of coverages".

No deductible applies.

When **Lost Key** applies:

If more than one coverage under this policy applies to property that has been damaged from one occurrence, "you" may choose only one of these coverages to apply to that loss. The most "we" will pay is the "limit" applicable to the coverage "you" choose.

Unit-Owner Relocation Coverage --

- a. "We" will pay up to the amount shown in the "schedule of coverages" for the unit-owner relocation costs "you" incur due to unit-owners who temporarily vacate a portion of a "covered location" as a result of a covered peril that occurs during the policy period that renders the unit-owner's property uninhabitable. "We" will only pay the "unit-owner relocation costs" "you" incur from the date of the direct physical loss or damage by a covered peril to 45 days after the date that the property has been approved for occupancy.
- b. For the purposes of this Supplemental Coverage only, "unit-owner relocation costs" means the reasonable and necessary costs incurred by the unit-owner and paid by "you" to:
 - 1) pack, insure, and move or ship personal property, including the costs to move property back into the unit when repairs are completed;
 - 2) terminate and restore utility services, including electric, water, and natural gas; and
 - 3) disassemble and reassemble furniture, fixtures, and equipment.

The unit-owner must be able to produce documentation of such costs.

- c. When **Unit Owner Relocation Coverage** applies:

If more than one coverage under this policy applies to property that has been damaged from one occurrence, "you" may choose only one of these coverages to apply to that loss. The most "we" will pay is the "limit" applicable to the coverage "you" choose.

IV. SUPPLEMENTAL MARINE COVERAGE

The following is added to Supplemental Marine Coverages in the Commercial Output Program Property Coverage Part:

Spoilage --

- 1. "You" may extend the insurance provided by the Commercial Output Program Property Coverage Part to apply to covered property for loss of "perishable stock" due to:

- a. breakdown or contamination meaning:
 - 1) change in temperature or humidity resulting from mechanical breakdown or failure of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at a location(s) described in the "schedule of coverages" or on any vehicle, conveyance, container, or trailer; and
 - 2) contamination from the release of any refrigerant.
- b. power outage, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off described premises, due to conditions beyond "your" control.
- 2. "We" will determine the value of "perishable stock" in the event of loss or damage to:
 - a. the selling price, as if no loss or damage had occurred;
 - b. less discounts and expenses "you" otherwise would have had.
- 3. "Perishable Stock" under Definitions is replaced by the following:
 - 21. "Perishable stock" means personal property owned by "you" or by others that is in "your" care, custody or control, preserved and maintained under controlled temperature or humidity conditions for its preservation, and susceptible to loss or damage if the controlled conditions change.
- 4. "We" will not pay for loss or damage resulting from "your" failure to use all reasonable means to protect the "perishable stock" from damage before or following loss.
- 5. For the purposes of this coverage only, Paragraphs 1.g., 2.g., 2.k., 2.r.2. under Perils Excluded and Paragraph 4. under Additional Property Not Covered Or Subject To Limitations are deleted.
- 6. "We" will not pay for loss or damage caused by or resulting from:
 - a. the disconnection of any refrigerating, cooling or humidity control system from the source of power by "you" or "your" employee;

- b. the deactivation of electrical power caused by manipulation of any switch or other device used to control the flow of electrical power or current;
 - c. the inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (1) lack of fuel;
 - (2) insufficient generating capacity or reduction in supply of power or other utility service of the Electrical Utility Company to meet consumer demand; or
 - (3) governmental order;
 - d. the inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand;
 - e. breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit; or
 - f. loss or damage to "perishable stock" located:
 - (1) on buildings or structures; or
 - (2) in the open.
7. If a refrigerator maintenance or service agreement is in force, "you" must maintain the agreement for this coverage to apply. If this agreement is terminated for any reason, the insurance provided by this Coverage Extension is automatically suspended at the involved location.
8. The most "we" will pay for loss or damage under this coverage is the amount shown in the "schedule of coverages".
9. When **Spoilage** applies:
- If more than one coverage under this policy applies to property that has been damaged from one occurrence, "you" may choose only one of these coverages to apply to that loss. The most "we" will pay is the "limit" applicable to the coverage "you" choose.

All other "terms" of the policy apply.



**CONDOMINIUM PRO
SCHEDULE OF COVERAGES
COMMERCIAL OUTPUT PROGRAM**

(The information required to complete this schedule will be shown below or on the "schedule of coverages".)

Limit of Insurance

Catastrophe Limit -- The most "we" pay for any combination of or total of losses arising under one or more coverages in any one occurrence is:

PROPERTY COVERAGE PART

LIMITS

- Building Property Limit -- The most "we" pay for loss at any one "covered location" is:
 - Business Personal Property Limit -- The most "we" pay for loss at any one "covered location" is:
- or
- Combined Blanket Limit -- The most "we" pay for loss at any one "covered location" is:

Refer To Scheduled Locations

COVERAGE - UNITS

- Single Entity Coverage
- Inclusive Coverage

COVERAGE EXTENSIONS

- Business Personal Property Off-Premises
- Consequential Loss BPP Policy Limit
- Debris Removal, Additional Expense 25% of Building Limit
Plus \$50,000
- Emergency Removal 365 days

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-- Emergency Removal Expense	\$10,000
-- Fraud and Deceit	\$5,000
-- Damage From Theft	\$10,000
-- Off Premises Utility Service Interruption	
- Limit	\$50,000
[] Overhead Transmission Lines Excluded	

SUPPLEMENTAL COVERAGES

-- Additional Claim Expense	\$10,000
-- Alternate Key Systems	\$10,000
-- Brands or Labels Expense	\$50,000
-- Crisis Management Expense	\$10,000
-- Emergency Real Estate Consulting Fees	\$10,000
-- Emergency Vacating Expense	\$10,000
-- Expediting Expenses	\$50,000
-- Extra Expense	
-- Fire Department Service Charges	\$25,000
-- Identity Theft Expense	
-- Inventory and Appraisal Expense	\$50,000
-- Lost Key	\$10,000
-- Ordinance or Law (Undamaged Parts of a Building)	Included In Building Coverage
-- Ordinance or Law (Increased Cost to Repair/ Cost to Demolish and Clear Site)	Up To 20% Of The Building Limit
-- Personal Effects And Property of Others	\$15,000
-- Pollutant Cleanup And Removal	\$50,000
-- Recharge of Fire Extinguishing Equipment	\$50,000
-- Rewards	\$10,000
-- Sewer Backup and Water Below the Surface	\$250,000

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- Trees, Shrubs, and Plants \$50,000
- Underground Pipes, Pilings, and Bridges \$250,000
- Unit-Owner Relocation Coverage

SUPPLEMENTAL MARINE COVERAGES

- Accounts Receivable \$100,000
- Business Personal Property Off-Premises
- Electrical or Magnetic Disturbance of Computers - SUBLIMIT \$50,000
- Power Supply Disturbance of Computers - SUBLIMIT BPP Policy Limit
- Virus and Hacking Coverage
 - Limit any one occurrence \$25,000
 - Limit any 12 month period \$50,000
- Fine Arts \$100,000
- Off Premises Computers \$25,000
- Property On Exhibition \$50,000
- Property In Transit \$50,000
- Spoilage
- Software Storage \$50,000
- Valuable Papers \$100,000

