

# Compliance Inspection Form

## Kings Council Condominium

Unit Owner: The Maryland Dept. of Housing  
Property Address: 4742 King John Way  
Upper Marlboro, MD 20772

Inspector's Name: Angela Brown  
Date of Inspection: 07/06/2017  
Date Ordered: 06-26-2017

Inspectors Observations/Comments:

None

Covenant Violations Noted:

None

Closing Comments:

None

# CONDOMINIUM RESALE CERTIFICATE

## Kings Council Condominium

Current Owner: The Maryland Dept. of Housing & Community Development  
Property Address: 4742 King John Way Unit: 203  
Upper Marlboro, MD 20772

Date Prepared: 07-17-2017

THIS CERTIFICATE EXPIRES THIRTY (30) DAYS FROM DATE OF ISSUANCE

### CONDOMINIUM ASSOCIATION ACT DISCLOSURE STATEMENTS

The Council of Unit Owners of the association listed above and its Management Agent (hereinafter known as the "Association") represents and provides, at the request of the unit owner, the following information in accordance with Maryland Condominium Act, Section 11-135.

The seller is required by law to furnish to you no later than 15 days prior to closing certain information concerning the condominium, which is described in the Maryland Condominium Act, Section 11-135:

#	Question	Response
	<p>The effect on the proposed conveyance of any right of first refusal or other restraint on the free alienability of the selling unit other than any restraint created by the selling unit owner is as follows:</p> <p><b>None</b></p> <p>(1) Unsatisfied judgments as of the date of this certificate are listed here. As of the date of this Certificate, the Council of Unit Owners is a party to the following pending lawsuits, excluding assessment collection suits:</p> <p><b>None</b></p> <p>(2) (A) The selling unit is subject to a common expense assessment as follows:</p> <p><b>\$291.04 per month due on the 1st day of each month.</b></p> <p>(B) As of the date of this Certificate, the following unpaid common expenses or special assessments adopted by the council of unit owners that is due and payable from the selling unit owner are:</p> <p><b>* Account with collections attorney. Contact attorney for current account balance, contact information listed below:</b></p> <p><b>Michael S. Neall &amp; Associates, P.C.</b> 147 Old Solomons Island Road, Suite 400 Annapolis, MD 21401 Phone: (410) 974-8033 (Baltimore Area) (410) 757-9454 (Annapolis Area) Fax: (410) 757-9660</p> <p>Common expense assessments will continue to accrue in the stated amount, subject to the adoption of any budget changes, and will be due and payable by the selling unit owner until the selling unit has been conveyed.</p>	

# CONDOMINIUM RESALE CERTIFICATE

## Kings Council Condominium

#	Question	Response
	<p>Assessments which become due and payable after the date of this Certificate and prior to the conveyance of the selling unit, and which remain unpaid by the selling unit owner, may constitute a lien against the selling unit. If unpaid, this accrual must be added to the unpaid amount, if any, stated above, as of the date of conveyance of the selling unit.</p> <p>(C) Other than common expenses and special assessments, the following fees are payable by the unit owners to the Council of Unit Owners:</p> <p><b>None</b></p> <p>(D) Capital expenditures approved by the Council of Unit Owners planned at the time of conveyance which are not reflected in the current operating budget are:</p> <p><b>None</b></p> <p>(3) The Council of Unit Owners has actual knowledge of the following violation of the applicable health or building codes with respect to the common elements of the Condominium:</p> <p><b>None</b></p> <p>(5) The recreational or other facilities which are to be used or maintained by the unit owners or the Council of Unit Owners are:</p> <p><b>None</b></p> <p>(6) The following are items which the selling unit owner must provide to the purchaser and are attached to this Certificate:</p> <p><b>Declaration, By-Laws, and all covenants, restrictions, rules and regulations, if applicable, relating to the development and the Condominium Association, to which the buyer shall become obligated upon becoming the Owner of the Unit. These obligations are enforceable against an owner and the Owner's Tenants if applicable.</b></p> <p>(7) The Declaration page of any insurance policies in force for the benefit of unit owners is attached. The policy (policies) is/are available for inspection during normal business hours at the offices of American Community Management, Incorporated.</p> <p>(8) Community files and records are available for review. Please contact American Community Management to schedule an appointment.</p> <p>(9) Title 11-114 of the Annotated Code of Maryland provides that condominium master property insurance policies must cover both common elements and units, exclusive of improvements or betterments installed in the units by the unit owners other than the developer. Additionally, up to \$5,000.00 of the master policy's deductible will be the responsibility of the unit owner when the cause of damage or destruction originates from the owner's unit, notwithstanding inconsistent provisions in the council of unit owners bylaws.</p> <p>The Council of Unit Owners has caused this Certificate to be prepared in compliance with MD, Real Prop. Code Ann. Section 11-135. To the best of the knowledge, information, and belief of the Board of Directors of the association, and its agents engaged in the preparation of this Resale Certificate, the statements contained in this Certificate are accurate and complete as of the date of issuance.</p>	

# CONDOMINIUM RESALE CERTIFICATE

## Kings Council Condominium

TO BE COMPLETED BY THE SELLING UNIT OWNER

The selling unit owner has knowledge that the following alteration to the selling unit or to the limited common elements assigned to the selling unit violates a provision of the declaration, by-laws, or rules and regulations:

The selling unit owner has knowledge of the existence of the following violation of the health or building codes with respect to the selling unit or the limited common elements assigned to the selling unit:

The selling unit owner has the knowledge that the selling unit \_\_\_ is \_\_\_ is not subject to an extended lease under Real Property Article Section 11-137 or local law. If the selling unit is subject to an extended lease, a copy of the lease is attached.

\_\_\_\_\_  
Selling Unit Owner

# CONDOMINIUM RESALE CERTIFICATE

## Kings Council Condominium

### Comments

In addition to this certificate, title companies need to visit [homewisedocs.com](http://homewisedocs.com) to obtain current association dues and the amount of the transfer fee (\$100).

Maintenance and architectural violations can occur over time with normal wear and tear. The violation status as of the date of the resale certificate does not indemnify future owners from addressing such items to achieve compliance with the governing documents.

This disclosure is intended strictly for the use of real estate and lending professional. This information, while deemed to come from reliable sources, is not guaranteed. Prospective buyers of real estate should seek appropriate and complete disclosures from the seller of the subject property.

The responses herein are made in good faith and to the best of my ability and systems as to their accuracy.

\*\*\*\*\* PLEASE NOTE \*\*\*\*\*

Master - VILLAGES OF MARLBOROUGH  
Blackstone Management  
2A Industrial Park Drive  
Waldorf, MD 20602  
Phone: +1 (240) 349-2117  
Phone: +1 (866) 500-8585  
Forrest Baggarly, Manager

Kings Grant Recreation Association  
Contact: Comsource  
3414 Morningwood Drive, Olney, MD 20832  
(301) 924-7355

"Direct TV" is not authorized

Percentage of owner occupied units is unknown.

Percentage of FHA units in the project is unknown.

FHA Approval look up - <https://entp.hud.gov/idapp/html/condlook.cfm>

NEW HOMEOWNER: After settlement all on going future community assessment payments are to be mailed directly to the lock box address below, not ACM:

211 East Lombard Street  
PMB 134  
Baltimore, MD 21202  
No payment coupon is needed. And;

TITLE COMPANIES: Do not send payments to this address as they will be returned. Review all [Homewisedocs.com](http://Homewisedocs.com) resale documentation for mailing instructions. And;

TITLE COMPANIES: There is a new account transfer fee of \$100. Please mail the transfer fee and a copy of the HUD-1 or Alta Paperwork as directed in resale demand documentation to: American Community Management 7484 Candlewood

**CONDOMINIUM RESALE CERTIFICATE**  
**Kings Council Condominium**

Road, Suite H, Hanover, MD 21076.

**Budget**  
**Kings Council Condominium**

12/20/2016  
6:23 PM

345 Kings Council Condominium  
PROPOSED BUDGET  
01/01/2017

410-997-7767  
American Community Management  
Hanover MD 21076

American Community Management  
7484 Candlewood Road, Suite H  
Hanover MD 21076

Acct#	OPERATING	PY ACTUAL 2015	YTD ACTUAL 2016	CURRENT BUD 2016	PROPOSED 2017	NOTES
3110	Assessment Income	916,705	895,635	979,513	979,513	There will be no increase in assessments per the board.
3110-1	Estimated Uncollectible Assessments	0	0	(50,000)	(50,000)	This is an estimate for the cash shortfall as a result of delinquent accounts.
3111	Late Fees	13,337	13,896	14,000	14,000	Budgeted late fees collected from delinquent unit owners.
3112	NSF Fee Income	140	450	0	0	Fees charged to the unit owner and collected for a returned check.
3114	Interest on Delinquent Account	4,687	7,617	0	0	
3115	Collection Admin Fee	1,186	1,579	1,500	1,500	Fees billed to the unit owners turned over to an attorney as an administrative fee at \$5/month.
3177	Settlement Proceeds	4,297	0	0	0	
3185	Insurance Deductible - Homeowner Portion	2,500	26	0	0	
	<b>TOTAL INCOME</b>	<b>942,851</b>	<b>919,202</b>	<b>945,013</b>	<b>945,013</b>	
	<b>EXPENSES</b>					
	<b>ADMINISTRATIVE</b>					
4502 00	Management Fee Mgmt Fee	38,275	38,275	38,072	39,595	Includes a 4% increase.
4504	Tax/Audit Prep Fees	0	1,250	1,500	1,500	Based on actual expense.
4508 01	Taxes/Misc Fees Federal Income Tax	0	0	400	0	Reduced due to no expense.
4508 02	Taxes/Misc Fees State Income Tax	0	0	400	0	Reduced due to no expense.
4508 04	Taxes/Misc Fees County Registration	0	3	0	0	
4508 17	Taxes/Misc Fees Cty Stormwater Fee	0	0	2,518	2,518	Provision for county stormwater management fee. Rates and assessment base to be determined.
4512 00	Insurance Premium General	107,546	137,511	129,909	115,000	Reduced to reflect new policy premium plus a possible 4% increase.
4514	Insurance Claim Expense	177,723	642	0	0	
4515	Reimb/Insurance Claim	(106,675)	(14,454)	0	0	
4516	Insurance Deductible	0	1,452	22,200	22,200	Most claims are water-related and have a \$10K deductible.
4520	Legal-Collection	22,131	8,200	14,500	14,500	The increase is based on estimated year-end cost and historical data.
4521	Legal-General Matters	(3,746)	589	5,000	2,500	Reduced by 50% per the board.
4532	Engineer & Consultant	0	0	6,300	0	Reduced due to no expense and included in 4770-02 to offset increase.
4534	Meeting Cost	275	375	300	300	The increase is based on actual expense.
4560 00	Office Exp- Misc Admin/Expense	1,224	646	900	900	
4560 02	Office Exp- Postage	1,141	627	1,000	1,000	
4560 03	Office Exp- Printing/Copying	1,323	1,166	1,400	1,400	
4560 04	Office Exp- Coupon Book/Statement	0	1,545	1,600	1,600	Estimated cost for preparing and printing coupon books with the exclusion of homeowners who are enrolled in direct debit or recurring payments (free of charge).
4596	Storage Rental	83	75	90	90	The increase is based on year-end estimates.
	<b>TOTAL ADMIN EXP</b>	<b>239,299</b>	<b>177,902</b>	<b>226,089</b>	<b>203,103</b>	
	<b>UTILITIES</b>					
4610	Electric Expense	15,231	9,896	16,000	16,000	Based on year to date costs and projection thru year-end. ACM secures contracted supplier rates annually.
4635	Telephone Expense	53,205	54,078	55,000	55,000	Covers lines for alarm system for 42 buildings.
	<b>TOTAL UTILITY EXP</b>	<b>68,436</b>	<b>63,974</b>	<b>71,000</b>	<b>71,000</b>	
	<b>OPERATING</b>					
4702 06	Grounds- Landscape Enhancemnt	0	16,000	10,000	15,000	Allocation for playground leveling, mulching and other landscaping projects at the Board's discretion.
4702 10	Grounds- Tree Maint/Shrub Ser	0	11,200	1,500	1,500	Tree maintenanc as needed based on prior costs.
4702 18	Grounds- Tree Removal/Replace	7,000	900	3,000	3,000	Estimate to remove current and future damaged trees on an as-needed basis.
4730	Snow Removal Exp.	13,735	15,450	17,000	17,000	Estimates only based on averaging prior years costs and increased above year to date amount in the event of a substantial snowfall during the winter months.
4770 02	Site Maint- Building Maint. Rep	20,244	73,931	84,000	142,437	Increased to reflect actual expense, includes \$72,650 in 2016 open invoices.
4770 10	Site Maint- Exterminating	2,385	6,230	5,000	3,575	
4770 15	Site Maint- Interior Repairs	6,265	0	0	0	
4770 22	Site Maint- Roof Repairs	12,265	1,540	18,000	18,000	Most roofs have been repaired, four were identified as needed repair/replacement by the insurance inspector.
4770 26	Site Maint- Painting	13,430	0	0	0	
4770 28	Site Maint- Electric Repairs	0	208	5,000	5,000	
4770 32	Site Maint- Plumbing Repairs	33,828	24,825	25,000	0	Not included in the 2017 budget but if plumbing repairs are needed they will be coded to 4770-02.
4770 40	Site Maint- Gutter Main/Repairs	240	0	0	0	
4770 45	Site Maint- Sprinkler Main/Insp	21,105	23,348	24,155	24,155	Based on historical cost and year-end estimates.
4770 47	Site Maint- Sprinkler Syst-Monit	12,048	0	0	0	



12/20/2016  
6:23 PM

345 Kings Council Condominium  
PROPOSED BUDGET  
01/01/2017

410-997-7767  
American Community Management  
Hanover MD 21076

American Community Management  
7484 Candlewood Road, Suite H  
Hanover MD 21076

Acct#	OPERATING	PY ACTUAL 2015	YTD ACTUAL 2016	CURRENT BUD 2016	PROPOSED 2017	NOTES
4770 57	Site Maint- Water Damage	8,685	0	0	0	
4770 64	Site Maint- Landscaping	2,000	0	0	0	
4770 66	Site Maint- Mold Remediation	500	0	0	0	
4770 99	Site Maint- Gale Maint & Exp	0	(575)	0	0	
4770 999	Site Maint- Billable Services	(1,008)	76,647	0	0	
4771 09	Contract- Fire Alarm Monitoring	4,118	0	0	0	
4771 10	Contract- Lawn Maint	51,600	26,000	37,041	37,041	Expected to remain the same in 2017.
4771 11	Contract- Exterminator	385	0	0	8,483	No contract secured. See 4770-10.
4840 02	Contract-Fire System Monitoring	9,082	20,852	16,128	16,128	Per contract with Castle Sprinkler for monitoring.
4895 00	Special Projects Exp Fire Watch	0	24,513	0	0	
4895 01	Special Projects Exp General	487,458	247,002	300,000	277,491	Includes allocation for next phase of siding project at \$46k per building. In addition to funds on hand in the operating account which will be set aside to fund the project, funds are available to complete approximately 6 buildings. Slightly decreased to balance the budget.
	<b>TOTAL OPERATING</b>	<u>705,364</u>	<u>567,872</u>	<u>545,824</u>	<u>568,810</u>	
	<b>RESERVE TRSFS</b>					
4920 00	Reserve Transfer General Replacement	<u>93,592</u>	<u>51,048</u>	<u>102,100</u>	<u>102,100</u>	Maintained funding level.
	<b>TOTAL RESERVE TRSF</b>	<u>93,592</u>	<u>51,048</u>	<u>102,100</u>	<u>102,100</u>	
	<b>TOTAL EXPENSE</b>	<u>1,106,691</u>	<u>860,796</u>	<u>945,013</u>	<u>945,013</u>	
	<b>NET INCOME</b>	<u>(163,839)</u>	<u>58,407</u>	<u>0</u>	<u>0</u>	

**Bylaws**  
**Kings Council Condominium**

6225-031  
S09279QEDL  
BYLAWS.02

BYLAWS  
OF  
COUNCIL OF UNIT OWNERS  
OF  
KINGS COUNCIL CONDOMINIUM

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BYLAWS  
OF  
COUNCIL OF UNIT OWNERS  
OF  
KINGS COUNCIL CONDOMINIUM

ARTICLE I  
PLAN OF CONDOMINIUM OWNERSHIP

Section 1. The Condominium. The property described on Exhibit "A" to the Declaration has been established as a Condominium pursuant to the Act. These Bylaws are attached to and made part of the Declaration as Exhibit "B" and are intended by the Declarant to set forth, among other things, a plan by which the affairs of the Condominium shall be administered and governed by the Council of Unit Owners and its Board of Directors pursuant to the Act.

Section 2. Definitions. In these Bylaws, all words shall have the same meanings as designated in the Declaration unless otherwise apparent from the context.

Section 3. Applicability of Bylaws. The provisions of these Bylaws are applicable to the Association and to the Condominium. All present and future Unit owners, lessees and occupants of Units, and any other persons who may use the Condominium or the facilities of the Condominium in any manner, are subject to these Bylaws, the Declaration and the rules and regulations (hereinafter called the "Rules") from time to time promulgated by the board of directors (hereinafter called the "Board of Directors" and each member thereof a "member" or a "Director") of the Association. The acceptance of a deed of conveyance to a Unit shall constitute an agreement that these Bylaws, the Rules and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

ARTICLE II  
COUNCIL OF UNIT OWNERS

Section 1. Purpose and Status of Association. The purpose of the Association shall be to operate and maintain the Condominium for the benefit of the Unit owners and to exercise the powers conferred upon it by the Act and these Bylaws. The Association shall be an unincorporated entity.

Section 2. Name and Mailing Address. The Association hereby organized and formed for the purposes set forth above shall be known as "Council of Unit Owners of Kings Council Condominium". Unless changed from time to time by the Board of Directors, the office and mailing address of the Association and the Board of

Directors shall be the same as the Resident Agent for the Association.