ADDITIONAL PROPERTY SUBJECT TO LIMITATIONS

- Furs (theft) \$10,000
- Jewelry (theft) \$10,000
- Stamps, Tickets, Letters of Credit \$5,000

COVERAGE OPTIONS (check if applicable)

- Actual Cash Value Applies
- Replacement Cost Applies
- Guaranteed Replacement Cost Applies
- Extended Replacement Cost Applies

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- Automatic Increase
 - Automatic Increase 4%
- Scheduled Locations
 - Newly Built or Acquired Buildings \$1,000,000
 - Personal Property - Acquired Locations \$250,000
 - Locations "You" Elect Not To Describe \$250,000
 - Coinsurance 0%

DEDUCTIBLE

Check One

Deductible Amount

Refer to Deductible Endorsements See Forms QBCP 2024 (12 17) and QBCP 2025 (12 17)

INCOME COVERAGE PART

COVERAGE (check one)

- Income Coverage Does Not Apply
- Earnings, Rents, and Extra Expense
- Earnings and Extra Expense
- Rents and Extra Expense
- Extra Expense Only

LIMIT (check one)

- Income Coverage Limit -- The most "we" pay for loss at any one "covered location" is:
- Refer To Scheduled Locations (check if applicable)

COVERAGE EXTENSIONS

- Interruption By Civil Authority 30 days
- Period of Loss Extension 180 days

SUPPLEMENTAL COVERAGES

- Computer Virus and Hacking
 - Limit any one occurrence \$25,000
 - Limit any 12 month period \$50,000
 - Waiting Period 12 hours
- Dependent Locations \$100,000
- Off Premises Utility Service Interruption
 - Limit \$10,000
 - Waiting Period 12 hours
- Overhead Transmission Lines Excluded

INCOME COVERAGE PART (cont.)

SUPPLEMENTAL COVERAGES (cont.)

- Contract Penalty
 - Limit any one occurrence \$25,000
 - Limit any 12 month period \$100,000
- Pollutants Cleanup and Removal \$50,000
- Property In Transit, On Exhibition, or Custody of Sales Representatives \$10,000

COVERAGE OPTIONS (check if applicable)

- Scheduled Locations
 - Newly Built or Acquired Locations \$250,000
 - Coinsurance None
- Waiting Period
- Monthly Limitation

FLOOD COVERAGE

- Not Covered
- Scheduled Flood Coverage
 - "Catastrophe Limit" See Form CO 1063 (04 02)
 - Flood Deductible (\$,%) \$50,000
- Blanket Flood Coverage
 - "Occurrence Limit"
 - "Aggregate Limit"
 - "Catastrophe Limit"
 - Flood Deductible (\$,%)

EARTHQUAKE COVERAGE

Not Covered

Scheduled Earthquake Coverage

- "Catastrophe Limit" See Form CO 1062 (04 02)
- Earthquake Deductible (\$,%) \$50,000

Blanket Earthquake Coverage

- "Occurrence Limit"
- "Aggregate Limit"
- "Catastrophe Limit"
- Earthquake Deductible (\$,%)



This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

CONDOMINIUM PRO MULTIPLE DEDUCTIBLE SCHEDULED PERILS AND LOCATIONS

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

All Other Covered Perils And Locations --

Deductible Amount: \$10,000

HOW MUCH WE PAY

The deductible provision is deleted and replaced
by the following:

1. **Scheduled Locations** -- For covered perils and locations described on the Multiple Deductible Schedule, "we" pay only that part of "your" loss over the deductible amount indicated on the schedule in any one occurrence.

When any one occurrence is subject to more than one deductible, only the highest deductible will be applied. Notwithstanding, the determination of the highest deductible shall factor in the combination of all applicable Per Unit deductibles for any one occurrence. If the total of all Per Unit deductibles combined is larger than the per occurrence deductible for the covered peril and scheduled location, the total of all Per Unit deductibles combined will be the highest deductible and such deductible shall apply to the occurrence.

2. **All Other Covered Perils And Locations** -- For all other covered locations not described on the Multiple Deductible Schedule, "we" pay only that part of "your" loss over the deductible amount indicated on this endorsement in any one occurrence.

3. **Percentage Deductible** --

- a. **Percentage** -- When a 1%, 2%, or 5% deductible is indicated on the Multiple Deductible Schedule, "we" pay only that part of "your" loss over the deductible amount in any one occurrence. The deductible amount is determined by applying the percentage indicated on the Multiple Deductible Schedule to the applicable "limit" shown on the "schedule of coverages" for the covered property involved in the loss.

- b. **Deductible Applies Separately** -- The percentage deductible applies separately to:

- 1) each building or structure, including business personal property within each building or structure;
- 2) business personal property in each building or structure that is not covered by this policy; and
- 3) business personal property in the open or in a vehicle.

4. **Per Building Deductible** --

- a. When a Per Building deductible is indicated on the Multiple Deductible Schedule, "we" pay only that part of "your" loss over the deductible amount per building in any one occurrence.

- b. **Deductible Applies Separately** -- The Per Building deductible applies to separately to each building and includes the business personal property within each building.

5. **Per Unit Deductible** --

When a Per Unit deductible is indicated on the Multiple Deductible Schedule, "we" pay only that part of "your" loss over the deductible amount per unit in any one occurrence.



This endorsement changes
the policy
-- PLEASE READ THIS CAREFULLY --

**CONDOMINIUM PRO
MULTIPLE DEDUCTIBLE SCHEDULE
SCHEDULED PERILS AND LOCATIONS**

(The entries required to complete this endorsement
will be shown below or on the "schedule of coverages".)

Loc. No.	Described Location
01	<u>See Form CO 1052 (04 02) Location Schedule</u>

Described Peril: Water Damage

Deductible Amount For Described Peril:

Dollar Deductible Per Occurrence: \$25,000 Per Occurrence

Percentage Deductible 1% 2% 5%

Per Building Deductible \$ _____

Per Unit Deductible \$ _____

Deductible Amount For All Other Covered Perils: \$10,000

POLICY NUMBER:MC180000008203

COMMERCIAL GENERAL LIABILITY
CG DS 01 10 01

COMMERCIAL GENERAL LIABILITY DECLARATIONS

COMPANY NAME QBE Insurance Corporation	PRODUCER NAME McGowan Program Administrators 10745 Birmingham Way Woodstock, MD 21163
NAMED INSURED COU of Silverbrook Wood Condominium Inc	
MAILING ADDRESS c/o Tidewater Property Management 3600 Crondall Lane, Suite 100 Owings Mills, MD 21117	
POLICY PERIOD: FROM 11/01/2021 TO 11/01/2022 AT 12:01 A.M. TIME AT YOUR MAILING ADDRESS SHOWN ABOVE	

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

LIMITS OF INSURANCE	
EACH OCCURRENCE LIMIT	\$1,000,000
DAMAGE TO PREMISES	
RENTED TO YOU LIMIT	\$300,000 Any one premises
MEDICAL EXPENSE LIMIT	\$5,000 Any one person
PERSONAL & ADVERTISING INJURY LIMIT	\$1,000,000 Any one person or organization
GENERAL AGGREGATE LIMIT	\$2,000,000
PRODUCTS/COMPLETED OPERATIONS AGGREGATE LIMIT	\$2,000,000

RETROACTIVE DATE (CG 00 02 ONLY)
THIS INSURANCE DOES NOT APPLY TO "BODILY INJURY", "PROPERTY DAMAGE" OR "PERSONAL AND ADVERTISING INJURY" WHICH OCCURS BEFORE THE RETROACTIVE DATE, IF ANY, SHOWN BELOW. RETROACTIVE DATE: _____ (ENTER DATE OR "NONE" IF NO RETROACTIVE DATE APPLIES)

DESCRIPTION OF BUSINESS
FORM OF BUSINESS:
<input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> JOINT VENTURE <input type="checkbox"/> TRUST <input type="checkbox"/> LIMITED LIABILITY COMPANY <input checked="" type="checkbox"/> ORGANIZATION, INCLUDING A CORPORATION (BUT NOT INCLUDING A PARTNERSHIP, JOINT VENTURE OR LIMITED LIABILITY COMPANY)
BUSINESS DESCRIPTION: <u>Condominiums</u>

ALL PREMISES YOU OWN, RENT OR OCCUPY	
LOC NO.	ADDRESS OF ALL PREMISES YOU OWN, RENT OR OCCUPY
001-001	Condominiums See Form CO 1052 04 02 Location Schedule Baltimore Owings Mills, MD 21117

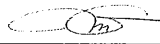
CLASSIFICATION AND PREMIUM							
LOC NO.	CLASSIFICATION	CODE NO.	PREMIUM BASE	RATE		ADVANCE PREMIUM	
				Prem/Ops	Prod/Comp Ops	Prem/Ops	Prod/Comp Ops
001-001	Condominiums-Residential-(Association Risk Only) Products-completed operations are subject to the General Aggregate Limit TERRITORY: 503	62003	160 Units	33.075	Incl.	\$5,292	Incl.

CLASSIFICATION AND PREMIUM							
LOC NO.	CLASSIFICATION	CODE NO.	PREMIUM BASE	RATE		ADVANCE PREMIUM	
				Prem/Ops	Prod/Comp Ops	Prem/Ops	Prod/Comp Ops
	Fire Damage at \$300,000					\$100	
	Hired & Nonowned					\$156	
	CGL Enhancement					\$108	

	STATE TAX OR OTHER (if applicable) _____
	TOTAL PREMIUM (SUBJECT TO AUDIT) _____ \$5,656
PREMIUM SHOWN IS PAYABLE:	AT INCEPTION _____
	AT EACH ANNIVERSARY _____
	(IF POLICY PERIOD IS MORE THAN ONE YEAR AND PREMIUM IS PAID IN ANNUAL INSTALLMENTS)
AUDIT PERIOD (IF APPLICABLE)	<input type="checkbox"/> ANNUALLY <input type="checkbox"/> SEMI-ANNUALLY <input type="checkbox"/> QUARTERLY <input type="checkbox"/> MONTHLY

ENDORSEMENTS
ENDORSEMENTS ATTACHED TO THIS POLICY:
See Schedule of Forms and Endorsements

THESE DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS AND COVERAGE FORM(S) AND ANY ENDORSEMENT(S), COMPLETE THE ABOVE NUMBERED POLICY.

Countersigned: 11/19/21	By: 
(Date)	(Authorized Representative)

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERAGES

COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:
- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";

- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorneys' fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorneys' fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in:

- (a) The supervision, hiring, employment, training or monitoring of others by that insured; or
- (b) Providing or failing to provide transportation with respect to any person that may be under the influence of alcohol;

if the "occurrence" which caused the "bodily injury" or "property damage", involved that which is described in Paragraph (1), (2) or (3) above.

However, this exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages. For the purposes of this exclusion, permitting a person to bring alcoholic beverages on your premises, for consumption on your premises, whether or not a fee is charged or a license is required for such activity, is not by itself considered the business of selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1) "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
- (a) At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (i) "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - (ii) "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - (b) At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c) Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i) Any insured; or
 - (ii) Any person or organization for whom you may be legally responsible; or
 - (d) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i) "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii) "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
 - (e) At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged; or
- (b) The operation of any of the machinery or equipment listed in Paragraph f.(2) or f.(3) of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;

- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of seven or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

However, this exclusion does not apply to liability for damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

q. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or

- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

Exclusions c. through n. do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section III – Limits Of Insurance.

COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:
- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication, in any manner, of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1) Advertising, broadcasting, publishing or telecasting;
- (2) Designing or determining content of web sites for others; or
- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs 14.a., b. and c. of "personal and advertising injury" under the Definitions section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-related

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

o. War

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

p. Recording And Distribution Of Material Or Information In Violation Of Law

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transactions Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

COVERAGE C – MEDICAL PAYMENTS

1. Insuring Agreement

a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
- provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, X-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers' Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

- 2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:
 - (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
 - (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph 2.b.(2) of Section I – Coverage A – Bodily Injury And Property Damage Liability, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph f. above, are no longer met.

SECTION II – WHO IS AN INSURED

- 1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
- (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph (1)(a) above;
- (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraph (1)(a) or (b) above; or
- (d) Arising out of his or her providing or failing to provide professional health care services.

(2) "Property damage" to property:

- (a) Owned, occupied or used by;
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by; you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.

- c. Any person or organization having proper temporary custody of your property if you die, but only:

- (1) With respect to liability arising out of the maintenance or use of that property; and
- (2) Until your legal representative has been appointed.

- d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.

3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:

- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
- b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
- c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:

- a. Insureds;
- b. Claims made or "suits" brought; or
- c. Persons or organizations making claims or bringing "suits".

2. The General Aggregate Limit is the most we will pay for the sum of:

- a. Medical expenses under Coverage **C**;
- b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
- c. Damages under Coverage **B**.

3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
4. Subject to Paragraph 2. above, the Personal And Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
5. Subject to Paragraph 2. or 3. above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage **A**; and
 - b. Medical expenses under Coverage **C** because of all "bodily injury" and "property damage" arising out of any one "occurrence".
6. Subject to Paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
7. Subject to Paragraph 5. above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

1. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

2. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and

- (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.
You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

b. Excess Insurance

(1) This insurance is excess over:

- (a) Any of the other insurance, whether primary, excess, contingent or on any other basis:
 - (i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";
 - (ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;
 - (iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or
 - (iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.
- (b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured.