Section 3. Powers of the Association. The Association shall have all of those powers enumerated in Section 11-109(d) of the Act, as the same may be amended from time to time. All powers residing in the Association, except for such as in the Act are expressly reserved to the Association, shall be delegated to and exercised by the Board of Directors of the Association and/or the managing agent employed by the Board of Directors on behalf of the Association.

Section 4. Members. The Association shall have as its members every person, group of persons, corporation, trust or other legal entity, or any combination thereof, who or which owns a Unit (herein called "Unit owner"); provided, however, that any person, group of persons, corporation, trust or other legal entity, or any combination thereof, who or which holds such interest solely as security for the performance of an obligation shall not be a member solely on account of such interest.

Section 5. Annual Meetings. Within sixty (60) days from the date that deeds to Units representing fifty percent (50%) of the votes in the Association have been delivered by the Declarant and title closed thereon, or five (5) years from the date of recordation of the Declaration, whichever occurs earlier, the Declarant shall notify the Unit owners and a meeting of the Association shall be held for the purpose of electing members to the Board of Directors. Notice of such meeting shall be given in accordance with the provisions of Section 8 of this Article II. Subsequent annual meetings of the Association should be held on the same date of each year as the first annual meeting, unless such date shall occur on a Saturday or Sunday or holiday, in which event the meeting shall be held on the next succeeding Monday which is not a holiday.

Section 6. Special Meetings. It shall be the duty of the President of the Association to call a special meeting (a) if so directed by resolution of the Board of Directors, or (b) upon a petition signed and presented to the Secretary of the Association by Unit owners having not less than twenty-five percent (25%) of the Percentage Interests; provided, however, that except on resolution of the Board of Directors, no special meetings shall be called prior to the first annual meeting of the Association as hereinabove provided for. No business shall be transacted at a special meeting except such as shall have been stated in the notice thereof.

Section 7. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Unit owners as may be designated in the notice of meeting by the Secretary.



Section 8. Notice of Meetings. It shall be the duty of the Secretary to provide notice of each annual or special meeting of the Association at least ten (10) days, but not more than ninety (90) days prior to such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Unit owner of record, at his address shown on the roster (hereinafter called the "Roster") required to be kept pursuant to Section 11-109(c) of the Act. If the purpose of any meeting shall be to act upon a proposed amendment to the Declaration or to these Bylaws, the notice of meeting shall be mailed at least thirty (30) days prior to such meeting. The mailing of a notice of meeting in the manner provided in this Section shall be considered service of notice as of the date of such mailing. In addition to the mailing of notice of each annual and special meeting, notice may be personally delivered to each Unit owner at his address as shown on the Roster. Service of notice shall be proven by affidavit of the person serving such notice. Attendance by a Unit owner at a meeting in person or by proxy shall constitute waiver of notice of the time, place and purposes of such meeting. All meetings of the Association, Board of Directors or any committee created by the Board of Directors shall be held at places and times convenient to the Unit owners.

Section 9. Adjournment of Meeting. If any meeting of the Association cannot be held because a quorum of members has not attended, a majority of the Unit owners holding a majority of votes who are present at such meeting, either in person or by proxy, may adjourn the meeting and call for an additional meeting provided at least fifteen (15) days' notice of the time, place and purpose of the additional meeting is given to all Unit owners.

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

- (a) Roll call.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of Board of Directors.
- (f) Reports of committees.
- (g) Appointment of inspector of election (when so required).
- (h) Nomination of Directors from the floor (when so required).
- (i) Election of members of the Board of Directors (when so required).

(j) Unfinished business.

(k) New business.

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

Section 11. Voting. Each Unit owner, or, subject to the proxy limitations set forth below, some person designated by such Unit owner to act as proxy on his behalf (and who need not be a Unit owner), shall be entitled to cast the vote appurtenant to his Unit at all meetings of the Association. The designation of any such proxy shall be made in writing and filed with the Secretary, in a form approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Each proxy shall be revocable at any time by written notice to the Secretary by the Unit owner who so designated the proxy, and shall automatically expire one hundred eighty (180) days following its issuance unless granted to a mortgagee or lessee. Proxies may be utilized to establish a quorum pursuant to Section 15 of this Article II and may be utilized to vote on any other matter at the meeting of the Association, provided, however, that an undesignated proxy may not be utilized to vote for nominees to the Board of Directors of the Association. In the case of a Unit which is owned by more than one person or entity, any or all of such owners may be present at any meeting of the Association and (those constituting the group acting unanimously) may vote or take any other action as a Unit owner, either in person or by proxy. A fiduciary shall be the voting member with respect to any Unit owned in a fiduciary capacity. Where title to a Unit is in more than one person or entity, such multiple owners shall be entitled to cast, in the aggregate and as a solid block, the vote allocated to the Unit. If such multiple owners shall be unable to agree upon their vote upon any subject at any meeting, they shall either designate a third party to cast their vote or shall lose their right to vote on such subject, but if all of them shall not be present at a meeting, either in person or by proxy, the collective vote of the one or more present shall be the vote of all of the owners of the Unit. Whenever the vote of the Unit owners at a meeting is required or permitted to be taken by any provisions of the Act, the Declaration or by these Bylaws, the meeting and vote of Unit owners may be dispensed with if all of the Unit owners who would have been entitled to vote thereat upon the action, if such meeting were held, consent in writing to such action being taken.

No Unit owner shall be entitled to vote at a meeting of the Association unless and until he (1) shall have furnished the Association with his name and current mailing address and the name and current mailing address of his mortgagee(s), if any, for listing on the Roster in accordance with Section 11-109(c) of the Act, (2) has provided a copy of any lease agreement entered into with respect to his Unit in accordance with Article V, Section

14(g), of these Bylaws, and (3) is current in the payment of the monthly installment of his assessments in accordance with Article V, Section 6, of these Bylaws.

Section 12. Absentee Ballots. Absentee ballots may be utilized for purposes of (1) establishing a quorum pursuant to Section 15 of this Article II, (2) voting for Board of Director nominees listed on the absentee ballot or written in by the absentee Unit owner, or (3) voting for any other matter as set forth on the absentee ballot. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the dwelling unit and proportional voting percent, if any, on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 13. Open Meetings. All meetings of the Association shall be open to all owners or occupants (and other interested parties in the discretion of the Board of Directors or as required by law) of units in the Association. Meetings of the Board of Directors shall be held in accordance with Article III of these Bylaws.

Section 14. Majority of Unit Owners. As used in these Bylaws, the term "majority of Unit owners" shall mean those Unit owners having more than fifty percent (50%) of the total authorized votes of all Unit owners present, in person or by proxy, and voting at any meeting of the Association.

Section 15. Quorum. Except as otherwise provided in these Bylaws or in the Act, the presence in person or by proxy of Unit owners having more than twenty-five percent (25%) of the total authorized votes of all Unit owners constitutes a quorum at all meetings of the Association.

Section 16. Majority Vote. The vote of a majority of the total authorized votes of Unit owners present at a meeting which has been duly called shall be binding upon all Unit owners for all purposes except where in the Declaration, under the Act or pursuant to these Bylaws a higher percentage vote is required.

Section 17. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each Unit owner shall be entitled to receive out of the assets of the Association available for distribution to the members thereof an amount equal to his Percentage Interest in the Common Profits and Common Expenses of the Association.

### ARTICLE III BOARD OF DIRECTORS

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors acting on

behalf of the Association. Until the first annual meeting of the Association as provided for in Article II, Section 5, of these Bylaws, and thereafter until their successors shall have been elected by the Unit owners, the Board of Directors shall consist of three (3) members to be designated by the Declarant. Thereafter, the Board of Directors shall be composed of an uneven number of not less than three (3) nor more than seven (7) members, all of whom shall be elected by the Unit owners.

Section 2. Powers and Duties. The Board of Directors shall have and shall exercise the powers and duties of the Association as set forth in Article II, Section 3 hereof, and may do all such acts and things except as by law or by the Declaration or by these Bylaws may not be delegated to the Board of Directors by the Unit owners. Without limiting the generality of the foregoing, the Board of Directors' powers shall include the following:

(a) Operation, care, upkeep and maintenance of the Common Elements.

(b) Determination of the common expenses required for the affairs of the Association.

(c) Collection of the common charges and expenses from the Unit owners.

(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.

(e) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.

(f) Purchasing of Units at foreclosure or other judicial sale in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of the Association.

(g) Obtaining of insurance for the Condominium.

(h) Making of repairs, additions, replacements and improvements to or alterations of the Common Elements in accordance with the other provisions of these Bylaws after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(i) Enacting uniform Rules from time to time which govern the use and operation of the Condominium, as well as the conduct and the enjoyment of the Unit owners; provided, however, that such Rules are adopted in accordance with the Act and Article V, Section 15, of these Bylaws or the Declaration; and provided further that no such Rules shall be so construed so as to impair in any manner the lien of any mortgage or deed of trust with respect to any Unit and/or the Common Elements if such Rules are promulgated after the recordation of said mortgage or deed of trust.

(j) Enforcing obligations of Unit owners, allocating common profits and common expenses, if any, and doing anything and everything else necessary and proper for the sound management of the Condominium. In this connection, the Board of Directors shall have the power to enforce the provisions of the Act, the Declaration, Bylaws and Rules and, if permitted by law, to levy reasonable fines against Unit owners for violations of the same after notice and an opportunity to be heard is given pursuant to the Act. Collection of fines may be enforced against the Unit owner or Unit owners involved as if the fines are a common charge owed by the particular Unit owner or Unit owners. Where a Unit owner persists in violating the Rules, the Board of Directors may require him to post a bond, satisfactory to it, to secure future compliance with the Rules.

(k) Controlling the use of all Common Elements, including, but not limited to, designating parking spaces thereon for use by Unit owners and/or their guests.

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

(m) Collect the assessments charged against the Units by the Villages of Marlborough Community Association, Inc. (the "Community Association") and Kings Grant Recreation Association, Inc. (the "Recreation Association"), pursuant to a resolution adopted by the Board of Directors of the Council of Unit Owners.

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

Section 3. Managing Agent. The Board of Directors may employ for the Association a professional managing agent at a compensation established by the Board of Directors. All management agreements entered into on behalf of the Association shall (a) be for a term not in excess of one (1) year, (b) provide that either party may terminate the agreement, without cause, upon ninety (90) days' written notice, without a termination fee [except that management agreements entered into while the Developer is in control of the Association shall be terminable without cause on thirty (30) days' written notice], (c) provide that the Board of Directors may, for cause, terminate such agreement upon thirty (30) days' written notice (without a termination fee) and (d) provide for renewal upon agreement by the parties for successive one (1)-year periods.

Section 4. Election and Term of Office. The Directors of the Association who shall be designated by the Declarant in accordance with Article III, Section 1, above shall hold office at the pleasure of the Declarant until the first annual meeting of the

Association as provided for in Article II, Section 5, of these Bylaws.

At the first annual meeting of the Association, the members of the Board of Directors shall be elected by the Unit owners from among the Unit owners. At such first annual meeting the number of Directors shall be established by vote of Unit owners and such number may be established at any subsequent annual meeting, provided however that any change in the number of Directors shall not act to curtail or extend the term of office of any incumbent Director. Commencing with the first annual meeting of the Association, if the Board of Directors consists of three (3) Directors, the term of office of the Director receiving the greatest number of votes shall be fixed for two (2) years. In the event the Board consists of five (5) Directors, the term of office of the two (2) Directors receiving the greatest number of votes shall be fixed for two (2) years. In the event the Board consists of seven (7) Directors, the term of office of the three (3) Directors receiving the greatest number of votes shall be fixed for two (2) years. The terms of office of the remaining Directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. In the alternative, at the first annual meeting, or any annual meeting thereafter, the Unit owners may vote to establish the term of office for all Directors to be one (1) year. Any change in the term of office of Directors shall not act to curtail or extend the term of office of any incumbent Director. Each Director shall hold office until the next meeting of the Board of Directors following the election of his successor. However, a member of the Board of Directors shall be deemed to have resigned whenever such member, his spouse, or firm, corporation or other entity he is associated with, sells the Unit which qualified such individual to become a member of the Board of Directors. All election materials prepared with Association funds shall list candidates in alphabetical order and shall not suggest a preference among candidates. Members of the Board of Directors shall be elected by secret ballot.

**Section 5. Nominations.** A call for nominations for candidates for the Board of Directors shall be sent to all Unit owners not less than forty-five (45) days before notice of an election is sent. Only nominations made at least fifteen (15) days before notice of an election shall be listed on the election ballot. Nominations may also be made from the floor at the meeting at which the election of the members of the Board of Directors is held.

**Section 6. Removal of Members of the Board of Directors.** At any regular or special meeting of the Association after the first annual meeting of the Association, any one or more of the members of the Board of Directors elected by the Unit owners may be removed, with or without cause, by a majority of the Unit owners. Any member of the Board of Directors whose removal has been proposed by the Unit owners shall be given an opportunity to be heard at the meeting. The term of office of any Director who

becomes more than forty-five (45) days delinquent in the payment of common charges against the Unit of which he is the owner shall automatically terminate on the forty-sixth (46th) day, and his successor shall thereupon be appointed by the Board of Directors from among the Unit owners to fill out the unexpired portion of his term. The Declarant may remove a Board member of the Board of Directors designated by him, at any time, with or without cause, by written notification to the Board of Directors specifying the date of such removal and the name of the individual designated to succeed the member so removed.

**Section 7. Vacancies.** Vacancies on the Board of Directors shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the members present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the predecessor member, and until a successor shall be elected at the next annual meeting of the Association.

**Section 8. Organization Meeting.** The first regular meeting of the Board of Directors following an annual meeting of the Unit owners shall be held within ten (10) days thereafter, at such time and place as shall be fixed by a majority of the members of the Board of Directors, and no notice shall be necessary to the newly elected members of the Board of Directors in order legally to constitute such meeting, provided that a majority of the whole Board of Directors shall be present thereat.

**Section 9. Regular and Special Meetings.**

(a) All regular meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods at such time and place as shall have been made known to all members in accordance with the procedures set forth below. All regular or special meetings shall be open to all owners or occupants of units in the Condominium, as well as their mortgagees, except that such meetings may be held in closed session for the following purposes:

- (i) Discussion of matters pertaining to employees and personnel;
- (ii) Protection of the privacy or reputation of individuals in matters not related to Association business;
- (iii) Consultation with legal counsel;
- (iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;

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

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

(vii) On an individually recorded affirmative vote of two-thirds (2/3) of the members present, for some other exceptional reason so compelling as to override the general public policy in favor of open meetings;

(b) If a meeting is held in closed session pursuant to the procedures established above,

(i) No action may be taken and no matter may be discussed other than those permitted above; and

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

(c) The Secretary shall maintain a current roster of names and addresses of each Unit owner to which notices of regular meetings of the Board of Directors shall be sent at least annually. Notice of special meetings of the Board of Directors shall be given to each Unit owner, by posting or otherwise, except upon the declaration of an emergency by the person calling the meeting, in which event such notice may be waived.

Section 10. Waiver of Notice. Any member of the Board of Directors may at any time waive notice of any meeting of the Board of Directors, in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board of Directors at any meeting of the Board shall constitute a waiver of notice by him of the time, place and purpose thereof. If all the members of the Board of Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 11. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the members thereof shall constitute a quorum for the transaction of business, and the votes of a majority of the members of the Board of Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such meeting at which a quorum is present, any business which might have been transacted at the meeting originally called and adjourned may be transacted without further notice.



Section 12. Fidelity Bonds. To the extent reasonably available, blanket fidelity bonds shall be required to be maintained by the Board of Directors for all officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for these services. Where the Board of Directors has delegated some or all of the responsibility for the handling of funds to a management agent, such management agent shall be covered by its own fidelity bond. Except for fidelity bonds that a management agent obtains for its personnel, all other bonds should name the Association as an obligee and should have their premiums paid as a common expense by the Association. Fidelity bonds obtained by a management agent shall name the Association as an additional obligee. The total amount of fidelity coverage required shall be sufficient to cover the maximum funds that will be in the custody of the Association or management agent at any time, but must at least equal the sum of three (3) months' assessments on all Units within the Condominium plus any reserves. The bonds shall provide that they cannot be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to the Association, any Insurance Trustee (as defined herein), all Eligible Mortgage Holders and each servicer servicing a mortgage in the Condominium owned by FNMA.

Section 13. Compensation. No member of the Board of Directors shall receive any compensation for acting as such, but a Director may be reimbursed for actual out-of-pocket expenses incurred by him in the proper performance of his duties.

Section 14. Liability of the Board of Directors; Indemnification.

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

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

commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Director of the Association or former Director of the Association may be entitled.

(c) The provisions of "(a)" and "(b)" above shall also apply to each and every officer of the Association.

Section 15. Executive Committee. The Board of Directors may, by resolution duly adopted, appoint an Executive Committee to consist of three (3) members of the Board of Directors. The Executive Committee shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Association during the intervals between the meetings of the Board of Directors insofar as may be permitted by law, except that the Executive Committee shall not have power (a) to determine the common charges and expenses required for the affairs of the Association, or (b) to adopt or amend the Rules covering the details of the operation and use of the Condominium.

Section 16. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and consistent with the purposes set forth in the Declaration. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm, entity or association in which one or more of the Directors are directors or officers or are pecuniarily or otherwise interested, shall be either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if such action complies with the provisions of Section 2-419 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended, or its successor statute.

Section 17. Board as Attorney-in-Fact. The Board of Directors is hereby irrevocably appointed as attorney-in-fact for the owners of all of the Units, and for each of them, to manage, control and deal with the interests of such owners in the Common Elements of the Condominium so as to permit the Board of Directors to fulfill all of its powers, functions and duties under the provisions of the Act, the Declaration and these Bylaws, and to exercise all of its rights thereunder and to deal with the Condominium upon its destruction and/or the proceeds of any insurance indemnity as hereinafter provided and to grant easements in accordance with Article XI hereof. The foregoing shall be deemed to be a power of attorney coupled with an interest, and the acceptance by any person or entity of any interest in any Unit shall constitute an appointment of the Board of Directors as attorney-in-fact as aforesaid.