(2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

- (a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
- (b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;

- b. Those statements are based upon representations you made to us; and
- c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

- 1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding web sites, only that part of a web site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
- 2. "Auto" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

- 3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- 4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph a. above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph a. above;
 - (2) The activities of a person whose home is in the territory described in Paragraph a. above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication; provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph a. above or in a settlement we agree to.
- 5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- 6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, bylaws or any other similar governing document.
- 7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
- 8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;
 if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph f. does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft, watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to premises you own or rent;
- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in Paragraph a., b., c. or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in Paragraph a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing; or
 - (c) Street cleaning;
- (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d. Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f. The use of another's advertising idea in your "advertisement"; or
- g. Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3) Products or operations for which the classification, listed in the Declarations or in a policy Schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:
- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.
19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
21. "Your product":
- a. Means:
 - (1) Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a) You;
 - (b) Others trading under your name; or
 - (c) A person or organization whose business or assets you have acquired; and
 - (2) Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work"; and

(2) The providing of or failure to provide warnings or instructions.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARYLAND – CONDOMINIUMS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

1. **Section II – Who Is An Insured** is amended to include the following as an insured:

a. The developer in the developer's capacity as a unit-owner, but only with respect to the developer's liability arising out of:

- (1) The ownership, maintenance or repair of that portion of the premises which is not owned solely by the developer; or
- (2) The developer's membership in the association.

However, the insurance afforded with respect to the developer does not apply to liability for acts or omissions as a developer.

b. Each other unit-owner of the described condominium, but only with respect to that person's liability arising out of the ownership, maintenance or repair of that portion of the premises which is not owned solely by the unit-owner or out of that person's membership in the association.

2. The following is added to Condition **8. Transfer Of Rights Of Recovery Against Others To Us (Section IV – Commercial General Liability Conditions)**:

We waive any rights which the Transfer Of Rights Of Recovery Against Others To Us Condition may give us against:

a. Any unit-owner, including the developer, and household members;

b. The association; and

c. Members of the board of directors for acts or omissions within the scope of their duties for you.

We reserve our right, however, to recover against the developer for acts or omissions that the developer may be liable for in the capacity as a developer.

3. The following condition is added to **Section IV – Commercial General Liability Conditions**:

Acts Or Omissions By Unit-owners

No act or omission by any unit-owner, unless acting within the scope of the unit-owner's authority on behalf of the association, will void the policy or be a condition to recovery under the policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARYLAND CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
ELECTRONIC DATA LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCT WITHDRAWAL COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Paragraphs **2.** and **3.** of the **Cancellation** Common Policy Condition are replaced by the following:
- 2.** When this Policy has been in effect for 45 days or less and is not a renewal policy, we may cancel this Coverage Part by mailing to the first Named Insured, at the last mailing address known to us, written notice of cancellation, stating the reason for cancellation, at least:
 - a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
 - b.** 15 days before the effective date of cancellation if we cancel because the risk does not meet our underwriting standards.
 - 3.** When this Policy has been in effect for more than 45 days or is a renewal policy, we may cancel this Policy by mailing to the first Named Insured, at the last mailing address known to us, written notice of cancellation at least:
 - a.** 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
 - b.** 45 days before the effective date of cancellation if we cancel for a permissible reason other than nonpayment of premium, stating the reason for cancellation. Under this Paragraph **b.**, we may cancel only for one or more of the following reasons:
 - (1)** When there exists material misrepresentation or fraud in connection with the application, policy, or presentation of a claim.
 - (2)** A change in the condition of the risk that results in an increase in the hazard insured against.
 - (3)** A matter or issue related to the risk that constitutes a threat to public safety.
If we cancel pursuant to Paragraph **3.b.**, you may request additional information on the reason for cancellation within 30 days from the date of our notice.
- B.** Paragraph **5.** of the **Cancellation** Common Policy Condition is replaced by the following:
- 5.** If this Policy is cancelled, we will send the first Named Insured any premium refund due.
 - a.** The refund will be pro rata if:
 - (1)** We cancel; or
 - (2)** The Policy is not a renewal policy, and the first Named Insured cancels upon receiving written notice that we recalculated the premium based on the discovery of a material risk factor during the first 45 days the Policy has been in effect.
 - b.** If the first Named Insured cancels, other than the cancellation described in Paragraph **a.(2)**, the refund will be calculated as follows:
 - (1) Policies Written For One Year Or Less**
We will refund 90% of the pro rata unearned premium.
 - (2) Policies Written For More Than One Year**
 - (a)** If the Policy is cancelled in the first year, we will refund 90% of the pro rata unearned premium for the first year, plus the full annual premium for subsequent years.
 - (b)** If the Policy is cancelled after the first year, we will refund the pro rata unearned premium.

(3) Continuous And Annual Premium Payment Policies

We will refund 90% of the pro rata unearned premium for the year in which the Policy is cancelled.

We will retain the minimum premium, except if the Policy is cancelled as of the inception date.

However, if this Policy is financed by a premium finance company and we or the premium finance company or the first Named Insured cancels the Policy, the refund will consist of the gross unearned premium computed pro rata, excluding any expense constant, administrative fee or nonrefundable charge filed with and approved by the insurance commissioner.

The cancellation will be effective even if we have not made or offered a refund.

C. Paragraph 6. of the Cancellation Common Policy Condition is replaced by the following:

6. We will send notice of cancellation to the first Named Insured by a "first-class mail tracking method" if:
 - a. We cancel for nonpayment of premium; or
 - b. This Policy is not a renewal of a policy we issued and has been in effect for 45 days or less.

We will send notice to the first Named Insured by a "first-class mail tracking method" or by commercial mail delivery service if we cancel for a reason other than nonpayment of premium and this Policy:

- a. Is a renewal of a policy we issued; or
- b. Has been in effect for more than 45 days.

We will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice.

D. The following condition is added and supersedes any provisions to the contrary:

When We Do Not Renew

1. We may elect not to renew this Policy by mailing notice of nonrenewal to the first Named Insured at the last mailing address known to us at least 45 days before the expiration date of this Policy.
2. We will send notice of nonrenewal to the first Named Insured by a "first-class mail tracking method" or by commercial mail delivery service. We will maintain proof of mailing in a form authorized or accepted by the United States Postal Service or by other commercial mail delivery service when such service is used. Proof of mailing will be sufficient proof of notice.
3. When we elect not to renew a policy that has been in effect for more than 45 days for a reason other than nonpayment of premium, we will provide a written statement of the actual reason for the refusal to renew. You may request additional information within 30 days from the date of our notice.
4. If we offer to renew at least 45 days before the renewal date and you fail to make the required premium payment by the renewal date, the Policy will terminate on the renewal date for nonpayment of premium.

E. The following definition is added:

"First-class mail tracking method" means a method that provides evidence of the date that a piece of first-class mail was accepted for mailing by the United States Postal Service, including a certificate of mail and an electronic mail tracking system used by the United States Postal Service.

"First-class mail tracking method" does not include a certificate of bulk mailing.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION – ACCESS OR DISCLOSURE OF
CONFIDENTIAL OR PERSONAL INFORMATION AND
DATA-RELATED LIABILITY – WITH
LIMITED BODILY INJURY EXCEPTION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. Exclusion 2.p. of **Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

- p. **Access Or Disclosure Of Confidential Or Personal Information And Data-related Liability**

Damages arising out of:

- (1) Any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information; or
- (2) The loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of that which is described in Paragraph (1) or (2) above.

However, unless Paragraph (1) above applies, this exclusion does not apply to damages because of "bodily injury".

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

- B. The following is added to Paragraph 2. **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Access Or Disclosure Of Confidential Or Personal Information

"Personal and advertising injury" arising out of any access to or disclosure of any person's or organization's confidential or personal information, including patents, trade secrets, processing methods, customer lists, financial information, credit card information, health information or any other type of nonpublic information.

This exclusion applies even if damages are claimed for notification costs, credit monitoring expenses, forensic expenses, public relations expenses or any other loss, cost or expense incurred by you or others arising out of any access to or disclosure of any person's or organization's confidential or personal information.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and
- (3) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability and Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" (or "personal and advertising injury" if defined as such in your policy) arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

- (1) Any of the following, whether belonging to any insured or to others:
 - (a) Computer hardware, including microprocessors;
 - (b) Computer application software;
 - (c) Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph 2.a.(1) of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph 2.a. of this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL POLLUTION EXCLUSION WITH A BUILDING HEATING, COOLING AND DEHUMIDIFYING EQUIPMENT EXCEPTION AND A HOSTILE FIRE EXCEPTION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion f. under Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:

This insurance does not apply to:

f. Pollution

- (1) "Bodily injury" or "property damage" which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

This exclusion does not apply to:

- (a) "Bodily injury" if sustained within a building which is or was at any time owned or occupied by, or rented or loaned to, any insured and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests; or

- (b) "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire" unless that "hostile fire" occurred or originated:

- (i) At any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste; or

- (ii) At any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize or in any way respond to, or assess the effects of, "pollutants".

- (2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

Fungi Or Bacteria

- a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

B. The following exclusion is added to Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Fungi Or Bacteria

- a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

C. The following definition is added to the Definitions Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism", or out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". However, with respect to an "other act of terrorism", this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000 (valued in US dollars). In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or

b. Protracted and obvious physical disfigurement; or

c. Protracted loss of or impairment of the function of a bodily member or organ; or

3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs 1. and 2. describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part.

2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
- a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
 - b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
 - (b) The premises of any United States mission; and
 - c. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
3. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a "certified act of terrorism".
- Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.
- C. The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for injury or damage that is otherwise excluded under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SILICA OR SILICA-RELATED DUST EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

- a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".
- b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
- c. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

- B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

Silica Or Silica-Related Dust

- a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
 - b. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.
- C. The following definitions are added to the **Definitions** Section:
1. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
 2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF INSURED CONTRACT DEFINITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

The definition of "insured contract" in the **Definitions** section is replaced by the following:

"Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization, provided the "bodily injury" or "property damage" is caused, in whole or in part, by you or by those acting on your behalf. However, such part of a contract or agreement shall only be considered an "insured contract" to the extent your assumption of the tort liability is permitted by law. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, road-beds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARYLAND CHANGES – PREMIUM AUDIT CONDITION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
ELECTRONIC DATA LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
PRODUCT WITHDRAWAL COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

Paragraph **b.** of the **Premium Audit Condition Section IV** is replaced by the following:

Premium Audit

- b.** Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is 30 days from the date of the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXCLUSION - ASBESTOS LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

- A. The following exclusion is added to the Commercial General Liability Coverage Form under Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability**

The following exclusion is added to the Products/Completed Operations Liability Coverage Form and the Owners and Contractors Protective Liability Coverage Form under Paragraph 2., **Exclusions of Section I – Bodily Injury And Property Damage Liability**

The following exclusion is added to the Railroad Protective Liability Coverage Form under Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** and Paragraph 2., **Exclusions of Section I – Coverage B – Physical Damage to Property**

2. Exclusions

This insurance does not apply to:

Asbestos Liability

- a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, asbestos fibers or dust.
- b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, asbestos in any form.

- c. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, asbestos in any form, by any insured or by any other person or entity.

- B. The following exclusion is added to the Commercial General Liability Coverage Form under Paragraph 2., **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**

2. Exclusions

This insurance does not apply to:

Asbestos Liability

- a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, asbestos fibers or dust.
- b. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, asbestos in any form, by any insured or by any other person or entity.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - LEAD LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE FORM
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE FORM
RAILROAD PROTECTIVE LIABILITY COVERAGE FORM

- A. The following exclusion is added to the Commercial General Liability Coverage Form under Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury and Property Damage Liability and Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability and Paragraph 2., Exclusions of Section I – Coverage C – Medical Payments.

The following exclusion is added to the Products/Completed Operations Liability Coverage Form and the Owners and Contractors Protective Liability Coverage Form under Paragraph 2., Exclusions of Section I – Bodily Injury and Property Damage Liability.

The following exclusion is added to the Railroad Protective Liability Coverage Form under Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury and Property Damage Liability and Paragraph 2., Exclusions of Section I – Coverage B – Physical Damage to Property.

2. Exclusions

This insurance does not apply to:

Lead Liability

"Bodily Injury", "property damage", "personal and advertising injury" or any other loss, cost or expense:

- (1) Arising out of the presence, ingestion, inhalation, absorption, manufacture of, use of, sale of, installation of, removal of, distribution of or exposure to lead in any form or any product containing lead; or
- (2) In which the insured is obligated to pay to any party because of damages arising out of the presence, ingestion, inhalation, absorption, manufacture of, use of, sale of, installation of, removal of, distribution of or exposure to lead in any form or any product containing lead.

All other terms and conditions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HIRED AUTO AND NON-OWNED AUTO LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

<u>Coverage</u>	<u>Additional Premium</u>
Non-Ownership Liability	Included
Hired Auto Liability	Included

"HIRED AUTO" LIABILITY

The insurance provided under **Section I - Coverage A** applies to "bodily injury" or "property damage" arising out of the maintenance or use of a "hired auto" by you or your employees in the course of your business.

With respect to the insurance provided by this endorsement:

It is hereby agreed that under **Section I - Coverage A Bodily Injury And Property Damage Liability Exclusions c., e., g., h., j., k., l., m., n.** are deleted in their entirety and the following exclusions are added:

This insurance does not apply to:

1. "Bodily Injury":

- a. To an employee of the insured arising out of and in the course of employment by the insured; or
- b. To the spouse, child, parent, brother or sister of that employee as a consequence of a. above.

This exclusion applies:

- a. Whether the insured may be liable as an employer or in any other capacity; and
- b. To any obligation to share damages with or repay someone else who must pay damages because of injury.

This exclusion does not apply to:

- a. Liability assumed by the insured under an "insured contract"; or

- b. "bodily injury" arising out of and in the course of domestic employment by the insured unless benefits for such injury are in whole or in part either payable or required to be provided under any workers compensation law.

2. "Property Damage" to:

- a. Property owned or being transported by, or rented or loaned to the insured; or
- b. Property in the care, custody or control of the insured.

NON-OWNED AUTO LIABILITY

The insurance provided under **Section I - Coverage A Bodily Injury And Property Damage Liability** applies to "bodily injury" or "property damage" arising out of the use of any "Non-owned auto" in your business by any person other than you.

SECTION II - WHO IS AN INSURED is replaced by the following:

Each of the following is an insured under this insurance to the extent set forth below:

- a. You;
- b. Any other person using a "hired auto" with your permission;
- c. With respect to a "non-owned auto", any partner or executive officer of yours, but only while such "non-owned auto" is being used in your business;

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- d. Any other person or organization, but only with respect to their liability because of acts or omissions of an insured under **a.**, **b.**, or **c.** above.