Section 18. Committees. The Board of Directors may appoint an Architectural Control Committee and, if necessary, an Executive Committee, as provided in these Bylaws. In addition, the Board of

Directors may appoint other committees as deemed appropriate in carrying out its purpose.

Section 19. Legal Proceedings. The Board of Directors shall have the exclusive right to initiate any form of legal proceedings as it deems necessary and appropriate related to the use, operation or maintenance of the Common Elements or Limited Proceedings" as used in this Article III, Section 19 shall mean any form of action or suit, including, but not limited to, demands for performance of Declarant obligations hereunder, under the condominium instruments, or contained in the Condominium Act or contained in any other statute, regulation or ordinance or at common law; and shall include the assertion, through litigation, arbitration, or otherwise, or the defense of any claims or actions related to the Common Elements. Notwithstanding the foregoing, the filing and enforcement of liens, the initiation of legal action for routine common expense assessment collection matters or legal actions required to enforce provisions of the Declaration, Bylaws or rules and regulations with respect to the Common Elements or Limited Common Elements shall not be deemed Legal Proceedings for purposes of this Section 19 and such actions shall not be subject to the requirements of this Section 19.

Due to the potential adverse financial impact of pursuing Legal Proceedings, the decision to initiate any Legal Proceedings must be made by a resolution duly adopted at a properly noticed special meeting of the Council of Unit Owners held for such purpose. Such resolution shall require the affirmative vote of the Unit owners representing not less than sixty-six and two-thirds percent (66 2/3%) of the Percentage Interests and their mortgagees. If the Association shall incur or potentially be obligated as a result of such resolution to incur attorneys' fees, expert fees or other costs associated with such Legal Proceedings totalling in excess of Twenty-Five Thousand Dollars (\$25,000.00) or if the amount recoverable by an attorney for the Association pursuant to a contingency fee agreement shall exceed Fifty Thousand Dollars (\$50,000.00), then such resolution shall require the affirmative vote of the Unit owners representing not less than seventy-five percent (75%) of the Percentage Interests and their mortgagees.

Neither the Board of Directors, the Association nor the Unit owners shall borrow on behalf of the Condominium nor use any funds from reserves of the Condominium to pay such legal costs, but the same shall be paid from and limited to the amounts provided in the annual budget for such expenditures for the fiscal year or shall be raised by special assessment levied against the Unit owners for such purpose; provided, however, that no such assessment to pay such obligations may be levied against any Unit owner who has not voted in favor of such resolution without such Unit owner's written consent.

If such Legal Proceedings are not concluded within one (1) year of the date of such resolution, the continued prosecution of such Legal Proceedings beyond such period must be reaffirmed

annually at a special meeting held for such purpose by the same percentage vote of the Association as was required to adopt the original resolution. If the continued prosecution of such Legal Proceedings is not reaffirmed, the action shall be discontinued and the Board of Directors shall have no further authority to act as the attorney-in-fact for the Association in the further prosecution or defense of such Legal Proceedings but may, with the affirmative vote of a majority of the vote in the Association, act as its attorney-in-fact with respect to any settlement or compromise of such Legal Proceedings; provided the same is completed within six (6) months thereafter.

If the Association, by resolution approved in accordance with this section, authorizes the Board of Directors to initiate Legal Proceedings, then the decisions relating to the conduct of the Legal Proceedings shall be made by the Board of Directors only at duly noticed special meetings of the Board of Directors for such purposes. Any action regarding the conduct of the Legal Proceedings shall be approved by a percentage vote of seventy-five percent (75%) or more of the directors. Decisions regarding the conduct of any Legal Proceedings are non-delegable.

Notwithstanding anything contained herein or in the Declaration to the contrary, the provisions of this Article III, Section 19 shall not be modified or amended, except by a written instrument executed by the Unit owners representing not less than seventy-five percent (75%) of the Percentage Interests and their mortgagees which is recorded among the Land Records of Montgomery County, Maryland.

#### ARTICLE IV OFFICERS

Section 1. Designation. The principal officers of the Association shall be the President (who shall also act as chairman of the Board of Directors of the Association), the Vice President, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other officers as in its judgment may be necessary or desirable. The President and Vice President, but no other officers, must be members of the Board of Directors.

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

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

Section 4. President. The President shall be the chief executive and operating officer of the Association. He shall preside at all meetings of the Association. He shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized and existing under the laws of the State of Maryland.

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

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association (including copies of all resolutions adopted thereat), and of the Board of Directors; shall count the votes at meetings of the Council of Unit Owners; shall have charge of such books and papers as the Board of Directors may direct; shall maintain the roster of Unit owners and shall, in general, perform all the duties incident to the office of secretary of a stock corporation organized and existing under the laws of the State of Maryland.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, and for the preparation of all required financial data. He shall be responsible for the deposit of all moneys and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors, and he shall, in general, perform all the duties incident to the office of treasurer of a stock corporation organized and existing under the laws of the State of Maryland.

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

Section 8. Compensation of Officers. No officer shall receive any compensation from the Association for acting as such; provided, however, that an officer is entitled to reimbursement from the Association for any bona fide expenses incurred by such officer in the performance of his duties pursuant to the Declara-

tion or these Bylaws. The determination of a bona fide expense shall be at the sole discretion of the Board of Directors.

**ARTICLE V**  
**OPERATION OF THE CONDOMINIUM**

**Section 1. Determination of Common Expenses and Fixing of Common Charges.**

Unless otherwise expressly provided herein, common expenses of the Association, in general, shall include maintenance, operation, repair, or replacement of the Common Elements. They include, but are not limited to:

- (i) Management fees;
- (ii) Insurance premiums;
- (iii) Charges for landscaping, snow removal and maintenance of the walks, driveways, parking areas and retaining walls (if any);
- (iv) attorneys' fees, and like administrative costs;
- (v) Reserves for replacements or other expenses of a non-recurring nature;
- (vi) Service contracts and employees' salaries;
- (vii) Payment of utility bills and like expenses (except to the extent that such bills or expenses are individually metered for any Unit, in which event such bills or expenses shall be the responsibility of the Unit owner receiving the benefit of such individually metered service; commonly metered utilities may be assessed against the Units based upon usage rather than Percentage Interests, as determined by the Board of Directors in its sole discretion); and
- (viii) Such other expenses as shall be necessary or desirable in the judgment of the Board of Directors for the administration and operation of the Condominium, or which may be declared to be common expenses by the Act, the Declaration, these Bylaws or by resolution of the Council of Unit Owners.

**Section 2. Preparation and Approval of Budget.** Each year at least thirty (30) days before the adoption of a budget for the Condominium, the Board of Directors shall cause to be prepared and submitted to the Unit owners a proposed annual budget for the next fiscal year of the Association. The proposed annual budget shall contain, at a minimum, an estimate of the total amount of income the Association expects to receive, as well as an estimate of expenses for administration, maintenance, utilities, general

expenses, reserves and capital items that are expected for the next fiscal year. The budget shall be adopted at an open meeting of the Board of Directors. The Board of Directors shall thereafter send to each Unit owner a copy of the approved budget which sets forth the amount of the common expenses payable by each Unit owner, on or before thirty (30) days preceding the beginning of the fiscal year to which the budget applies or as soon thereafter as is possible. The said budget shall constitute the basis for determining each Unit owner's contribution for the common expenses of the Condominium. The failure or delay of the Board of Directors to prepare or adopt the annual budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit owner's obligation to pay his allocable share of the common expenses, as herein provided, whenever the same shall be determined, and in the absence of any annual budget, each Unit owner shall continue to pay his allocable share of the common expenses at the then existing rate established for the previous fiscal period until the new payment is established.

**Section 3. Reserves.** As part of the annual budget the Board of Directors shall build up and maintain an adequate reserve for working capital and contingencies, and an adequate reserve for the substantial periodic repair and replacement of the Common Elements and Limited Common Elements required to be repaired and/or replaced by the Association. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Board of Directors deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except where an emergency requires an expenditure to prevent or minimize loss from further damage to, or deterioration of, the Common Elements, or Limited Common Elements, reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Board of Directors; unless provided otherwise by the Act, the Federal National Mortgage Association ("FNMA"), the Federal Home Loan Mortgage Corporation ("FHLMC") or the Veterans Administration ("VA"). If the reserves are inadequate for any reason, including non-payment of any Unit owner's assessment, the Board of Directors may, subject to the limitations of Section 4 below, levy a further assessment, which shall be assessed against the Unit owners according to their proportionate share, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Unit owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next regular payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment.

The proportionate interest of any Unit owner in any reserve fund shall be considered an appurtenance to his Unit and

shall not be separately withdrawn, assigned or transferred or otherwise separated from the Unit to which it is appurtenant, and shall be deemed to be transferred with such Unit.

Section 4. Amendment to Budget. Any expenditure which is deemed necessary by the Board of Directors (other than those required because of conditions which, if not corrected, could reasonably result in a threat to the health or safety of the Unit owners or a significant risk of damage to the Condominium) that, if made, would result in an increase in the amount of assessments for the current fiscal year of the Condominium in excess of fifteen percent (15%) of the budgeted amount previously adopted shall be approved by an amendment to the Budget adopted at a special meeting of the Board of Directors, upon not less than ten (10) days' written notice to the Unit owners. Any other special assessment to meet the common expenses of the Association may be levied by the Board of Directors upon resolution thereof.

Section 5. Initial Assessment. When the first Board of Directors takes office, it shall determine the budget for the period commencing upon the conveyance of legal title to the first Unit by the Declarant and ending on the last day of the fiscal year established by the Board of Directors in which such conveyance occurs. The Board of Directors shall establish an initial working capital fund equal to two (2) months' regular assessments through a special assessment of each Unit owner upon purchase of his Unit from the Declarant. The Declarant will deliver the funds so collected to the Board of Directors, who shall maintain the funds in a segregated account for the use and benefit of the Association to provide the necessary working capital for the Council of Unit Owners. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, or for such other purposes related to the operation of the Association as the Board of Directors may determine.

Section 6. Payment of Common Charges; Lien. Each Unit owner shall be obligated to pay, in advance, the common charges assessed by the Board of Directors against his Unit.

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

No Unit owner may be exempted from liability for the assessment of common expenses by waiver of the use or enjoyment of



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

All taxes, assessments, and charges which may become liens prior to any first mortgage shall relate only to the individual unit and not to the Condominium as a whole.

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

Section 7. Collection of Assessments. The Board of Directors shall take prompt action to collect any common charges due from any Unit owner which remain unpaid for more than thirty (30) days from the due date for payment thereof. The Board of Directors shall notify any Eligible Mortgage Holder who holds a mortgage upon a Unit to which there exists a delinquency in the payment of common charges, which delinquency has existed for sixty (60) days or more. Upon default in the payment of any one or more installments of any

assessment levied pursuant to the Declaration and/or these Bylaws, the entire balance of said assessments may be accelerated at the option of the Board of Directors and be declared due and payable, in full, together with interest thereon at the maximum rate permitted by law at the time the assessment became due.

Section 8. Default in Payment of Common Charges. The lien for unpaid assessments for common charges may be enforced and foreclosed in such manner as may from time to time be provided in the Act and the Maryland Contract Lien Act. Any assessment, until paid, may at the election of the Board of Directors bear interest up to the maximum rate permitted by law at the time the assessment became due. In addition, the Board of Directors may impose late charges and/or the costs of collection (including reasonable attorneys' fees), if any, with respect to any assessment which has not been fully paid when due. Such late charges and other costs shall not exceed the permissible amounts provided for in the Act, and shall otherwise comply therewith. All such interest, late charges and other costs shall constitute a lien upon the Unit until fully paid as provided in Article V, Section 6, above.

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

No suit or other proceeding may be brought by the Association to foreclose the lien for any assessments levied pursuant to the Declaration or these Bylaws except after ten (10) days' written notice to the holder of the first mortgage which is a lien on the Unit that is the subject matter of the proceeding. In the event the Veterans Administration guarantees any mortgage against a Unit, the Association shall notify the Veterans Administration in writing prior to instituting any action or proceeding to foreclose the lien for any assessments or charges levied by the Association against such Unit.

Section 9. Statement of Common Charges; Resale Certificate. Any owner, first mortgagee or any purchaser in connection with any sale or conveyance of a Unit, shall be entitled to a statement furnished by the Board of Directors setting forth in detail the amount of any unpaid assessments owed by the Unit owner, and such party shall be entitled to rely on such statement and shall have no liability for, nor shall the Unit be encumbered with, an amount of unpaid assessments accruing prior to the date of such statement which are greater than that shown on such statement. The Board may impose a reasonable fee to furnish this information.

Upon written request by a Unit owner and receipt of a reasonable fee therefor, the Board of Directors shall furnish a

certificate containing the information required by Section 11-135(a) of the Act.

Section 10. Insurance. The Board of Directors shall be required to comply with the insurance requirements of the Act and, to the extent not in violation of the Act, shall also comply with the provisions of this Article V, Section 10.

The Board of Directors shall be required to obtain and maintain a master or blanket type of hazard insurance policy covering the Units and all of the Common Elements that are normally included in a policy of this type, including, but not limited to, fixtures and building service equipment and common personal property and supplies belonging to the Association. The policy must also cover fixtures, equipment and other personal property inside individual Units if such items are typically conveyed as part of the Unit. The insurance should cover one hundred percent (100%) of the current replacement cost (less a reasonable deductible) of the insured property. Coverage need not include land, foundations, excavations or other items that are usually excluded from insurance coverage. If available, the policy shall contain an Agreed Amount and Inflation Guard Endorsement, as well as a Demolition Cost Endorsement, Contingent Liability from Operation of Building Laws Endorsement, and Increase Cost of Construction Endorsement. The maximum deductible amount for coverage of the Common Elements is the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount. The maximum deductible related to coverage on individual Units is the lesser of One Thousand Dollars (\$1,000.00), or one percent of the Unit's replacement cost.

If there is a steam boiler in operation in connection with the Condominium, there must be in force boiler explosion insurance evidenced by the standard form of boiler and machinery insurance policy and providing as a minimum the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the building(s) housing the boiler or machinery per accident per location, unless a higher amount of coverage is required by a Mortgagee. If the Condominium is located in special flood hazard areas, as defined by the Federal Emergency Management Agency, a master or blanket policy of flood insurance on the Condominium must be maintained. The amount of flood insurance shall be at least equal to the lesser of (i) one hundred percent (100%) of the current replacement cost of all buildings and other insurable property located in the flood hazard area; or (ii) the maximum coverage available for the property under the National Flood Insurance Program. The insured under each required policy shall be the Association for use and benefit of the individual Unit owners. The maximum deductible amount for flood insurance policies is the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the policy face amount.

The Board of Directors shall obtain and maintain a comprehensive general liability policy of insurance covering all

of the Common Elements, public ways and any other areas that are under the Association's supervision. The policy shall also cover any commercial space owned by the Association, even if such space is leased to others. The policy should provide coverage for bodily injury and property damage that results from the operation, maintenance or use of the Common Elements and any legal liability that results from law suits related to employment contracts in which the Association is a party. Supplemental coverage to protect against additional risks should also be obtained, if required by a Mortgagee. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit owner because of negligent acts of the Association or other unit owners. Liability coverage shall be at least One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury and property damage, unless higher amounts of coverage are required by a Mortgagee. The liability policy(ies) may not be canceled or substantially modified without thirty (30) days prior notice to the Association and the holder of a First Mortgage on any Unit.

The named insured under all insurance policies shall be the Council of Unit Owners of Kings Council Condominium, for the use and benefit of each Unit owner. The "loss payable" clause should show the Council of Unit Owners of Kings Council Condominium, or the Insurance Trustee (as hereinafter defined, if applicable) as a trustee for each Unit owner and the holder of each unit's mortgage. The policies must also contain the standard mortgage clause and must name as mortgagee the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC) and/or such other mortgagees as hold mortgages on Units, as well as their successors and assigns.

Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by Best's Insurance Reports of A/VI or better. Each insurer must be specifically licensed or authorized by law to transact business within the State of Maryland. The policy contract shall provide that no assessment may be made against the mortgagee, and that any assessment made against others may not become a lien on the mortgaged Unit superior to the first mortgage.

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

Notwithstanding any provision of the Declaration or these Bylaws relating to property or liability insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom such Association 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. The insurance policy(ies) covering the Condominium obtained by the Association shall provide that any Insurance Trust Agreement will be recognized.

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

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

Section 11. Repair or Reconstruction After Fire or Other Casualty. Except as hereinafter provided, and as provided in the Act (and inconsistent herewith), in the event of damage to or destruction of the Condominium as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration thereof (including any damaged Units, and any fixtures, equipment or other property covered by the Association's insurance installed therein on the date of recordation of the Declaration, but not including any wall, ceiling or floor decorations or coverings or other furniture, furnishings, fixtures, personal property or equipment installed by Unit owners in the Units), and the Board of Directors or the Insurance Trustee, as the case may be, shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration, as provided below.

The Insurance Trustee may rely upon a certificate of the Board of Directors which certifies whether or not the damaged Condominium is to be reconstructed or repaired. The Board of Directors, upon request of the Insurance Trustee, shall deliver such certificate as soon as practicable.

If the damage is only to those parts of a Unit for which the responsibility of maintenance and repair is borne by the Unit owner, then the Unit owner shall be responsible for the reconstruction and repair after a casualty and shall be entitled to apply the applicable insurance proceeds thereto. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association.

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

In the event of reconstruction or repair (as estimated by the Board of Directors) which shall exceed Twenty-Five Thousand Dollars (\$25,000.00), all proceeds of insurance shall be paid over to a trust company or bank having trust powers and authorized to engage in the trust business in the State of Maryland (the "Insurance Trustee"), selected by the Board of Directors and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement and which contains, *inter alia*, the following provisions:

(a) the reconstruction or repair shall be in the charge of an architect or engineer, who may be an employee of the Association, and hereinafter called the "Architect";

(b) any restoration or repair of the project shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by at least fifty-one percent (51%) of the eligible mortgage holders (based upon one vote for each first mortgage owned), and two-thirds (2/3) of the owners (other than the sponsor, developer or builder) of the individual condominium units.