None of the following is an insured:

- a. Any person engaged in the business of his or her employer with respect to "bodily injury" to any co-employee of such person injured in the course of employment;
- b. Any partner or executive officer with respect to any "auto" owned by such partner or officer or a member of his or her household;
- c. Any person while employed in or otherwise engaged in duties in connection with an "auto business", other than an "auto business" you operate;
- d. The owner or lessee (of whom you are a sub lessee) of a "hired auto" or the owner of a "Non-owned auto" or any agent or employee of any such owner or lessee;
- e. Any person or organization with respect to the conduct of any current or past partnership or joint venture that is not shown as a Named Insured in the Declarations.

SECTION III - LIMITS OF

The general aggregate limit (other than Products/Completed Operations stated in the Commercial General Liability Declarations) does not apply to the insurance provided by this endorsement. There is no other change in the application of **SECTION III - LIMITS OF INSURANCE.**

SECTION V - DEFINITIONS

The following additional definitions apply:

"Auto Business" means the business or occupation of selling, repairing, servicing, storing or parking "autos".

"Hired Auto" means only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your employees or partners or members of their households.

"Non-Owned Auto" means only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your employees or partners or members of their households but only while used in your business or your personal affairs.

"Insured Contract" is changed by the addition of the following:

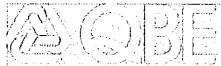
9. "Insured Contract" means:

- g.** That part of any contract or agreement entered into as part of your business, by you or any of your employees pertaining to the rental or lease of any "auto";

Paragraph **g.** does not include that part of any contract or agreement:

- (1) That pertains to the loan, lease or rental of an "auto" to you or any of your employees, if the "auto" is loaned, leased or rented with a driver; or
- (2) That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.

All other terms and conditions of this policy remain unchanged.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

GENERAL LIABILITY BROADENING ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

A. Expected or Intended Injury – Extended Coverage for "Property Damage"

Under **SECTION I – COVERAGES, COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**, paragraph **a. Expected or Intended Injury** is replaced by the following:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" or "property damage" resulting from the use of reasonable force to protect persons or property.

B. Damage to Property

Under **SECTION I – COVERAGES, COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions**, paragraph **j. Damage To Property**, is amended to include the following under (4):

However, this exclusion does not apply to:

- (a) "Property damage" to borrowed equipment while not in use, while at the insured's premises or a job site; or
- (b) To Customers goods while on the insured's premises for the purpose of being worked on or used in a manufacturing process.

The most we will pay for damages for "property damage" coverage provided by this coverage in any one occurrence is \$10,000. Our obligation to pay for a covered loss applies only to the amount of loss in excess of \$500.

This insurance is excess over any other valid and collectible insurance.

C. Supplementary Payments – Increased Limits for Bail Bonds and Loss of Earnings

Under **SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS – COVERAGES A AND B:**

1. Paragraph 1.b. is replaced by the following:

- b. Up to \$2,000 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

2. Paragraph 1.d. is replaced by the following:

- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.

D. Additional Insured – Automatic Status When Required in an Agreement With You

The following is added to **SECTION II – WHO IS AN INSURED:**

Any person or organization with whom you have agreed in writing in a contract, agreement or permit that such person or organization be added as an additional insured on your policy with respect to liability for "bodily injury", "property damage" or "personal and advertising injury", subject to the following additional provisions:

- a. The contract, agreement, or permit must be in effect during the policy period shown in the Declarations, and must have been executed prior to the "bodily injury", "property damage", or "personal and advertising injury".
- b. The person or organization added as an additional insured by this endorsement is an insured only as follows:

- (1) **Managers Or Lessors of Premises** – but only with respect to liability arising out of the ownership, maintenance or use of that part of the premises leased or rented to you, subject to the following additional provisions:

This insurance does not apply to:

- (a) Any "occurrence" which takes place after you cease to be a tenant in any premises leased to or rented to you;
- (b) Any structural alterations, new construction or demolition operations performed by or on behalf of such person(s) or organization(s).

However:

- (a) The insurance afforded to such additional insured only applies to the extent permitted by law; and
- (b) If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

With respect to the insurance afforded to these additional insureds, the following is added to **SECTION III – LIMITS OF INSURANCE:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

- (a) Required by the contract or agreement; or
 - (b) Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This coverage shall not increase the applicable Limits of Insurance shown in the Declarations.

- (2) **Owners, Lessees or Contractors** – but only with respect to liability caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf in the performance of your ongoing operations for the additional insured.

However, the insurance afforded to such additional insured:

- (a) Only applies to the extent permitted by law; and

- (b) Will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

This insurance does not apply to:

- (a) "Bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or failure to render, any professional architectural, engineering or surveying services, including:
 - (i) The preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (ii) Supervisory, inspection, architectural or engineering activities.

This exclusion applies even if the claims against any insured allege negligence or other wrong doing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage", or the offense which caused the "personal and advertising injury", involved the rendering of or the failure to render any professional architectural, engineering or surveying services.

- (b) "Bodily injury" or "property damage" occurring after:
 - (i) All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
 - (ii) That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization other than another contractor or subcontractor engaged in performing operations for a principal as a part of the same project.

With respect to the insurance afforded to these additional insureds, the following is added to **SECTION III – LIMITS OF INSURANCE:**

The most we will pay on behalf of the additional insured is the amount of insurance:

- (a) Required by the contract or agreement you have entered into with the additional insured; or
- (b) Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This coverage shall not increase the applicable Limits of Insurance shown in the Declarations.

- (3) **Lessor of Leased Equipment** – but only with respect to liability caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person(s) or organization(s).

However:

- (a) The insurance afforded to such additional insured only applies to the extent permitted by law; and
- (b) If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

This insurance does not apply to:

- (a) Any "occurrence" which takes place after the equipment lease expires; or
- (b) "Bodily injury" or "property damage" arising out of the sole negligence of such person or organization.

With respect to the insurance afforded to these additional insureds, the following is added to **SECTION III – LIMITS OF INSURANCE:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

- (a) Required by the contract or agreement; or
- (b) Available under the applicable Limits of Insurance;

whichever is less.

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This coverage shall not increase the applicable Limits of Insurance shown in the Declarations.

- (4) **State or Governmental Agency or Subdivision or Political Subdivision – Permits or Authorizations** – but only with respect to operations performed by you or on your behalf for which the state or governmental agency or subdivision or political subdivision has issued a permit or authorization.

However:

- (a) The insurance afforded to such additional insured only applies to the extent permitted by law; and
- (b) If coverage provided to the additional insured is required by a contract or agreement, the insurance afforded to such additional insured will not be broader than that which you are required by the contract or agreement to provide for such additional insured.

This insurance does not apply to:

- (a) "Bodily injury", "property damage", or "personal and advertising injury" arising out of operations performed for the federal government, state or municipality; or
- (b) "Bodily injury" or "property damage" included within the "products-completed operations hazard".

With respect to the insurance afforded to these additional insureds, the following is added to **SECTION III – LIMITS OF INSURANCE:**

If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance:

- (a) Required by the contract or agreement; or
- (b) Available under the applicable Limits of Insurance shown in the Declarations;

whichever is less.

This coverage shall not increase the applicable Limits of Insurance shown in the Declarations.

- (5) **Vendors** – but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or

sold in the regular course of the vendor's business, subject to the following additional provisions and only if the policy to which this endorsement is attached provides insurance for "bodily injury" and "property damage" included in the "products-completed operations hazard". However:

- (a) The insurance afforded to such vendor only applies to the extent permitted by law, and
- (b) If coverage provided to the vendor is required by a contract or agreement, the insurance afforded such vendor will not be broader than that which you are required by the contract or agreement to provide for such vendor.

The insurance afforded the vendor does not apply to:

- (a) "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- (b) Any express warranty unauthorized by you;
- (c) Any physical or chemical change in the product made intentionally by the vendor;
- (d) Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
- (e) Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
- (f) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
- (g) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or

(h) "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omissions or those of its employees or anyone else acting on its behalf. However, this exclusion does not apply to:

- (i) The exceptions contained in Subparagraphs (d) or (f); or
- (ii) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

This insurance does not apply to any insured person or organization from whom you have acquired such products, or any container, part or ingredient entering into, accompanying or containing such products.

With respect to the insurance afforded to these additional insureds, the following is added to **SECTION III - LIMITS OF INSURANCE**:

If coverage provided to the vendor is required by a contract or agreement, the most we will pay on behalf of the vendor is the amount of insurance:

- (a) Required by the contract or agreement; or
 - (b) Available under the applicable Limits of Insurance shown in the Declarations;
- whichever is less.

This coverage shall not increase the applicable Limits of Insurance shown in the Declarations.

- c. This insurance does not apply to or for the benefit of any person or organization renting or leasing property from you or performing work for you or on your behalf.
- d. With regard to any coverage provided to the insured added by paragraph D. of this endorsement, paragraph 4. **Other Insurance** of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, applies. However, if the contract or agreement which requires the person or organization be added as an insured specifically requires that this insurance apply without regard to other valid and collectible primary insurance available to that insured, paragraph 4. **Other Insurance** subparagraph a. **Primary Insurance** of **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS** is amended to read:
 - a. **Primary Insurance**

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This insurance is primary except when b. below applies.

However, no coverage will be provided if, in the absence of this endorsement, no liability would be imposed by law on you.

E. Newly Acquired Organizations - Extended Coverage

Under **SECTION II - WHO IS AN INSURED**, Paragraph 3.a. is replaced by the following:

- a. Coverage under this provision is afforded only until the 180th day after you acquire or form the organization or the end of the policy period, whichever is earlier;

F. Under SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS:

1. The following is added to Paragraph 2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit:**

Knowledge of Occurrence

Knowledge of an "occurrence", claim or "suit" by your agent, servant or "employee" shall not in itself constitute knowledge of the named insured unless you, a partner, if you are a partnership; or an executive or insurance manager, if you are a corporation receives such notice of an "occurrence", claim or "suit" from the agent, servant or "employee".

2. The following is added to Paragraph 6. **Representations:**

Unintentional Failure to Disclose All Hazards

If you unintentionally fail to disclose any hazards existing at the inception date of your policy, we will not deny coverage under this Coverage Form because of such failure. However, this provision does not affect our right to collect additional premium or exercise our right of cancellation or nonrenewal.

3. The following paragraph is added:

Liberalization Clause

If we revise this coverage form to provide more coverage with no additional premium charge, your policy will automatically provide this additional coverage as of the day the revision is effective in your state.

G. Tenants' Property Damage Liability

1. Under **SECTION I - COVERAGES, COVERAGE A - BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, 2. **Exclusions**, the last paragraph is replaced by the following:

Exclusions c. through n. do not apply to damage by fire, lightning, explosion, smoke or sprinkler leakage to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in **Section III - LIMITS OF INSURANCE**.

2. Under **SECTION III - LIMITS OF INSURANCE**, Paragraph 6. is replaced by the following:

6. Subject to paragraph 5. above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage A for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, lightning, explosion, smoke or sprinkler leakage, while rented to you or temporarily occupied by you with permission of the owner.

The Damage To Premises Rented To You Limit is increased to \$300,000.

3. Under **SECTION IV - COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph 4.b.(1)(a)(ii) is replaced by the following:

- (ii) That is Fire, Lightning, Explosion, Smoke or Sprinkler Leakage insurance for premises rented to you or temporarily occupied by you with permission of the owner;

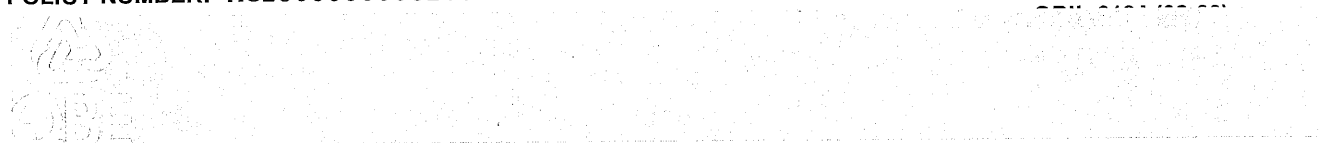
4. Under **SECTION V - DEFINITIONS**, Paragraph 9.a. is replaced by the following:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire, lightning, explosion, smoke or sprinkler leakage to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";

All other terms and conditions of this policy remain unchanged.

POLICY NUMBER: MC1800000008203

INTERLINE



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLLUTANTS DEFINITION AMENDMENT

All Coverage Parts or Coverage Forms included in this policy are subject to the following:

The definition of "pollutants" is replaced in its entirety by the following:

"Pollutants" mean any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, radiation or radioactive contamination, pathogenic or poisonous biological or chemical materials and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

All other terms and conditions of this policy remain unchanged.

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QBE® Insurance Corporation
A Stock Company



Commercial Lines Policy

Home Office:

c/o CT Corporation System
116 Pine Street, Suite 320
Harrisburg, Pennsylvania 17101

Administrative Office:

88 Pine Street
Wall Street Plaza
New York, New York 10005

Servicing Office:

1 Pierce Place, Suite 650
Itasca, Illinois 60143
(800) 773-9980

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Page 1 of 2

This policy consists of:

Declarations

Common Policy Conditions

One or more coverage parts.

A coverage part consists of:

— One or more coverage forms

— Applicable forms and endorsements

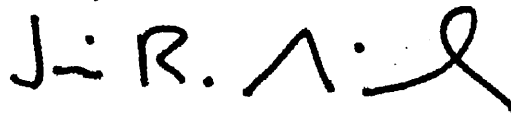
QBE Insurance Corporation

In Witness Whereof, we have caused this policy to be executed and attested, and, if required by state law, this policy shall not be valid unless countersigned by our authorized representative.

Robert V. James
President



Jose Ramon Gonzalez, Jr.
Secretary



Council of Unit Owners of Silverbrook Wood Condominium, Inc.

Owner Forms



UNIT OWNER INFORMATION FORM

Please complete this form in full and return to Tidewater within ten (10) days of receipt!