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

(d) each request for an advance of the proceeds of insurance shall be accompanied by satisfactory waivers of liens covering that portion of the repair or reconstruction for which payment or reimbursement is being requested, together with appropriate evidence from a title insurance company or the like to the effect that there has not been filed with respect to the

Condominium, or any part thereof, any mechanics' or other lien, or notice of intention to file the same, which has not been dismissed, bonded, or satisfied of record;

(e) the fees and expenses of the Insurance Trustee, as agreed upon by the Board of Directors and the Insurance Trustee, shall be paid by the Association as a common expense, and such fees and expenses may be deducted from any insurance proceeds in the hands of the Insurance Trustee, pro rata, as the reconstruction or repair progresses;

(f) such other provisions not inconsistent with the provisions hereof as the Board of Directors or the Insurance Trustee may reasonably require.

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

Section 12. Abatement and Enjoinment of Violations by Unit Owners. The violation of any of the Rules adopted by the Board of Directors, or the breach of these Bylaws or of any provision of the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; provided, however, that no structure or improvement may be altered or demolished until proper judicial proceedings have been instituted; or (b) to enjoin, abate or remedy by appropriate legal proceeding, either at law or in equity, the continuance of any such breach.

Section 13. Maintenance and Repair.

(a) By the Association. The Association shall be responsible for the maintenance, repair and replacement of the following, the cost of which shall be charged to all Unit owners as a common expense:

(i) Except as otherwise provided in paragraph (b) of this Section 13, all of the Common Elements and Limited Common Elements, whether located inside or outside of the Units; and

(ii) All exterior walls and exterior surfaces (including the painting of the exterior surface of all doors of each Unit which are on the boundary of the Units and Common Elements; including, but not limited to, garage doors) of the buildings constituting the Condominium; the roofs of the buildings constituting the Condominium; Unit party walls and all other portions of the Units which contribute to the support of the buildings constituting the Condominium, such as the outside walls of such buildings, and all fixtures on the exterior thereof; the boundary walls of Units; floor slabs; load-bearing columns; but excluding, however, the interior walls, interior ceilings and interior floor coverings of the Units, and excluding the surfaces of all walls, floors and ceilings of the Units; and

(iii) The sanitary and storm sewer systems and appurtenances; all water, electric, gas, heating, air conditioning, plumbing and telephone lines, facilities and systems that are deemed Common Elements, including all conduits, ducts, plumbing, wiring and other facilities (including television master antennae systems whether located inside or outside of any Unit) for the furnishing of all utility services into two (2) or more Units, but excluding therefrom all air-handling units, heating units, air-conditioning units, and all plumbing (including, but not limited to, components of a sprinkler system located within or serving only one (1) Unit) and electrical appliances, fixtures, systems and parts thereof which are enjoyed by only a single Unit and are located solely within the boundary of an individual Unit or in a Limited Common Element designated in the Declaration as being appurtenant to an individual Unit; all catch basins and television master antenna systems located outside the specific boundaries of any Unit; all roof drainage pipes, gutters and leaders; and any fireplace flue or chimney serving or benefiting any Unit; and

(iv) Except as otherwise provided in paragraph (b)(ii) of this Section 13, all porches, patios, decks and driveways designated on the Condominium Plat as Limited Common Elements (if any); and

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

(b) By the Unit Owner.

(i) Except for the portions of his Unit required to be maintained, repaired and replaced by the Association, each Unit owner shall be responsible for the maintenance, repair and replacement, at his own expense, of the following: any interior walls, ceilings, doors and floors, kitchen and bathroom fixtures and equipment, air-handling units, heating units, air-conditioning units, lighting fixtures, plumbing and electrical appliances and systems, fixtures and parts thereof which are wholly contained within his Unit and/or in a Limited Common Element designated in



the Declaration as being appurtenant to his Unit and which serve his Unit and no other.

(ii) Each Unit owner shall be responsible for performing, at his expense, the normal maintenance for any porch, patio, deck or driveway which is designated in the Declaration or on the Condominium Plat as being a Limited Common Element appurtenant to his Unit, including keeping it in a clean and sanitary condition and free and clear of snow, ice and any accumulation of water, and shall also make, at his own expense, all repairs thereto caused or permitted by his negligence, misuse or neglect. In the event any Unit owner shall fail to maintain any Limited Common Element appurtenant to his Unit, the Association shall be responsible for such maintenance, the cost of which may be assessed against such Unit and shall be collectible in the same manner as any other assessment levied by the Association. Notwithstanding anything herein to the contrary, the Association shall be responsible for the maintenance, repair and replacement of all structural components of the Limited Common Elements. In addition, the Association shall be responsible for all the maintenance and repair of all Limited Common Element parking areas and fireplace flues or chimneys.

(iii) Each Unit owner shall, at his expense, perform all maintenance and make all repairs and replacements to the windows, window frames, window screens, the front door, door frame, as well as the hardware and locking devices (but not the painting of the exterior surface of any door on the perimeter of the Unit; including any garage door) and any sliding glass door(s), and their frames and screens, appurtenant to or part of his Unit or any Limited Common Elements appurtenant to such Unit.

(iv) Each Unit owner shall be responsible for, and promptly after demand shall reimburse the Association for the cost of maintaining, repairing or replacing any damage to the Common Elements or any portion of his Unit required to be maintained, repaired or replaced by the Association which is caused by the negligence, misuse or neglect of such Unit owner. Such reimbursement shall be collected by the Association from the Unit owner obligated therefor in the same manner as set forth in Article V of these Bylaws for the collection of common charges.

(v) Each Unit owner shall perform his responsibilities under this Section 13 in such a manner as shall not unreasonably disturb or interfere with the other Unit owners. Each Unit owner shall promptly report to the Board of Directors or the managing agent any defect or need for repairs for which the Association is responsible.

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

Section 14. Restrictions on Use of Units. In order to provide for the congenial occupancy of the Condominium and for the protection of the values of the Units, the use of the Condominium shall be restricted to and shall be in accordance with the following provisions:

(a) No part of the Condominium shall be used for other than housing and the related common purposes for which the Condominium was designed. Each Unit shall be used for residential purposes and for no other purpose, except that a Unit may be used as a professional office upon the written consent of the Board of Directors provided that such use is consistent with all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction with respect to the Condominium, and, provided further, that as a condition for such consent each such Unit owner agrees to pay and pays any increase in the rate of insurance for the Condominium which results from such professional use. Such use as a professional office is limited to the person(s) actually residing in the Unit. As used in this section, the term "professional office" shall mean rooms used for office purposes by a member of any recognized profession, including doctors, dentists, lawyers, architects and the like, but not including medical or dental clinics, and not including the primary office of such permitted user. An Owner may use a portion of his Unit for an office or studio provided that the activities therein shall not interfere with the quiet enjoyment or comfort of any other Owner, and provided further that in no event shall any part of the Condominium be used as a school or music studio.

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

(c) No immoral, improper, offensive, or unlawful use shall be made of the Condominium or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof, relating to the maintenance and repair of any portion of the Condominium, shall be complied with, by and at the sole expense of the Unit owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Condominium.

(d) Nothing shall be done in any Unit or in, on, or to the Common Elements which will impair the structural integrity of the Condominium, or which would structurally change any building or improvements thereon except as is otherwise provided in these

Bylaws, provided, further, that interior partitions contributing to the support of any Unit shall not be altered or removed.

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

(f) No exterior antennas of any type, including, but not limited to, satellite dishes for reception or transmission may be erected or maintained within the Condominium. Antennas situated entirely within a Unit, and not visible from the exterior, are permitted.

(g) No portion of a Unit (other than the entire Unit) may be rented, and no transient tenants may be accommodated therein, nor shall any Unit be utilized for hotel purposes, nor shall the term of any such lease be for a term of less than six (6) months. Any lease agreement shall provide that the terms of the lease shall be subject in all respects to the provisions of the Act, Declaration and Bylaws and that any failure of the lessee to comply with the terms of such provisions shall be a default under the lease, which default may be remedied by the Unit owner in accordance with the lease and by the Council of Unit Owners, in accordance with the Act. All leases must be in writing. The limitations of this section shall not apply to any institutional first mortgagee of any Unit who comes into possession of the Unit by reason of any remedies provided by law or in the mortgage, or as a result of foreclosure sale or other judicial sale, or as a result of any proceeding, arrangement, assignment, or deed in lieu of foreclosure.

(h) The Limited Common Elements must be kept in an orderly condition so as not to detract from the neat appearance of the community. In this regard, no motorcycles or other motorized vehicles may be parked on the patios, porches or decks. The Board of Directors, in its sole discretion, may determine whether or not the Limited Common Elements are orderly. If an Owner shall fail to keep his Limited Common Elements orderly, the Board of Directors may have any objectionable items removed from the Limited Common Elements so as to restore its orderly appearance, without liability

therefor, and charge the Unit owner for any costs incurred in the process.

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

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

(k) The maintenance, keeping, breeding, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit or upon any Common Elements, except that this shall not prohibit the keeping of a reasonable number of small, orderly house pets provided that they are not kept or maintained for commercial purposes or for breeding. Pets shall not be permitted upon the Common Elements except in areas designated by the Board of Directors. All pets shall be accompanied by an adult and are to be carried or leashed. Any member who keeps or maintains any pet upon any portion of the Condominium shall indemnify and hold the Association, and each of its members free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium. The Board of Directors shall have the right to order any person whose pet is a nuisance to remove such pet from the Condominium.

(l) No junk vehicle or other vehicle on which current registration plates are not displayed, shall be kept upon any of the Common Elements, nor shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out on any of the Common Elements or within any other portion of the Condominium.

(m) No commercial vehicles, trucks (as defined by the Maryland Department of Motor Vehicles and/or by common usage and practice; provided, however that pickup trucks under one-half (1/2) ton of capacity and used solely for non-commercial purposes are permitted), trailers, recreational vehicles, house trailers, boat trailers, boats, or the like shall be kept upon any of the Common Elements.

(n) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any Common Elements at any time. Outdoor clothes dryers or clotheslines shall not be maintained upon any Common Elements at any time.

No clothing, laundry or the like shall be hung from any part of any Unit or upon any of the Common Elements or from or upon any deck, porch or patio.

(o) Except when being used for entrance or exit, garage doors shall be maintained in a closed position at all times.

(p) Notwithstanding any provision contained in this Article V, Section 14, to the contrary, the use and other restrictions set forth in this Section 14 shall not apply to the use of the Common Elements and/or Units owned by the Declarant for display, marketing, promotion, sales, leasing or construction purposes or the use of Units as "Models", or the use of any portion of the Condominium as a sales, rental or management office.

Section 15. Rules - Adoption and Enforcement. The Board of Directors may, from time to time, enact uniform Rules which govern the use and operation of the Condominium, as well as the conduct and the enjoyment of the Unit owners, provided that such Rules are not in conflict with the Declaration or these Bylaws, and provided further that such Rules are adopted in accordance with the Act and the following procedures:

(a) At least fifteen (15) days prior to the adoption of any proposed new Rule, a notice must be mailed or delivered to each Unit owner. The notice shall (i) contain a copy of the proposed Rule, (ii) inform the Unit owner of the right to submit written comments on the proposed Rule to the Board of Directors, (iii) state the effective date of the proposed Rule, and (iv) inform the Unit owner of the meeting of the Board of Directors which has been scheduled to consider and adopt the proposed Rule.

(b) Provided that the notice set forth in Section 15(a) of this Article V is mailed or delivered to each Unit owner, an open meeting of the Board of Directors shall be held at which each Unit owner or tenant present at such meeting shall be given an opportunity to comment on the proposed Rule.

(c) If a majority of the members of the Board of Directors present at the open meeting at which a quorum is present vote in favor of the proposed Rule, such proposed rule shall become effective upon its effective date unless (i) within fifteen (15) days after the affirmative vote, fifteen percent (15%) of the Unit owners sign and file a petition with the Board of Directors requesting a special meeting, and (ii) a quorum is present at such special meeting, and (iii) at such special meeting fifty percent (50%) of the Unit owners present and voting vote against the proposed Rule and such Unit owners represent more than thirty-three percent (33%) of the total votes in the Condominium.

All Rules shall have the same force and effect as if they were incorporated in these Bylaws by direct reference and may be enforced in the same manner as all other provisions of these Bylaws.

Section 16. Additions, Renovations, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the Common Elements shall require additions, renovations, alterations or improvements costing in excess of Twenty-Five Thousand Dollars (\$25,000.00), and the making of such additions, renovations, alterations or improvements shall have been approved by more than fifty percent (50%) in voting interest of the Unit owners present in person and/or by proxy and voting at a meeting duly held in accordance with these Bylaws, the Board of Directors shall proceed with such additions, renovations, alterations or improvements and may assess all Unit owners for the cost thereof as a common expense. If such additions, renovations, alterations or improvements, if not made, could reasonably result in a threat to the health or safety of the Unit owners or a significant risk of damage to the Condominium, then such additions, renovations, alterations or improvements may be made without the prior approval of Unit owners. Any additions, renovations, alterations or improvements costing Twenty-Five Thousand Dollars (\$25,000.00) or less may be made by the Board of Directors without approval of the Unit owners, provided said Unit owners are provided at least ten (10) days' written notice of a special meeting at which such additions, renovations, alterations, or improvements are approved by an amendment to the budget by the Board of Directors. The cost of any such additions, renovations, alterations or improvements shall constitute a common expense. Notwithstanding anything contained in the Declaration or these Bylaws to the contrary, any expenditure of reserve funds for the replacement of the Common Elements pursuant to the terms of these Bylaws shall not require the consent or approval of the Unit owners.

Section 17. Architectural Control. Except for purposes of proper maintenance and repair or as otherwise permitted or required by law or these Bylaws and subject to the exemption set forth in Section 23 of this Article, it shall be prohibited for any Unit owner to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, fences, walls, aerials, antennas (including, without limitation, satellite dishes), radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, balconies, porches, driveways, or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever the exterior of any Unit or upon any of the Common Elements within the Condominium or to combine or otherwise join two (2) or more Units (or parts thereof), or to partition the same, or to remove or alter any window or exterior doors of any Unit, or to make any change or alteration within any Unit which will alter the structural integrity of any building or otherwise affect the property, interest or welfare of any other Unit owner, materially increase the cost of operation or insuring the Condominium or impair any easement, until the complete plans and specifications, showing the location, nature, shape, change (including, without limitation, any other information specified by the Board of Directors or its designated committee) shall have been

submitted to and approved in writing as to safety, the effect of any such alterations on the costs of maintaining and insuring the Condominium and harmony of design, color and location in relation to surrounding structures and topography, by the Board of Directors of the Association, or by the Architectural Control Committee designated by the Board of Directors.

Section 18. Architectural Control Committee - Operation.  
The Architectural Control Committee shall be composed of an uneven number of three (3) or more natural persons designated from time to time by the Board of Directors of the Association and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural Control Committee, then the Board of Directors shall constitute the Committee. The affirmative vote of a majority of the members of the Architectural Control Committee shall be required in order to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 19. Architectural Control Committee - Approvals, Etc.  
Upon approval of the Architectural Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural Control Committee fails to approve or disapprove any plans and specifications which may be submitted to it pursuant to the provisions of this Article within thirty (30) days after such plans and specifications (and all other materials and information required by the Architectural Control Committee) have been submitted to it in writing, then approval will not be required and this Article will be deemed to have been fully complied with.

Section 20. Architectural Control Committee - Limitations.  
Construction of alterations in accordance with plans and specifications approved by the Architectural Control Committee pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same are approved by the Architectural Control Committee (whether by affirmative action or by forbearance from action), and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Architectural Control Committee shall specify in its approval. In the event construction is not commenced within the period aforesaid, then approval of the plans and specifications by the Architectural Control Committee shall be conclusively deemed to have lapsed and compliance with the provisions of this Article shall again be required. There shall be no deviations from plans and specifications approved by the Architectural Control Committee without the prior consent in writing of the Architectural Control Committee. Approval of any particular plans and specifications or design shall not be

construed as a waiver of the right of the Architectural Control Committee to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instance.

Section 21. Architectural Control Committee - Certificate of Compliance. Upon the completion of any construction or alteration of other improvements or structure in accordance with plans and specifications approved by the Architectural Control Committee in accordance with the provisions of this Article, the Architectural Control Committee shall, at the request of the owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Architectural Control Committee and constructed or installed in full compliance with the provisions of this Article and with such other provisions and requirements of these Bylaws as may be applicable.

Section 22. Architectural Control Committee - Rules, Etc. The Architectural Control Committee may from time to time adopt and promulgate such rules and regulations regarding the form and content of plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and establish such criteria relative to architectural styles or details, or other related matters, as it may consider necessary or appropriate; provided, however, that such rules and/or regulations are adopted in accordance with the provisions of §11-111 of the Act. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of this Article or any other provision or requirement of these Bylaws. The Architectural Control Committee may charge and collect a reasonable fee for the examination of any plans and specifications submitted for approval pursuant to the provisions of this Article. The decision of the Architectural Control Committee shall be final except that any Unit owner who is aggrieved by any action or forbearance from action by the Architectural Control Committee shall have the right to appeal to the Board of Directors of the Association and, upon the request of such Unit owner, shall be entitled to a hearing before the Board of Directors.

Section 23. Declarant's Exemption. Notwithstanding any provision of Sections 17 through 22 of this Article V to the contrary, the provisions of said Sections 17 through 22 shall not apply to a Unit owned by the Declarant or its designee which is used as a model or is being or will be offered for sale by the Declarant until a deed to such Unit has been delivered by the Declarant to a purchaser thereof. Further, the aforesaid provisions shall not apply to the Declarant's actions with respect to the Common Elements of the Condominium until the completion of the Declarant's construction thereof.

Section 24. Right of Access. A Unit owner hereby grants a right of access to his Unit to the managing agent and/or other person authorized by the Board of Directors or the managing agent



for the purpose of making inspections or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit or elsewhere in the Condominium, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Unit owner. In case of an emergency such right of entry shall be immediate, whether the Unit owner is present at the time or not.

#### ARTICLE VI MORTGAGES

Section 1. Notice to Board of Directors. A Unit owner who mortgages his Unit shall in writing notify the Board of Directors of the name and address of his mortgagee, and shall file a conformed copy of the note and mortgage with the Board of Directors. The Board of Directors shall maintain such information in a book entitled "Mortgages of Units".

Section 2. Examination of Books. Each Unit owner, contract purchaser of a Unit and each mortgagee of a Unit shall be permitted to examine the books of account of the Association at reasonable times on business days.

Section 3. Notice of Loss to or Taking of Common Elements. The Board of Directors shall give written notice to eligible mortgage holders who have requested such notice of any condemnation or casualty loss which affects a material portion of the project or any Unit on which there is a first mortgage held, insured or guaranteed by such eligible mortgage holder of any Unit or the Common Elements or related facilities of the Condominium.

Section 4. Financial Statement. The Association shall provide any eligible mortgage holder who submits a written request, a copy of an annual financial statement within ninety (90) days following the end of each fiscal year of the Association. Such financial statement shall be audited by an independent certified public accountant if:

- (a) the Condominium contains fifty (50) or more Units, in which case the cost of the audit shall be a common expense; or
- (b) any eligible mortgage holder requests it, in which case the eligible mortgage holder shall bear the cost of the audit.

Section 5. Definition. As used in these Bylaws, the term "Mortgagee" shall mean any mortgagee or trustee under a deed of trust which is a lien upon a Unit, or the party secured or beneficiary of any recorded deed of trust, and shall not be limited to institutional mortgagees; and the term "mortgage" shall include a deed of trust. As used generally in these Bylaws, the term "institutional holder" or "institutional mortgagee" shall include

banks, trust companies, insurance companies, mutual savings banks, mortgage insurance companies, mortgage companies, credit unions, savings and loan associations, pension funds, FNMA, FHLMC, and any corporation, including a corporation of, or affiliated with, the United States Government, or any agency thereof. "First mortgage" shall mean a mortgage with priority over all other mortgages. As used in these Bylaws, the term "eligible mortgage holder" shall mean a holder, insurer or guarantor of a first mortgage on a unit who has requested notice from the Council of Unit Owners of amendments to the condominium documents or other significant matters which would affect the interests of the mortgagee. An eligible mortgage holder who is notified of any proposed amendment(s) to the condominium documents or other matter for which it is entitled to notice as provided in the Declaration or these Bylaws, and which fails to respond within thirty (30) days of receipt of such notice (provided the notice was delivered by certified or registered mail, with a "return receipt" requested) shall be deemed to have consented to the proposed amendment(s) or other matter which the eligible mortgage holder was provided notice of.

Section 6. Percentage of Eligible Mortgage Holders. Wherever in the Declaration or these Bylaws the approval or consent of a specified percentage of eligible mortgage holders is required, it shall mean the approval or consent of eligible mortgage holders holding security interests in Units which in the aggregate have allocated to them such specified percentage of votes in the Association as compared to the total allocated to all Units then subject to security interests held by eligible mortgage holders.

Section 7. Notice of Actions. The Association shall give prompt written notice to each eligible mortgage holder of (and each Unit owner hereby consents to, and authorizes such notice):

(a) Any condemnation loss or any casualty loss which affects a material portion of the Common Elements or Condominium or any Unit in which there is a first security interest held, insured, or guaranteed by such eligible mortgage holder;

(b) Any delinquency in the payment of common expense assessments owed by a Unit owner whose Unit is subject to a first mortgage or security interest held, insured, or guaranteed, by such eligible mortgage holder which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified in Article X, Section 5, of the Declaration.

Section 8. Development Rights. No development rights may be voluntarily abandoned or terminated by the Declarant unless all persons holding security interests in the development rights consent to the abandonment or termination. In the event that development rights may be exercised seven years after recording of the Declaration, they may not be exercised without the consent of fifty-one percent (51%) of the eligible mortgage holders to an extension of such period to exercise development rights.

Section 9. Enforcement. The provisions of this Article are for the benefit of eligible mortgage holders and their successors, and may be enforced by any of them by any available means, at law, or in equity.

Section 10. Attendance at Meetings. Any representative of an eligible mortgage holder may attend and address any meeting which a Unit owner may attend.

#### ARTICLE VII SALES AND MORTGAGES OF UNITS

Section 1. Sales. A Unit owner may sell his Unit or any interest therein without the consent of the Association.

Section 2. No Severance of Ownership. Except as may be provided in the Act, no Unit owner shall execute any lease, mortgage or other instrument conveying or mortgaging title to his Unit without including therein the appurtenant Common Elements, it being the intention hereof to prevent any severance of such combined ownership. Any such lease, mortgage or other instrument purporting to affect one or more of such interests, without including all such interests, shall be deemed and taken to include the interest or interests so omitted, even though the latter shall not be expressly mentioned or described therein. No part of the appurtenant Common Elements of any Unit may be sold, transferred or otherwise disposed of, except as part of a sale, transfer or other disposition of the Unit to which such interests are appurtenant, or as part of a sale, transfer or other disposition of such part of the appurtenant Common Elements of all Units.

#### ARTICLE VIII CONDEMNATION

In the event of a taking in condemnation (or by purchase in lieu thereof) of a Unit or any part thereof or of part or all of the Common Elements, the Association is hereby appointed by each Unit owner as its attorney-in-fact in any proceedings, negotiations, settlements or agreements related to such condemnation (or purchase in lieu thereof). Any proceeds from the settlement of such condemnation (or purchase in lieu thereof) should be payable to the Association, or an Insurance Trustee (if an Insurance Trustee is appointed by the Association) for the benefit of the

Unit owners and their mortgage holders. Any distributor of funds in connection with the termination of the Condominium shall be made on a reasonable and equitable basis.

#### **ARTICLE IX RECORDS AND AUDITS**

The Board of Directors or the managing agent shall keep books and records in accordance with good accounting practices on a consistent basis. In addition to the provisions of Article VI, Section 4 of these Bylaws, on the request of Unit owners of at least five percent (5%) of the Units, an audit by an independent Certified Public Accountant shall be made, provided an audit shall be made not more than once in any consecutive twelve (12)-month period. The cost of such audit shall be a common expense. Every record kept by the Council of Unit Owners and current copies of the Declaration, Bylaws and Rules (if any) of the Association shall be available in accordance with the Act and these Bylaws for examination and copying by any Unit (and insurers and guarantors of first mortgages secured by a Unit or Units), owner, contract purchaser of a Unit and mortgagee of a Unit, and their respective duly authorized agents or attorneys, during normal business hours and after reasonable notice.

#### **ARTICLE X PARKING SPACES**

Any parking spaces not assigned as Limited Common Elements appurtenant to a Unit herein or on the Condominium Plat are part of the General Common Elements of the Condominium and are hereby unassigned and designated for general use, to be used on a "first come, first served" basis. Subject to applicable law, the Board of Directors may designate some of these parking spaces as "reserved" for the exclusive use of designated Unit owners. No vehicle belonging to any Unit owner, or to any guest or employee of any Unit owner, shall be parked in a manner which unreasonably interferes with or impedes ready vehicular access to any adjoining parking space.

Each Unit owner shall comply in all respects with such supplementary Rules which are not inconsistent with the provisions of these Bylaws which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the Condominium, and the Board of Directors is hereby, and elsewhere in these Bylaws, authorized to adopt such Rules. The location of any parking space assigned to any Unit owner may be changed by the Board of Directors, at any time and from time to time, upon reasonable notice thereof in writing. The Board of Directors reserves the right to assign parking spaces (including the reassignment of Limited Common Element spaces) if necessary to fulfill federal, state or local laws, including, without limitation, the Fair Housing Amendments Act of 1988, and any Unit owner

requested by the Board of Directors to relinquish or convey his Limited Common Element parking space shall promptly comply with such request; provided, however, if another Limited Common Element or reserved parking space is not made available to such Unit owner, the Board of Directors shall reimburse to such Unit owner any monies previously paid to acquire such reserved or Limited Common Element parking space.

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

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

**ARTICLE XII**  
**RESIDENT AGENT AND ANNUAL REGISTRATION**

Section 1. Resident Agent. Promptly after the creation of the condominium regime, a Resident Agent for the Condominium, who shall be a citizen and actual resident of the state or a corporation duly registered or qualified to do business in the state, shall be appointed and his name and address shall be filed with the Department of Assessments and Taxation. The name or address of the Resident Agent may be changed by the Board of Directors of the Association by filing a notice of such change with the Department of Assessments and Taxation.

Section 2. Annual Registration. Following the first annual meeting of the Association, the Board of Directors shall register with the Department of Assessments and Taxation by providing the Department with the names and mailing addresses of the officers, directors, Resident Agent and Management Agent for the Association. This information should be updated on the following April 15 and each April 15 thereafter.

**ARTICLE XIII**  
**MISCELLANEOUS**

Section 1. Notices. All notices hereunder to the Board of Directors shall be sent by first-class mail or personally delivered to the managing agent (if any), or to such person as the Board of Directors may hereafter designate from time to time. All notices to any Unit owner shall be sent by mail or personally delivered to the address as may have been designated by him from time to time, in writing, for inclusion on the Roster. All notices to mortgagees of Units shall be sent by first-class mail or personally delivered to their respective addresses as designated by them from time to time, in writing, to the Board of Directors. All notices shall be in writing and shall be deemed to have been given when mailed or personally delivered, except notices of change of address which shall be deemed to have been given when received.

Section 2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provision thereof.

Section 4. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires, and vice versa.

Section 5. Waiver. No restriction, condition, obligation or provision contained in these Bylaws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 6. Amendments to Bylaws. Except as elsewhere herein or in the Declaration provided otherwise, these Bylaws may be modified or amended in accordance with Section 11-104(e) of the Act.

Section 7. Conflicts. In case any part of these Bylaws conflict with the Act and/or the Declaration, the provisions of the Act and/or Declaration as the case may be, shall control.

**Declaration-CCRs**  
**Kings Council Condominium**

DECLARATION

KINGS COUNCIL CONDOMINIUM

THIS DECLARATION, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1990, by COSCAN WASHINGTON, INC., a Maryland corporation (hereinafter and in the exhibits attached hereto called the "Declarant").

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

WHEREAS, the Declarant desires to establish a Condominium pursuant to Real Property Article, Title 11, Section 11-101, et seq., of the Annotated Code of Maryland (1988 Replacement Volume) as supplemented from time to time (hereinafter called the "Act"), and it is the desire and intention of the Declarant to divide the Property into condominium units and to sell and convey the same subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens hereinafter set forth, each of which is for the benefit of the Property and the owners thereof from time to time; and,

WHEREAS, prior to the recordation hereof the Declarant has filed for record in the Office of the Clerk of the Circuit Court Prince George's County, Maryland, a certain "Plat of Kings Council Condominium" (hereinafter referred to as the "Condominium Plat"), which Condominium Plat (consisting of \_\_\_\_\_ (\_\_\_\_) sheets) is recorded in Condominium Plat Book \_\_\_\_\_, at Plat \_\_\_\_\_, et seq.

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

ARTICLE I  
DEFINITIONS

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

Section 1. "Common Elements" means all of the Property other than "Units," and includes both "General Common Elements" and "Limited Common Elements" (as defined in Article III hereof).

Section 2. "Condominium" means the Property having the status of a "Condominium" pursuant to and as defined in the Act.





Section 3. "Council of Unit Owners" means the entity comprised of all Unit owners, sometimes hereinafter referred to as the "Association".

Section 4. "Declarant" shall mean and refer to Coscan Washington, Inc., a Maryland corporation, and its successors and assigns to whom the special rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant are specifically assigned or transferred in writing.

Section 5. "Eligible Mortgage Holder" means a holder, insurer or guarantor of a first mortgage on a Unit who has requested notice from the Council of Unit Owners of amendments to the Condominium documents or other significant matters which would affect the interests of the mortgagee.

Section 6. "Percentage Interest" means the undivided interest of each Unit owner, as set forth in Exhibit "D", with respect to Common Elements of the Condominium and the Common Profits and Common Expenses of the Council of Unit Owners.

Section 7. "Unit" means a three-dimensional area, as described below and as shown on the Condominium Plat, and includes all improvements contained within the area except such as are expressly excluded in this Declaration or on the Condominium Plat. The lower boundary of any Unit situate upon a concrete slab or slabs is a horizontal plane (or planes), the elevation of which coincides with the elevation of the upper surface of such concrete slab or slabs extended to intersect the lateral or perimetrical boundaries thereof. The lower boundary of any Unit not situate upon a concrete slab is a horizontal plane (or planes), the elevation of which coincides with the lower (unexposed) surface of the plywood floor (or other sub-floor) extended to intersect the lateral or perimetrical boundaries thereof. The upper boundary of each Unit is a horizontal (or in some cases inclined) plane (or planes), the elevation of which coincides with the top surface of the unfinished wallboard of the uppermost ceiling in the Unit (including, if applicable, the attic thereof), extended to intersect the lateral or perimetrical boundaries thereof. The lateral or perimetrical boundaries of any such Unit is a vertical plane (or planes) which coincides with the outermost (unexposed) surfaces of the unfinished perimeter wallboard (or gypsum board) walls thereof, including windows and doors (including, if applicable, garage doors) thereof, extended to intersect the upper and lower horizontal boundaries thereof and to intersect the other lateral or perimetrical boundaries of the Unit. Fireplaces shall be considered part of the Unit, however; the flue or duct from such fireplace shall be deemed Limited Common Elements appurtenant to the Unit(s) which it serves or benefits, and not part of the Unit. Unless otherwise designated herein and/or on the Condominium Plat as a Common Element, mechanical equipment and appurtenances located within or without any Unit and designated to serve only that Unit, such as pipes, wires, cables, conduits, electrical receptacles and

outlets, ducts, flues (other than fireplace flues), chutes, appliances, range hoods, fixtures, and the like, shall be considered a part of the Unit.

Section 8. "Unit owner" means any person, group of persons, corporation, trust or other legal entity, or any combination thereof, which owns a Unit; provided, however, that any person, group of persons, corporation, trust or other legal entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation shall not be a Unit owner solely by reason of such interest.

ARTICLE II  
CREATION OF CONDOMINIUM REGIME

Section 1. Submission of Property to Act. The Property and all appurtenances thereto shall be held, conveyed, divided or subdivided, leased, rented and occupied, improved, hypothecated and/or encumbered subject to the Act and the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens (hereinafter sometimes referred to as "Covenants and Restrictions") herein set forth, including the provisions of the Bylaws of the Council of Unit Owners of Kings Council Condominium (the "Bylaws") (a copy of which is attached hereto and made a part hereof as Exhibit "B"), all of which are declared and agreed to be in aid of a plan for the division of the Property into a Condominium pursuant to the Act, and all of which shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant and by any person acquiring or owning an interest in the Property, including, without limitation, any person, group of persons, corporation, trust or other entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation; provided, however, that the special rights, restrictions, easements, interests, exemptions, privileges, and powers of the Declarant shall inure to the benefit of and be enforceable by only those successors and assigns of the Declarant to whom any of the same have been specifically assigned or transferred in writing.

By the recordation of this Declaration, the Council of Unit Owners hereby assumes all liability, responsibility and duty for the care, operation and maintenance of the Common Elements, and each Unit owner hereby assumes or agrees to assume all liability and duty for the care, operation and maintenance of the respective Units, subject, however, to any rights the Council of Unit Owners or each Unit owner may have pursuant to this Declaration. Further, the Council of Unit Owners and each Unit owner, on their own behalf, and on behalf of their successors and assigns, hereby agrees to indemnify and hold Declarant, its heirs, successors and assigns harmless from any loss, liability or damage (including attorneys' fees and court costs) arising out of or resulting from the failure of the Council of Unit Owners or each Unit owner to

care for, maintain or properly operate the Common Elements or Units, as applicable.

Section 2. Description of the Units. The general description and number of each Unit, including its area, location and such other data as may be necessary or appropriate for its identification, is set forth on the Condominium Plat, a copy of which Condominium Plat is annexed hereto as Exhibit "C" (and by this reference is made a part hereof).

Section 3. Name of Condominium. The name by which the Condominium shall be known is "Kings Council Condominium."

### ARTICLE III COMMON ELEMENTS

Section 1. General Common Elements. The General Common Elements means all of the Common Elements except Limited Common Elements, and shall (unless otherwise specifically designated herein or on the Condominium Plat), include the following:

(a) The Property (other than Units and Limited Common Elements); and,

(b) The foundation(s), bearing walls, perimeter walls, main walls, roofs, parking areas (unless designated on the Condominium Plat as Limited Common Elements), landscaping, columns, girders, beams, supports, telephone and electric meter room(s), stairs and/or hallways or corridors (not located within any Unit), and communication ways; and,

(c) The components or installations of central services such as power, light, gas, water, sewer, telephone, master antennae, including tanks, pumps, motors, fans, compressors, pipes, valves, controls or other similar equipment to be used in common (unless designated to serve only one Unit; provided, however that all fireplace flues and chimneys constructed by the Declarant shall be deemed Limited Common Elements appurtenant to the Unit(s) which such flues or chimneys serve and/or benefit); and,

(d) All Units which may hereafter be acquired and held by the Council of Unit Owners on behalf of all Unit owners; and,

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

Section 2. Limited Common Elements. The "Limited Common Elements" include those designated as such in this Declaration or on the Condominium Plat. All areas designated as Limited Common Elements are reserved for the exclusive use of the Unit owner(s) of the Unit(s) to which they are declared to be appurtenant by appropriate designation on the Condominium Plat. If no such designation is made on the Condominium Plat, then the Limited

Common Elements shall be deemed to be appurtenant to Unit(s) to which they are adjacent or which they are rationally intended to serve and benefit. The right of the Unit owner(s) to whose Unit(s) the Limited Common Elements are appurtenant to use and enjoy the same shall be subject to such reasonable rules and regulations as the Board of Directors of the Council of Unit Owners may from time to time enact, and are further subject to each Unit owner's responsibility to pay any charges imposed by the Board of Directors for the use and maintenance of such Limited Common Elements. Pursuant to the Act, the Council of Unit Owners may assess the costs incurred in maintaining, repairing or replacing any Limited Common Elements against the Unit(s) to which such Limited Common Elements is/are appurtenant.