It is important that your Association has this information on file in the event of a fire, security and/or medical emergency. Please complete the following form and return it to:
Tidewater Property Management, Inc., 3706 Crondall Lane, #105, Owings Mills, MD 21117-2231.
You may also complete and **fax the form to: 443-548-0196.**

Community Name: _____

Owners Full Name: (1) _____

Owners Full Name: (2) _____

Address: _____

Parking Space (If Applicable): _____

Mailing Address (if different from above): _____

Phone Numbers: (1) Day _____	(2) Day _____
Evening _____	Evening _____
Cell _____	Cell _____

Primary E-mail Address: _____

Do you have a pet or pets residing in the home? Yes _____ No _____

If yes, please give the type of animal and description:

If your condominium or home is rented, please provide the following information about your tenants **and attach a photocopy of the lease in accordance with your association documents:**

Name of Lessee: (1) _____

Phone Numbers: Day _____ Evening _____

Name of Lessee: (2) _____

Phone Numbers: Day _____ Evening _____

Name(s) of all person(s) residing in the unit:

1) Name: _____ Age: _____

2) Name: _____ Age: _____

3) Name: _____ Age: _____

4) Name: _____ Age: _____

In case of emergency contact:

Name: _____ Relationship _____

Address: _____

Phone Number: Day _____ Evening _____

Please contact your Property Manager if you have any questions concerning this form.

Council of Unit Owners of Silverbrook Wood Condominium, Inc.

Rules and Regulations



SILVERBROOK WOOD CONDOMINIUM

RULES AND REGULATIONS

1. All common sidewalks, entrances, passages, courts, halls, vestibules, corridors and stairways of the Condominium shall not be obstructed or used for any purpose other than ingress to and egress from Units.

2. No article shall be placed in any of the halls or on any of the staircases and/or landings, nor shall any fire exit be obstructed in any manner.

3. Children of a Unit Owner or other occupant shall not play in the halls, vestibules, lobbies, stairways, or any of the exterior landscaped areas except as such areas shall be designated by the Board.

4. No hall or vestibule shall be decorated or furnished by any Unit Owner or other occupant in any manner.

5. Each Unit Owner shall keep his Unit and any other space to which he has sole access in a good state of preservation and cleanliness, and shall not sweep or throw or permit to be swept or thrown therefrom or from the doors or windows thereof, any dirt or other substance.

6. No awnings or other projections (other than those installed by the original developer) shall be attached to the Common Elements on the exterior of any building in the Condominium.

7. All radio, television or other electrical equipment of any kind or nature installed or used in each Unit shall fully comply with all rules, regulations, requirements or recommendations of the local Board of Fire Underwriters and the public authorities having jurisdiction, and each Unit Owner shall be liable for any damage or injury caused by any radio, television or other electrical equipment in such Unit Owner's Unit. All utility services furnished to or used in the Unit shall be for residential purposes only.

8. No Unit Owner or other occupant shall make or permit any disturbing noises in any part of Condominium, or do or permit to be done therein anything which will interfere with the rights, comforts or conveniences of others. No owner or other occupant shall play or cause to be played any musical instrument, or operate or permit to be operated a phonograph, stereo, radio, television, VCR or any loud speaker in his Unit between the hours of 11:00 p.m. and 9:00 a.m., if the same shall disturb or annoy other Unit Owners or occupants of the Condominium, and the same shall apply to the practice of either vocal or instrumental music in the Unit.

9. Toilets and other water apparatus in any Unit shall not be used for any purposes other than those for which they were designed, nor shall any sweepings, rubbish, rags or any other articles be thrown into same. Any damage to the Common Elements resulting from misuse of any toilets or other apparatus in a Unit shall be repaired and paid for by the Unit Owner.

10. The agents of the Condominium, and any contractor or workman authorized by the Condominium, may enter any room or Unit after reasonable notice to the Unit Owner thereof at any reasonable hour of the day for the purpose of inspecting such Unit for the presence of any vermin, insects or other pests and for the purpose of taking such measures as the Owner shall not have taken as may be necessary to control or exterminate any such vermin, insects or other pests.

11. Clothes or other articles shall not be dried or aired on or from any terrace or other portion of the exterior Common Elements.

12. No balcony or patio shall be enclosed, decorated, landscaped, or covered by any awning or otherwise without the prior written consent of the Board, and no balcony or patio floor shall be covered with any material not approved by the Board.

13. No Unit Owner or other occupant shall at any time bring into or keep in his Unit any inflammable, combustible or explosive fluid, material, chemical or substance, except for normal household use. Charcoal grills or other fuel burning apparatus are not to be used on any part of the Condominium.

14. Automobiles shall not be washed except in areas designated by the Board.

15. No more than one-third (1/3) of a cord of firewood may be stored by any single Unit Owner, and each Unit Owner that determines to store firewood must do so within such Unit Owner's Unit or upon such Unit Owner's balcony, in which case such firewood must remain neatly stacked at all times.

16. No window treatments shall be installed in any Unit which do not have a white backing.

17. Unit Owners and other occupants shall be subject to all Rules and Regulations adopted by the Board as well as all other Rules and Regulations set forth in the Declaration and Bylaws, including, without limitation, Section 6.5 of the Bylaws.

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08/31/92
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• Residential • Community

SILVERBROOK FARM II CONDOMINIUM
 PRO FORMA OPERATING BUDGET
 PHASE ONE, BUILDING 1, 28 UNITS

INCOME	
ASSOCIATION FEES	\$30,912
WORKING CAPITAL	5,152*
ADMINISTRATIVE EXPENSE	
MANAGEMENT	3,528
AUDIT	300
TAXES/MISC.	100
L.E.G.A.L.	100
INSURANCE	3,000
MISCELLANEOUS	135
MASTER ASSOC	
RECREATION	2,823
OPEN SPACE	1,710
UTILITIES	
WATER	1,500
ELECTRICITY	1,900
OPERATING EXPENSE	
GROUNDS	4,000
LANDSCAPING	450
SNOW REMOVAL	500
SPRINKLER MAINTENANCE	500
TELEPHONE	1,200
MAINTENANCE/REPAIR	400
JANITORIAL	3,000
RESERVES	
RESERVES FOR REPLACEMENT	5,760
TOTAL OPERATING BUDGET	30,912
MONTHLY CONDOMINIUM FEE: \$92.00	

*WORKING CAPITAL WILL BE DESIGNATED TO A SINGLE ACCOUNT TO BE HELD FOR THE PURPOSE OF DEFRAYING START-UP COSTS.

DISCLAIMER: THIS ESTIMATED OPERATING BUDGET IS NOT INTENDED, AND SHOULD NOT BE UNDERSTOOD AS A REPRESENTATION BY ANYONE THAT ANNUAL OPERATING EXPENSES FOR THE FIRST OR ANY SUBSEQUENT YEAR OF OPERATION OF THE ASSOCIATION WILL BE PRECISELY AS SET FORTH. IN OUR OPINION, HOWEVER, THE ESTIMATES SET FORTH HEREIN ARE REASONABLE UNDER THE CIRCUMSTANCES WHICH EXISTED AT THE TIME OF THE PREPARATION OF THESE ESTIMATES; I.E., OCTOBER, 1992