Section 3. Community Association and Recreation Association. Notwithstanding anything herein to the contrary, any property owned by the Villages of Marlborough Community Association, Inc. or the Kings Grant Recreation Association, Inc., shall not be part of the Common Elements.

#### ARTICLE IV PERCENTAGE INTEREST AND VOTING RIGHTS

Each Unit shall have the same incidents as real property, and the Unit owner shall hold the same in fee simple and shall have a common right to a share with the other Unit owners of an undivided fee simple interest in the Common Elements, which shall be known as the "Percentage Interest in the Common Elements". The Percentage Interest in the Common Elements appertaining to each Unit is set forth in Exhibit "D". This percentage is also the Percentage Interest of each Unit owner in the Common Profits and Common Expenses of the Council of Unit Owners. Each Unit shall be entitled to one (1) vote in the Council of Unit Owners. Except as otherwise specifically provided in this Declaration, the Percentage Interests heretofore described and votes herein established shall not be changed without the unanimous consent of all of the Unit owners and the mortgagees (as defined in the Act) evidenced by an appropriate amendment to this Declaration recorded among the Land Records of Prince George's County, Maryland; shall not be separated from the Unit to which they appertain; and shall be deemed conveyed or encumbered with the Unit even though such Percentage Interests and/or votes are not expressly mentioned or described in the conveying deed or other instrument. Subject to the provisions of the Bylaws of the Council of Unit Owners and this Declaration, a Unit owner may, pursuant to and in accordance with the Act, grant a part of his Unit to another Unit owner and the part of the Unit conveyed may be incorporated as part of such other Unit, or he may subdivide his Unit, whereupon he shall reallocate a portion of his Percentage Interest in the Common Elements of the Condominium and Percentage Interest in the Common Profits and Common Expenses of the Council of Unit Owners, and the vote appurtenant to his Unit, accordingly, provided, however, that two-thirds (2/3) of the first

mortgagees (based on one (1) vote for each mortgage owned), or Unit owners (other than the Declarant) have been given their prior written approval.

**ARTICLE V**  
**COVENANT AGAINST PARTITION; EASEMENTS; ENCROACHMENTS**

**Section 1. Covenant Against Partition.** The Common Elements, both General and Limited, shall remain undivided and, except as otherwise provided herein and in the Act, shall remain appurtenant to the designated Unit. No Unit owner or any other person shall bring any action for partition or division thereof except as may be provided for herein and in the Act.

**Section 2. Encroachments.** If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, as a result of the construction, reconstruction, repair, shifting, settlement or movement of the Units and/or Common Elements, or if any such encroachment shall occur hereafter as a result of construction, reconstruction, repair, shifting, movement or settlement, or otherwise, a valid easement for the encroachment and for the maintenance of the same exists so long as the encroaching Unit and/or Common Elements shall stand. In the event any Unit, any adjoining Unit, or any adjoining Common Elements shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then constructed, reconstructed or repaired, encroachment of parts of the Common Elements resulting from such reconstruction, construction or repair shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the encroaching improvements shall stand.

**Section 3. Easements.**

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

(b) Each of the sidewalks, lanes, driveways, paved areas, roadways, and other General Common Elements shall be subject to an easement in favor of all of the Unit owners for reasonable and necessary pedestrian and vehicular ingress and egress to and from the improvements and to and from public and private roadways and streets. Each Unit Owner shall have a right of ingress and egress to such Unit owner's Unit.

(c) There is hereby reserved unto the Declarant and its agents a nonexclusive easement over, across and through all of the Property for the purpose of access, the storage of building supplies and materials and equipment in the Common Elements, and, without any limitation, for any and all purposes reasonably related to the completion of the construction and repair of the Property and the marketing, sales and leasing of Units.

(d) There is hereby reserved unto the Declarant (and its successors and assigns to whom such easement has been specifically assigned in writing), for the benefit of the real property described in Exhibit "E" attached hereto and made a part hereof, a blanket easement upon, across, and under all of the General Common Elements for ingress, egress, installation, replacement, repair, use and maintenance of all utilities, including, but not limited to, water, sewer, drainage, gas, cable television, telephones and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Property from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles and other equipment on the Property, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Property, including any improvements constructed thereon and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress over the Property. There is further reserved unto the Declarant (and its successors and assigns to whom such right has been specifically assigned in writing), the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this subsection (d).

(e) Easements are hereby granted to the Board of Directors of Villages of Marlborough Community Association, Inc. and Kings Grant Recreation Association, Inc., and their agents, to carry out any functions or duties which such parties are authorized to conduct with respect to the Property and the residents thereof under the documents governing such entities (Declaration, Bylaws and Articles of Incorporation).

(f) There is hereby granted to the members of the Villages of Marlborough Community Association, Inc. (and their tenants, guests and invitees) a non-exclusive easement to use and enjoy any paths, trails, recreational facilities or other amenities situated on the property described on Exhibit "F" attached hereto

and made part hereof (the "Community Association Easement Area"). Such right of use and enjoyment is subject to the provisions of this Declaration and the Bylaws and any reasonable rules and regulations adopted by the Board of Directors of the Council of Unit Owners. The Board of Directors may suspend or terminate the right to use the Community Association Easement Area by any person benefiting from this easement for violations of the Declaration, Bylaws or rules or regulations. Such suspension or termination shall only occur after reasonable written notice to the alleged violator and an opportunity for a hearing before the Board of Directors or a duly appointed committee. In addition to the easement of use and enjoyment, there is hereby granted a non-exclusive easement and right to the Board of Directors of the Villages of Marlborough Community Association, Inc. to maintain and repair the Community Association Easement Area, including the repair and replacement of all improvements and equipment situated thereon. Such maintenance shall include, but not be limited to, mowing, fertilizing and maintaining the landscaping and green space within the Community Association Easement Area. The Board of Directors of the Villages of Marlborough Community Association, Inc. shall consult with the Board of Directors of the Council of Unit Owners, or its management agent, not less than twice each year, regarding such maintenance with respect to frequency, standard of maintenance and contractors or personnel utilized. In the event the Board of Directors of the Council of Unit Owners is not satisfied with the maintenance being performed it may elect to maintain and repair the Community Association Easement Area. Failure to adequately maintain the Community Association Easement Area may also result in the suspension of the easement rights to use and enjoy such area. The easement rights contained in this paragraph shall only be effective with respect to those portions (if not all) of the Community Association Easement Area annexed within the Property.

(g) The Condominium is subject to a reciprocal easement for ingress and egress through and across the Condominium to an adjacent parcel and through and across such parcel to the Condominium. Such easement is recorded among the Land Records of Prince George's County, Maryland in Liber \_\_\_\_\_ at Folio \_\_\_\_\_ at seq. The easement areas shall be maintained by the party(ies) owning the property upon which such areas are located. The easement area located within the Condominium shall be maintained by the Council of Unit Owners. The use of such easement areas shall not be unreasonably limited or obstructed and shall be subject to reasonable rules and regulations adopted by the Board of Directors of the Council of Unit Owners in accordance with the Act. Such easement right may be suspended, after reasonable written notice and an opportunity for a hearing, for any violation of any reasonable rules or regulations adopted by the Board of Directors of the Council of Unit Owners or the owner(s) of the adjacent parcel. Notwithstanding the foregoing, if such easement is the only access to a public street or road it may not be suspended or terminated.



**ARTICLE VI**  
**DECLARANT'S RIGHT TO RENT OR SELL UNITS**

Anything contained in this Declaration or the Bylaws of the Council of Unit Owners to the contrary notwithstanding, the Declarant shall have the right to transact any business on the Property and utilize any portion of the Property (including the Common Elements) necessary or desirable to consummate sales or rentals of Units, including, but not limited to, the right to maintain employees in the sales or rental office, and to show Units for sale or rent. The sales or rental office, the furniture and furnishings in the model Units, signs and all items pertaining to the sale or rental of Units by the Declarant shall not be considered Common Elements but shall remain the property of the Declarant. The right to consummate rentals of units and to maintain and start a rental or management office shall extend to any management agent or rental agents employed by the nominees or designees of the Declarant. Such sales, rental or management office may also be utilized for the sale, rental or management of other residential units in the area.

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

**ARTICLE VII**  
**RIGHT TO EXPAND CONDOMINIUM**

Section 1. Reservation of Right to Expand Condominium. The Declarant hereby reserves the right to expand the Condominium without the consent of Unit owners and to annex to the Property additional land and improvements thereon, provided that this reserved right shall terminate on the seventh (7th) anniversary after the date of the recordation of this Declaration and shall otherwise comply with the provisions of Section 11-120 of the Act.

Section 2. Conditions of Right to Expand Condominium.

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

(b) The total number of Units which may be contained in the Condominium is two hundred eighty (280), however, such Units may be added in stages.

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

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

Section 3. Effect of Expansion. Upon the recordation of the Supplementary Declaration and Condominium Plat, each Unit owner shall automatically have the Percentage Interest in the Common Elements and Percentage Interest in the Common Profits and Common Expenses and the vote appurtenant to his Unit set forth in the Supplementary Declaration. The interest of each mortgagee, as that term is defined in the Act, shall attach by operation of law to the Percentage Interest in the Common Elements appurtenant to the Unit with respect to which it holds a lien. In addition, the assessments for the Common Expenses of the Condominium on each Unit listed on a Supplementary Declaration shall commence upon the recordation of such Supplementary Declaration.

Section 4. Power of Attorney. There is hereby reserved unto Coscan Washington, Inc. (or such other party as may in writing be designated by the Declarant) an irrevocable Power of Attorney, coupled with an interest, for the purpose of reallocating the Percentage Interests and voting rights appurtenant to each of the Units in the Condominium in accordance with the provisions of this Declaration and to execute, acknowledge and deliver such further instruments as may from time to time be required in order to accomplish the purposes of this Article VII. Each Unit owner and each mortgagee of a Unit shall be deemed to have acquiesced in amendments to this Declaration and in amendments to the Condominium Plat for the purpose of adding the aforesaid additional Units and Common Elements to the Condominium, as set forth above, and shall be deemed to have granted unto Coscan Washington, Inc. (or such other party as may in writing be designated by the Declarant), an irrevocable Power of Attorney, coupled with an interest, to effectuate, execute, acknowledge and deliver any such amendments and each such Unit owner and mortgagee shall be deemed to have

agreed and covenanted to execute such further assurances and instruments, if any, as may be required by the Declarant and/or the said Coscan Washington, Inc., its successors or assigns, to properly accomplish such amendments.

Section 5. Future Improvements. Any improvements situated on property added to the Condominium in accordance with this Article VII of the Declaration and the Act will be substantially completed prior to annexation and will be substantially consistent in terms of quality of construction with the initial improvements of the Condominium. The Declarant reserves the right to modify the architectural style, size and floor plans of the Units and buildings within any property to be annexed within the Condominium.

#### ARTICLE VIII WASHINGTON SUBURBAN SANITARY COMMISSION AGREEMENT

(a) Each present and future Unit owner and, if applicable, tenants of each Unit owner shall acknowledge and take title subject to the obligation for payment by each Unit owner of annual front-foot benefit charges levied by the Washington Suburban Sanitary Commission, based upon water and sewer front-foot allocations made by the Washington Suburban Sanitary Commission and commensurate with the life of the bonds issued for the construction of said water and/or sewer lines as applicable.

(b) Each present and future Unit owner and, if applicable, tenants of each Unit owner, shall grant a right of access to his Unit to the management agent employed by the Unit owner or the Council of Unit Owners and/or any other person authorized by said Council of Unit Owners for the purpose of making inspections of the plumbing system or for the purpose of correcting any plumbing problems in any Unit which might affect that Unit, any other Unit in the building or any of the Common Elements. In case of emergency, such entry shall be immediate whether the Unit owner or tenant is present or not. The management agent or other person authorized may permit employees of the Washington Suburban Sanitary Commission to enter the premises for the purpose of making corrections in order to protect the Washington Suburban Sanitary Commission's water and sewer system.

#### ARTICLE IX MISCELLANEOUS

##### Section 1. Construction and Enforcement.

(a) The provisions hereof shall be liberally construed to achieve the purpose of creating a uniform plan for the operation of the Property as a Condominium. Enforcement of this Declaration and of the Bylaws attached hereto shall be by any Unit owner and/or the Council of Unit Owners or its Board of Directors by any proceeding at law or in equity against any person or persons

violating any of the same, either to restrain or enjoin violation or to recover damages, or both, and against any Unit to enforce any lien created hereby; and the failure or forbearance by the Council of Unit Owners or the Unit owner of any Unit to enforce any of the covenants or restrictions herein or in the Bylaws contained shall in no event be deemed a waiver of the right to do so thereafter. Each Unit owner shall have the same rights of enforcement against the Association.

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

Section 2. Severability. Invalidation of any part of this Declaration by judgment, decree or order shall in no way affect any other provisions hereof, each of which shall remain in full force and effect.

Section 3. Captions. The captions contained in this Declaration are for convenience only, are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration.

Section 4. Amendments. This Declaration may be amended only in accordance with the Act. Any amendment to this Declaration shall not become effective until such time as it has been recorded in the same manner as this Declaration among the Land Records of Prince George's County, Maryland. During the period the Declarant controls the Board of Directors of the Council of Unit Owners, any amendment of this Declaration must receive the prior written consent of the Veterans Administration if any Unit is subject to a mortgage guaranteed by the Veterans Administration.

Section 5. Consents. Notwithstanding any other provision of this Declaration, unless otherwise provided by statute or in case of condemnation or insurable loss to the Units and/or Common Elements of the Condominium, neither the Declarant, the Council of Unit Owners nor the Board of Directors shall take any of the following actions:

(a) by act or omission, seek to abandon or terminate the Condominium project (except in the case of condemnation or substantial destruction of the Property) unless at least eighty percent (80%) of the Unit owners and sixty-seven percent (67%) of the Eligible Mortgage Holders have given their prior written approval;

(b) change the pro-rata interest or obligations of any Unit unless all of the first mortgagees and all Unit owners of the Units have given their prior written approval;

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

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

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

(f) unless the consent of the Unit owners to which at least sixty-seven percent (67%) of the votes in the Council of Unit Owners are allocated [or such higher percentage as may otherwise be required by this Declaration or the Act] and the approval of Eligible Mortgage Holders holding mortgages on Units which have at least sixty-seven percent (67%) of the votes of Units subject to mortgages or deeds of trust held by Eligible Mortgage Holders is obtained, materially change provisions of this Declaration, the Bylaws, or Plats. The change to any of the following would be considered material:

- (i) Voting rights;
- (ii) Assessments, assessment liens or priority of such liens;
- (iii) Reserves for maintenance, repair and replacement of the Common Elements;
- (iv) Insurance or Fidelity Bond requirements;
- (v) Reallocation of interests in the Common Elements or rights to their use;
- (vi) Responsibility for maintenance and repairs;

- (vii) Expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Condominium;
- (viii) Definition of Unit boundaries;
- (ix) The establishment of self management when professional management has been required previously by this Declaration, the Bylaws or an Eligible Mortgage Holder;
- (x) Convertibility of Units into Common Elements or of Common Elements into Units;
- (xi) Leasing of Units;
- (xii) Imposition of any restrictions on the right of a Unit owner to sell or transfer his or her Unit;
- (xiii) Restoration or repair of the Condominium (after a hazard damage or partial condemnation) in a manner other than that specified in this Declaration, the Bylaws or the Act;
- (xiv) Any action to terminate the Condominium after substantial destruction or condemnation occurs; or
- (xv) Any provisions that expressly benefit mortgage holders, insurers or guarantors of first mortgages.

Section 6. Rights of the Maryland-National Capital Park and Planning Commission. Any other provision of this Declaration or the Bylaws to the contrary notwithstanding, unless otherwise provided by statute or in case of condemnation or insurable loss to the Units and/or Common Elements of the Condominium, neither the Council of Unit Owners nor the Board of Directors shall, by act or omission, take any of the following actions without the prior written consent of the Commission, which consent shall not be unreasonably withheld or delayed:

- (a) abandon, partition, subdivide, encumber, sell or transfer the Common Elements, provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the Common Elements shall not require the consent of the Commission; or
- (b) abandon or terminate the Condominium; or
- (c) modify or amend any material or substantive provision of the Declaration or the Bylaws; or

(d) merge, consolidate, annex or add to the Condominium other than as provided for pursuant to Article VII of this Declaration; or

(e) substantially modify the method of determining and collecting assessments as provided for in this Declaration or the Bylaws.

The Commission shall have the right to bring action for any legal or equitable relief necessary to enforce the rights and powers granted to the Commission hereunder.

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

ATTEST:

COSCAN WASHINGTON, INC.,  
a Maryland corporation

\_\_\_\_\_  
(Assistant) Secretary

By: \_\_\_\_\_

(Vice) President

[CORPORATE SEAL]

\* \* \*

COMMONWEALTH OF VIRGINIA

\*

COUNTY OF FAIRFAX

\*

\*

I HEREBY CERTIFY that on this \_\_\_\_\_ day of \_\_\_\_\_, 1990, before me, a Notary Public in and for the State and County aforesaid, personally appeared \_\_\_\_\_ and \_\_\_\_\_, known to me (or satisfactorily proven) to be the (Vice) President and (Assistant) Secretary of Coscan Washington, Inc., a Maryland corporation, and that such corporate officers, being authorized to do so, executed the foregoing and annexed instrument on behalf of the aforesaid corporation for the purposes therein contained by signing the name of the said corporation as such corporate officers.

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

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

[NOTARIAL SEAL]

\* \* \*

DECLARANT'S CERTIFICATION

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

ATTEST:

COSCAN WASHINGTON, INC.,  
a Maryland corporation

By: \_\_\_\_\_

\_\_\_\_\_  
(Assistant) Secretary

\_\_\_\_\_  
(Vice) President

[CORPORATE SEAL]



\* \* \*

CERTIFICATION

I HEREBY CERTIFY that the foregoing instrument was prepared on behalf of Coscan Washington, Inc., the party named in the above instrument.

---

[See Exhibit "B" of  
this Public Offering Statement  
and Consumer Guide.]

Exhibit "B"

(Bylaws)

[A reduced copy of the  
condominium plat for Phase I  
will be included as Exhibit "C"  
to the Declaration upon the  
recordation thereof.]

Exhibit "C"  
(Condominium Plat - Phase I)

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[The schedule of percentage interests and votes appurtenant to the units within Phase I will be set forth in this exhibit to the Declaration upon the recordation thereof. Prior to recordation, the Developer reserves the right to (i) change the number of units to be included in Phase I and (ii) modify the formula used to calculate the percentage interests and/or votes appurtenant to the units within the Condominium.]

Exhibit "D" to Declaration

Kings Council Condominium

Phase I - 6 Units

SCHEDULE OF PERCENTAGE INTERESTS AND VOTES

<u>Unit Number</u>	<u>Type</u>	<u>Percentage Interests</u>	<u>Votes</u>
1			1
2			1
3			1
4			1
5			1
6			1
Total			6

\*In Article VII, Section 1, of this Declaration, the Declarant has reserved the right to expand the Condominium in accordance with § 11-120 of the Act. If the Condominium is expanded to include additional units, then the Percentage Interests appurtenant to the units previously subjected to the condominium regime, as well as the Percentage Interests for the additional units which are being added to the condominium regime, will be computed as follows:

Step 1. Determine the total par value for all units, including those already in the condominium regime, as well as those which are being added. Par values are based upon the estimated area (in square feet) of the different unit types such that the percentage interest of each unit is based upon such unit's percentage of area compared with the total area (par value) of all units in the Condominium. The par values are assigned for all units of a particular type and are not intended to reflect any unit's exact size or exact proportion compared with the other units. If additional unit types are added to the Condominium they will be assigned a par value based on their estimated size which par value will be utilized for each unit of that type notwithstanding its actual area. For purposes of determining Percentage Interests of the units in Phase I, there are deemed to be eight (8) unit types within the Condominium which have the following par values:

Exhibit "D")

(Schedule of Percentage Interests and Votes)

<u>Unit Type</u>	<u>Par Value</u>
A	_____
B	_____
C	_____
D	_____
E	_____
F	_____
G	_____
GG	_____

Using Phase I as an example, the total par value of the units contained therein is as follows:

<u># of Units</u>	<u>Unit Type</u>	<u>Par Value Per Unit</u>	<u>Total Par Value</u>
2	A at	_____	_____
2	B at	_____	_____
2	C at	_____	_____
0	D at	_____	_____
0	E at	_____	_____
0	F at	_____	_____
0	G at	_____	_____
0	GG at	_____	_____
6 Unit Total Par Value			_____

Step 2. Choose a particular unit for which the Percentage Interest is to be determined. Take the par value for that unit and divide it by the total par values for all units.

Continuing with the above example, assume we desired the Percentage Interest of an "A" type unit. It would be determined by taking the par value for that unit and dividing this by the total par values for the entire condominium thus:

$$\frac{\text{_____}}{\text{_____}} \times 100 = \text{_____}$$

This is the Percentage Interest for each type "A" unit.

As additional phases are added to the Condominium, the calculations described above will be utilized for determining the new Percentage Interests for each unit type. That is, the total par values for all units, including those existing in the Condominium as well as the new units being brought within the Condominium, are added together and this number is used as the denominator in the equation described above, with the numerator being the par value of the unit whose Percentage Interest is being calculated. Since the Percentage Interests must equal exactly 100, the Percentage Interests for some units may be rounded up or down slightly. Each unit shall be entitled to one (1) vote in the Council of Unit Owners.

The Developer reserves the right to change the par values in the event unit types are added, changed or modified in the Condominium subject to the provisions of the Declaration and the Act.

[Upon recordation of the Declaration this exhibit will contain a legal description of the remaining property which may be annexed within the condominium regime.]

Exhibit "E"

(Description of Remaining Phases)



Exhibit "F"

(Community Association Easement Area)

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Exhibit "B"

(Bylaws and Rules)

DEED

6225-031  
1050290PCM  
DEED.02

DEED

THIS DEED is made this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_\_\_, by and between COSCAN WASHINGTON, INC., a Maryland corporation ("Seller"), and \_\_\_\_\_ and \_\_\_\_\_ ("Purchaser").

W I T N E S S E T H:

That for and in consideration of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), the receipt of which is hereby acknowledged, Seller does hereby grant, bargain, sell and convey to Purchaser all those premises comprising a Unit in the condominium known as Kings Council Condominium, situated in Prince George's County, Maryland, and being more particularly described as follows, to wit:

Condominium Unit No. \_\_\_\_\_ in Kings Council Condominium, Prince George's County, Maryland, and the Common Elements appurtenant thereto, pursuant to the Declaration recorded in Liber \_\_\_\_\_ at Folio \_\_\_\_\_, among the Land Records of Prince George's County, Maryland, and the Plat recorded in Condominium Plat Book \_\_\_\_\_ at Plat \_\_\_\_\_, et seq., among the Land Records of Prince George's County, Maryland. For derivation of title, see Liber \_\_\_\_\_ at Folio \_\_\_\_\_ of the Prince George's County Land Records.

TO HAVE AND TO HOLD the premises unto the use and benefit of Purchaser, together with and subject to, however, the following: the reservations, restrictions on use, all covenants and obligations set forth in the Declaration, Bylaws and Exhibits attached thereto, as amended from time to time, all of which restrictions, payments of charges and all other covenants, agreements, obligations, conditions and provisions are incorporated in this Deed by reference and constitute and shall constitute covenants running with the land, equitable servitudes and liens to the extent set forth in such documents and as provided by law, and all of which are accepted by Purchaser and his successors, heirs, administrators, executors and assigns.

Seller covenants that it will warrant specially the property hereby conveyed and that it will execute such further assurances of the premises as may be requisite. Seller hereby certifies under the penalties of perjury that the actual consideration paid or to be paid for the foregoing conveyance, including the amount of any mortgage or deed of trust assumed by Purchaser is as set forth above.

IN WITNESS WHEREOF, Seller has on the day and year hereinabove written caused this Deed to be signed and delivered by its (Vice) President.

SELLER:

COSCAN WASHINGTON, INC.  
a Maryland corporation

ATTEST:

\_\_\_\_\_  
(Asst.) Secretary

By: \_\_\_\_\_ [SEAL]  
(Vice) President

\* \* \*

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

\*  
\* to wit:  
\*

On this \_\_\_\_\_ day of \_\_\_\_\_, 199\_\_\_\_, before me, a Notary Public in and for the jurisdiction aforesaid, personally appeared \_\_\_\_\_ and \_\_\_\_\_ (Vice) President and (Assistant) Secretary, respectively, of Coscan Washington, Inc., and acknowledged the foregoing Deed for the purposes therein contained.

WITNESS my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

[NOTARIAL SEAL]

\* \* \*

CERTIFICATION

I HEREBY CERTIFY that the foregoing instrument was prepared on behalf of Coscan Washington, Inc., one of the parties named in the above instrument.

---

Exhibit "H"  
(Supplementary Declaration)

---

SUPPLEMENTARY DECLARATION

KINGS COUNCIL CONDOMINIUM

THIS SUPPLEMENTARY DECLARATION, made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 1990, by COSCAN WASHINGTON, INC., a Maryland corporation (hereinafter and in the exhibits attached hereto sometimes called the "Declarant").

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

WHEREAS, prior to the recordation hereof, the Declarant recorded among the Land Records of Prince George's County, Maryland, in Liber \_\_\_\_\_ at Folio \_\_\_\_\_, et seq., a certain Declaration for Kings Council Condominium, with exhibits thereto (hereinafter called the "Declaration"); and

WHEREAS, prior to the recordation hereof, the Declarant has recorded among the aforesaid Land Records a certain "Plat of Kings Council Condominium", in Condominium Plat Book No. \_\_\_\_\_ at Plat \_\_\_\_\_, et seq. (hereinafter called the "Plat"); and

WHEREAS, by the recordation of the Declaration and the Plat, the Declarant submitted the Property as described in said Declaration and Exhibit "A" thereto, to the provisions of the Real Property Article, Title 11, Section 11-101, et seq., of the Annotated Code of Maryland (1988) (hereinafter called the "Act"), as a Condominium; and

WHEREAS, the Declarant retained in the Declaration the absolute right, to be exercised prior to seven (7) years from the date of recordation of the Declaration to annex to the Condominium, as originally established by the Declaration, the Additional Property, including improvements thereon and appurtenances thereto, thereby submitting same to each and every provision of the Declaration and the Act; and

WHEREAS, the Declarant intends by the execution and recordation hereof to exercise the aforesaid right to expand the Condominium as originally established by the Declaration.

NOW, THEREFORE, the Declarant hereby grants and declares that all of the Property and Additional Property and all appurtenances thereto shall be held, conveyed, divided or subdivided, leased, rented and occupied, improved, hypothecated and/or encumbered subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens



hereinafter and in the Declaration set forth, including the provisions of the Bylaws of the Council of Unit Owners of Kings Council Condominium (a copy of which is attached to the Declaration as Exhibit "B" and by this reference incorporated herein), all of which are declared and agreed to be in aid of a plan for establishing the Property and Additional Property as a Condominium, and all of which shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant and/or any Unit owner in accordance with the Declaration.

#### ARTICLE I

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

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

As of the recordation of this Supplementary Declaration, each Unit in the Condominium shall have the Percentage Interest in Common Elements and votes as set forth in Exhibit "C" attached hereto and made a part hereof.

#### ARTICLE II

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

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

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

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

COSCAN WASHINGTON, INC.,  
a Maryland corporation

\_\_\_\_\_  
(Assistant) Secretary

By: \_\_\_\_\_  
(Vice) President

[CORPORATE SEAL]

\* \* \*

COMMONWEALTH OF VIRGINIA  
COUNTY OF FAIRFAX

\*  
\* to wit:  
\*

On this \_\_\_\_\_ day of \_\_\_\_\_, 1990, before me, the undersigned officer, personally appeared \_\_\_\_\_ and \_\_\_\_\_, known to me (or satisfactorily proven) to be the persons whose names are subscribed to the within instrument as the (Vice) President and (Assistant) Secretary, respectively, of Coscan Washington, Inc., a Maryland corporation, and acknowledged that they executed the same for the purposes therein contained, as their own free act and deed.

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

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_

[NOTARIAL SEAL]



**Insurance Dec Page**  
**Kings Council Condominium**



# CERTIFICATE OF LIABILITY INSURANCE

KINGCOU-03

ALJ2

DATE (MM/DD/YYYY)  
7/18/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Associated Insurance Management, Inc. 1300 Spring Street Suite 300 Silver Spring, MD 20910	CONTACT NAME: <b>Ashley Jones</b>	FAX (A/C, No):	
	PHONE (A/C, No, Ext): <b>(240) 638-4033</b>	E-MAIL ADDRESS: <b>aljones@aimcommercial.com</b>	
INSURED  The Council of Unit Owners of Kings Council Condominium c/o American Community Management 7484 Candlewood Rd. Hanover, MD 21076	INSURER(S) AFFORDING COVERAGE		NAIC #
	INSURER A : <b>Westminster American Insurance Company</b>		<b>16098</b>
	INSURER B : <b>Continental Casualty</b>		<b>20443</b>
	INSURER C :		
	INSURER D :		
	INSURER E :		

REVISION NUMBER:

**COVERAGES** CERTIFICATE NUMBER: THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDC SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC OTHER:		BOP591004685	07/01/2016	07/01/2017	EACH OCCURRENCE	\$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 50,000
						MED EXP (Any one person)	\$ 5,000
						PERSONAL & ADV INJURY	\$ 1,000,000
						GENERAL AGGREGATE	\$ 2,000,000
						PRODUCTS - COMP/OP AGG	\$ 2,000,000
						<b>HIRED AND NON O</b>	\$ 1,000,000
	AUTOMOBILE LIABILITY  <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident)	\$
						BODILY INJURY (Per person)	\$
						BODILY INJURY (Per accident)	\$
						PROPERTY DAMAGE (Per accident)	\$
							\$
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$		UMB517000425	07/01/2016	07/01/2017	EACH OCCURRENCE	\$ 1,000,000
						AGGREGATE	\$ 1,000,000
						PER STATUTE	
						OTH-ER	
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	Y/N				E.L. EACH ACCIDENT	\$
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	N/A				E.L. DISEASE - EA EMPLOYEE	\$
	If yes, describe under DESCRIPTION OF OPERATIONS below					E.L. DISEASE - POLICY LIMIT	\$
B	Directors & Officers		618682477	07/01/2016	07/01/2017	Deductible: \$1,000	1,000,000
B	Employee Dishonesty		618682477	07/01/2016	07/01/2017	Deductible: \$25,000	250,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)  
 Number of Units in Association: 262

Crime from BOP/Crime Policy# BOP591004685

Employee Dishonesty \$250,000  
 Theft of Monies and Securities (inside the premises) Limit \$10,000 with \$500 Deductible  
 Theft of Monies and Securities (outside the premises) Limit \$10,000 with \$500 Deductible  
 SEE ATTACHED ACORD 101

CERTIFICATE HOLDER

American Association Manager  
 7484 Candlewood Road, Suite H  
 Hanover, MD 21076

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

*Ashley S Jones*

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ACORD 25 (2014/01)



# ADDITIONAL REMARKS SCHEDULE

AGENCY <b>Associated Insurance Management, Inc.</b>		NAMED INSURED The Council of Unit Owners of Kings Council Condominium c/o American Community Management 7484 Candlewood Rd. Hanover, MD 21076	
POLICY NUMBER <b>SEE PAGE 1</b>		EFFECTIVE DATE: <b>SEE PAGE 1</b>	
CARRIER <b>SEE PAGE 1</b>	NAIC CODE <b>SEE P 1</b>		

### ADDITIONAL REMARKS

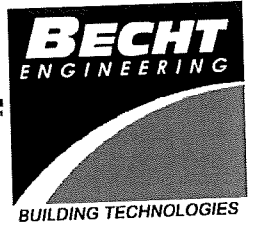
THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,  
 FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Description of Operations/Locations/Vehicles:  
 Accounts Receivable Limit: \$25,000

Blanket Building Limit: \$33,510,000 w/\$5,000 Deductible and \$10,000 Water Deductible  
 Blanket Building Ordinance & Law: Coverage A is included, Coverage B & C are \$150,000, each  
 Blanket Equipment Breakdown is included

**Reserve Report**  
**Kings Council Condominium**

Becht Engineering BT, Inc., 10717 Birmingham Way, Woodstock, MD 21163  
Tel. 410-461-3904 Fax. 410-461-3128 www.bechtengineering.com



**CAPITAL RESERVE STUDY**  
**FOR THE**  
**Kings Council Condominium**  
**Upper Marlboro, Maryland**



**Study Prepared For: Ms. Tershia Knight**  
**American Community Management**  
**74814 Candlewood Road, Suite H**  
**Hanover, Maryland 21076**

Project Number: 13-0069  
Date: July 31, 2014



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## **Introduction**

The purpose of a Capital Reserve Study is to estimate the amount of money that must be funded to replace those common element components that will require replacement before the end of the effective life of the project.

Mortgage lenders recognize the conditions of inadequate reserves. Reserves are important in preserving the qualities of a particular complex or building and therefore can affect property values. Consequently, capital reserves are directly related to the security and risk of a lender's investment and the marketability of the property.

The Capital Reserve Study develops a recommended basic annual contribution based upon current replacement costs. Inflation may increase future costs, and the accumulation of interest on the reserve fund deposits increases available funds. Accurate projection of these factors is not possible. However, the effects of inflation and interest are shown via cash flow projections using assumed inflation and interest rates. Accurate reserve funding requires regular updates. The Community Associations Institute recommends yearly reviews and a formal study every three years.

## **Project Narrative**

The Kings Council Condominium consists of 42 townhome style buildings located in Upper Marlboro, Maryland. Access to the community is from Kings Council Way off John Rogers Boulevard. Roadways within the community are as follows: King Henry Way, King Patrick Way, King John Way, King Gregory Way, King George Way, and King Frederick Way.

The townhome style buildings are two stories in height with asphalt single roofing. The exterior facings of the buildings consist of vinyl siding and wood trim. Each unit has an elevated wood deck and lower concrete patio along with a garage and concrete driveway.

All roadways and parking areas are asphalt paved and are provided with concrete curbing. Cast-in-place concrete sidewalks along the roadways provided access to the units. . Roof drainage is provided by gutters and downspouts. Concrete curbing/gutters enhances street drainage to storm water catch basins.

## **Capital Reserve Methodology**

In preparing this study, when provided, we reviewed the master deed and offering statement to identify the common element components. The interpretation of inconsistencies and contradictions which may exist within the designations and definition of the Common Elements of the property, as presented in the Governing Documents, are not the purview of the

Engineering firm. In circumstances where uncertainties exist, the Becht study will incorporate the common element designations which are provided to us by the client.

These building and site components are owned by the Association. Only components with estimated remaining lives of 30 years or less have been included in the capital reserve fund. Components with estimated remaining lives that are greater than 30 years, such as building structures, piping and electrical wiring are usually replaced during a major renovation and financed at that time. Including these components in the reserve fund would result in an unrealistically high-recommended annual contribution to the capital reserve. The general accepted practice is to not include these items in reserve studies.

Quantities of the components to be included in the reserve fund were then determined by either field measurements or from available building and site plans.

Estimates of the costs to replace each component were derived from published industry standards, including the R.S. Means Company cost-estimating guides. In addition, the costs were reviewed for accuracy based on our experience of similar replacement projects.

Finally, estimated remaining lives were determined for each of the included components based on the present age, available industry data related to typical useful lives and the condition of the component, as determined by our physical inspection.

The capital reserve fund is not intended to cover annual maintenance. If maintenance items are included in the Capital Reserve Study, the tax status of the reserve fund can be jeopardized. However, expected lives are based on the assumption that proper annual maintenance is being performed. Therefore, this annual maintenance should be included in the Association's maintenance fee. Without proper maintenance, accelerated deterioration can be expected, with shortened lives. Please note, it is only possible to reserve for future expenditures and that a current need must be financed separately by borrowing or assessments.

This Capital Reserve Study is developed as an aid in the proper financial planning of the Association. As such, the common element components included are evaluated for their physical condition and only for the purpose of estimating their remaining lives. Identification of possible deficient conditions is beyond the intent and scope of the Capital Reserve Study.

## Executive Summary

Level of Service	Full Service with Site Visits
Fiscal Year of Study	2014
Total First Year Contribution Per Funding Method	
Component Method Contribution	\$462,743*
5% Threshold Funding Contribution	\$230,783*
Present Reserve Fund	\$46,000
Required Reserve Fund (Based on Component Method)	\$2,189,776
Percent Funded (Based on Component Method)	2%
Month Contributions Commence	January 2014

\* Please note that this is the contribution for the period of January 2014 through December 2014.

## Reserve Study Disclosures

**General** - Becht Engineering is not aware of any involvement with this Association that would lead to an actual or perceived conflict of interest.

**Physical Analysis** - The inspections performed to determine the current physical condition of the common elements were visual in nature; no destructive testing or invasive inspections were performed. Quantities were taken from a combination of field counts/measurements and plan take-offs.

**Personnel Credentials** - Preparation of this Reserve Study was performed by a CAI designated Reserve Specialist and licensed Building Inspector.

**Completeness** - This Reserve Study assumes that proper preventative and corrective maintenance has been and will continue to be performed on the common elements. Failure to properly maintain the common elements may lead to premature failure. It should be noted that higher rates of inflation, lower earned interest rates or prematurely failing components can result in a negative closing cash balance. In addition, it is important to note that the capital fund contributions each year are assumed to rise at the assumed rate of inflation. Failure to raise the annual contributions with inflation will reduce the closing balance and may lead to a future shortfall.

**Reliance on Client Data** – This Reserve Study was prepared based on certain information provided by the Association. This information typically includes the current asset balance of the Reserve Fund, the ages of the common elements and dates of most recent replacements, and the interest and inflation rates which must be provided to us.

**Scope** – This Reserve Study is a reflection of the information provided to us and assembled for the Association's use for budgeting purposes, not for the purpose of performing an audit, quality/forensic analysis or background checks of historical records.

**Reserve Balance** – The actual and projected Reserve Fund Balance is based upon information provided by the Association.

**Component Quantities** – Where this Reserve Study is an update of a previously prepared Study, the Association is considered to have deemed previously developed component listings and quantities as accurate and reliable.

**Reserve Projects** – While the information provided in this Study is to be considered reliable, on-site inspections are not to be considered a project audit or quality inspection.

## Capital Reserve Calculation

We have provided two Capital Reserve calculation methods. The first method provided in this reserve study is what is known as the Component Method. This is the most conservative approach to calculating the reserve requirement. The Component Method analyzes each component individually and assumes that the money collected for each item will only be used to replace that item. Our program uses assumed rates of interest and inflation in the calculation of the annual contribution and fully funded balance. The assumed inflation rate is 2.00% and the assumed interest rate is 0.75%.

The second calculation method is known as the Threshold Funding Method. This method pools all the components and assumes that the money contributed to the fund is available for replacement of any item. The annual contribution is determined by lowering the contribution until the closing balance for any given year drops below a pre-determined threshold. This minimizes the annual contribution while maintaining a minimum closing balance. Determining the optimum minimum closing balance is a subjective task. Certainly, the lower the minimum acceptable balance is the greater the risk that the fund will experience a deficit.

The **Reserve Summary (A-1)** outlines the categories included in the study. This sheet lists the estimated **Replacement Costs** for all components in each category at the time of the study. The **Present Fund** column is the amount presently on deposit for the replacement of the components in these categories. The **Required Fund**, which is the amount we have determined should be on deposit at this time, is calculated as the **Present Age** of the components multiplied by the **Basic Annual Contribution**. The **Basic Annual Contribution** is the amount that should be reserved each year, in current dollars, to replace the components included in these categories.

The **Component Schedule (A-2 through A-2)** shows the amount necessary to replace individual components, which are grouped in the categories shown on the **Reserve Summary**. **Present Age** is the age of the component at the time of the study. The **Estimated Remaining Life** is the anticipated number of years before replacement of this component can be expected to be necessary. This is based on the normal life, the current age, and an engineering assessment that considers site specific conditions if a site visit is included in our scope of work. The **Typical Life** column represents the anticipated number of years that a component may be expected to provide adequate service. These figures are based on industry standards; a component may outlive, or require replacement prior to, its typical life. The **Percentage of Total** is the percent of total **Required Fund**. This shows the significance of specific components relative to the total fund. The **Present Fund** refers to the amount currently set aside for replacement. If present funds are not reserved for specific components but are an unallocated pool, the total present fund is allocated between the components according to a calculation that takes into account the **Percentage of Total** column. The **Required Fund** is the amount necessary for each component to be considered fully funded. The **Surplus (Deficit)** column is a calculation of the **Present Fund** minus the **Required Fund**.

A positive number means a surplus of cash reserves have been set aside to date. A negative number indicates that there is a deficit in the Present Fund. **Years to Make-Up** is simply the Estimated Remaining Life or the amount of time left to fully fund a particular component before the money is anticipated to be required to replace the component. Finally, the **Contribution Adjustment** signifies, if a deficit exists, the increase in annual contributions above the recommended **Basic Annual Contribution** required to eliminate the deficit. If a surplus exists, this is the decrease in annual contributions that would offset the over-funded condition. The Annual Make-Up is based on the assumption the reserve for the item must be fully funded before the item must be replaced.

The **Disbursement Schedule (A-6 through A-7)** lists the years in which each component will require replacement. In addition, this schedule shows the replacement cost in current dollars and the adjusted cost based on the assumed inflation factor.

The Reserve Fund **Scenario(s) (A-8 through A-9)** are schedules that approximate actual cash flows. Since this is a plan of accumulating deposits to fund the cost of replacing these capital components in future years, it is necessary to consider the interest earned on the deposited money and the effect of inflation on the costs of the replacement work. A-8 shows a 30-year scenario of the component method calculation, using the assumed rates of interest and inflation. Deposits into the fund and expenditures out of the fund are shown on an annual basis. It is very important to note that these scenarios assume that the annual contributions to the capital reserve fund will be increased at the rate of inflation. A-9 shows a 30-year scenario using the same rates of interest and inflation with a minimized Annual Contribution resulting in a closing balance, which never goes below the established threshold.

The **Component Detail Pages (A-3 through A-5)** show further details of the individual components, including the quantities.

## Capital Reserve Recommendations

The Kings Council Condominium has a total of 14 components in the reserve fund with a current Replacement Cost of \$3,617,474. The Association presently has a total of \$46,000 in the reserve fund. Using the Component Method, we have determined that the Basic Annual Contribution to the reserve fund should be \$148,718. The fully funded balance required is \$2,189,776. This leaves a deficit of \$2,143,776 in the reserve fund. The deficit will be offset on an annual basis, for each reserve component, based on the estimated remaining lives. The total of the next budget year contribution to the Contribution Adjustment is \$314,025. This results in a Total Contribution to the reserve fund for the next budget year of \$462,743.

For the Threshold Funding calculations, as directed by the Association, we have used a minimum closing balance of 5% of the Total Replacement Cost of all reserve components. This means that, using the given assumptions; the closing balance will never go below this

minimum balance. The Threshold Funding Method results in a first year Basic Annual Contribution of \$230,783.

Based on your evaluation of the preferred calculation method, we suggest that you plan your annual contributions over the next few years according to the appropriate cash flow schedule. Each year, for the next three years, you may choose to review these assumptions. At no later than three years, we suggest that you contact us for an update based on a proper engineering review of the facility and replacement costs.

It should be noted that higher rates of inflation, lower earned interest rates or prematurely failing components can result in a negative closing cash balance. In addition, it is important to note that the capital fund contributions each year are assumed to rise at the assumed rate of inflation. Failure to raise the annual contributions with inflation will reduce the closing balance.

We recommend that the Association review this Capital Reserve Study with their Certified Public Accountant to be utilized in the preparation of their annual budget.

## **Component Narrative**

### **Architectural**

GUTTERS AND LEADERS-This component is 15 years old and we estimate a remaining useful life of 10 years.

ROOF, SHINGLES, 14 BLDGS-This component is 15 years old and we estimate a remaining useful life of 8 years.

ROOF, SHINGLES, 14 BLDGS-This component is 15 years old and we estimate a remaining useful life of 5 years.

ROOF, SHINGLES, 14 BLDGS-This component is 15 years old and we estimate a remaining useful life of 3 years.

SIDING, VINYL, 15 BLDGS, 6 UNIT \*GN1-This component is 2 years old and we estimate a remaining useful life of 38 years.

SIDING, VINYL, 2 BLDGS, 8 UNIT \*GN1-This component is 15 years old and we estimate a remaining useful life of 10 years.

SIDING, VINYL, 25 BLDGS, 6 UNIT \*GN1-This component is 15 years old and we estimate a remaining useful life of 10 years.

### **Site**



ASPHALT PAVING-This component is 15 years old and we estimate a remaining useful life of 5 years.

CONCRETE CURB/GUTTER-This component is 15 years old and we estimate a remaining useful life of 25 years.

CONCRETE SIDEWALKS/DRIVEWAY APRONS-This component is 15 years old and we estimate a remaining useful life of 25 years.

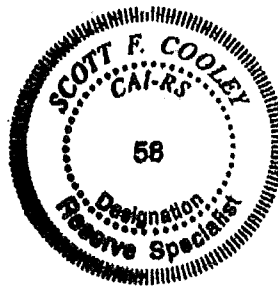
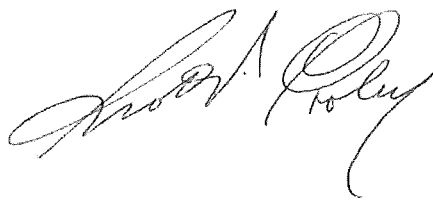
RETAINING WALL, RR TIE, INCL RAIL, (5X)-This component is 15 years old and we estimate a remaining useful life of 10 years.

#### **Miscellaneous**

MAILBOX CLUSTERS PEDESTALS-This component is 15 years old and we estimate a remaining useful life of 10 years.

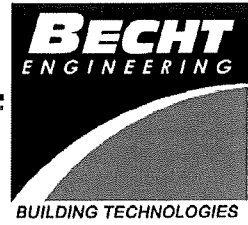
PARK BENCHES (10)/PICNIC TABLES(4)-This component is 15 years old and we estimate a remaining useful life of 5 years.

UNDERGROUND WATER PIPING (ALLOWANCE)-This component is 15 years old and we estimate a remaining useful life of 5 years.



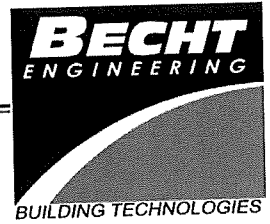
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Scott F. Cooley, RS  
Senior Project Manager  
CAI Reserve Specialist #58  
July 31, 2014



## Calculation Data and Graphs

TOTAL SYSTEMS ENGINEERING SERVICE



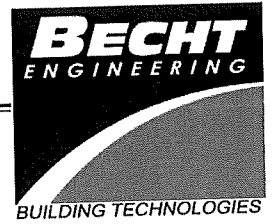
## Reserve Summary

**Project Name:** Kings Council Condominium  
**Project Location:** Upper Marlboro, Maryland  
**Project Number:** 13-0069  
**Date of Study:** October 2013  
**Month Contributions Commence:** January 2014

**Interest Rate:** 0.75%  
**Inflation Rate:** 2.00%

Category	Replacement Cost	RESERVES			CONTRIBUTION		
		Present Fund	Required Fund	Surplus (Deficit)	Basic Annual	Adjustment*	Total
Architectural	\$2,739,754	\$35,968	\$1,712,232	(\$1,676,263)	\$111,380	\$261,507	\$372,887
Site	\$820,120	\$9,323	\$443,821	(\$434,498)	\$31,976	\$46,243	\$78,219
Miscellaneous	\$57,600	\$708	\$33,723	(\$33,015)	\$5,362	\$6,275	\$11,637
<b>TOTALS</b>	<b>\$3,617,474</b>	<b>\$46,000</b>	<b>\$2,189,776</b>	<b>(\$2,143,776)</b>	<b>\$148,718</b>	<b>\$314,025</b>	<b>\$462,743</b>

\* FIRST YEAR CONTRIBUTION ADJUSTMENT CAN DIFFER EACH YEAR



## Component Schedule

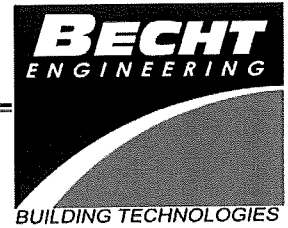
**Project Name:** Kings Council Condominium  
**Project Location:** Upper Marlboro, Maryland  
**Project Number:** 13-0069  
**Date of Study:** October 2013

**Interest Rate:** 0.75%  
**Inflation Rate:** 2.00%

Description	Replacement Cost	Present Age	Est. Rem. Life	Typical Life	Basic Annual Contrib.	Percent Total	Present Fund	Required Fund	Surplus (Deficit)	Contrib. Adjustment
<b>Architectural</b>										
Gutters and Leaders	\$81,900	15	10	25	\$3,997	2.49%	\$1,143	\$54,430	(\$53,287)	\$5,902
Roof, Shingles, 14 bldgs	\$266,618	15	3	20	\$15,840	10.72%	\$4,930	\$234,673	(\$229,743)	\$79,301
Roof, Shingles, 14 bldgs	\$266,618	15	5	20	\$15,840	9.66%	\$4,443	\$211,481	(\$207,039)	\$43,793
Roof, Shingles, 14 bldgs	\$266,618	15	8	20	\$15,840	7.95%	\$3,658	\$174,126	(\$170,468)	\$23,194
Siding, Vinyl, 15 bldgs, 6 unit *GN1	\$660,000	2	38	40	\$21,264	1.93%	\$888	\$42,294	(\$41,405)	\$1,396
Siding, Vinyl, 2 bldgs, 8 unit *GN1	\$98,000	15	10	40	\$3,157	3.72%	\$1,710	\$81,413	(\$79,702)	\$8,828
Siding, Vinyl, 25 bldgs, 6 unit *GN1	\$1,100,000	15	10	40	\$35,441	41.73%	\$19,196	\$913,815	(\$894,619)	\$99,093
<b>Site</b>										
Asphalt Paving	\$191,520	15	5	20	\$11,378	6.94%	\$3,191	\$151,913	(\$148,722)	\$31,458
Concrete Curb/Gutter	\$260,540	15	25	40	\$8,394	5.44%	\$2,504	\$119,205	(\$116,701)	\$5,695
Concrete Sidewalks/Driveway Aprons	\$347,270	15	25	40	\$11,189	7.26%	\$3,338	\$158,886	(\$155,549)	\$7,591
Retaining Wall, RR Tie, incl rail, (5X)	\$20,790	15	10	25	\$1,015	0.63%	\$290	\$13,817	(\$13,527)	\$1,498
<b>Miscellaneous</b>										
Mailbox Clusters Pedestals	\$10,800	15	10	25	\$527	0.33%	\$151	\$7,178	(\$7,027)	\$778
Park Benches(10)/Picnic Tables(4)	\$6,800	15	5	20	\$404	0.25%	\$113	\$5,394	(\$5,280)	\$1,117
Underground Water Piping (Allowance)	\$40,000	15	5	10	\$4,431	0.97%	\$444	\$21,152	(\$20,708)	\$4,380
<b>TOTALS</b>	<b>\$3,617,474</b>				<b>\$148,718</b>	<b>100.00%</b>	<b>\$46,000</b>	<b>\$2,189,776</b>	<b>(\$2,143,776)</b>	<b>\$314,025</b>

**General Notes:**

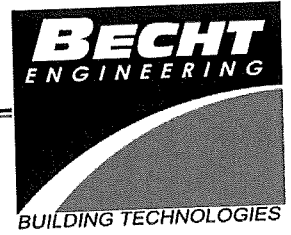
1-The cost for the siding was provided by Property Management and based on actual replacement costs.



## Component Detail

<b>Project Name:</b>	Kings Council Condominium		
<b>Project Location:</b>	Upper Marlboro, Maryland	<b>Interest Rate:</b>	0.75%
<b>Project Number:</b>	13-0069	<b>Inflation Rate:</b>	2.00%
<b>Date of Study:</b>	October 2013		

<i>Architectural</i>	<i>Quantity</i>	<i>Replacement Cost</i>	<b>RESERVES</b>			<b>CONTRIBUTION</b>	
			<i>Present Fund</i>	<i>Required Fund</i>	<i>Surplus (Deficit)</i>	<i>Basic Annual</i>	<i>Total</i>
Gutters and Leaders	10,920 LF	\$81,900	\$1,143	\$54,430	(\$53,287)	\$3,997	\$9,899
Roof, Shingles, 14 bldgs	93,550 SF	\$266,618	\$3,658	\$174,126	(\$170,468)	\$15,840	\$39,034
Roof, Shingles, 14 bldgs	93,550 SF	\$266,618	\$4,443	\$211,481	(\$207,039)	\$15,840	\$59,633
Roof, Shingles, 14 bldgs	93,550 SF	\$266,618	\$4,930	\$234,673	(\$229,743)	\$15,840	\$95,141
Siding, Vinyl, 15 bldgs, 6 unit *GN1	1 LS	\$660,000	\$888	\$42,294	(\$41,405)	\$21,264	\$22,661
Siding, Vinyl, 2 bldgs, 8 unit *GN1	1 LS	\$98,000	\$1,710	\$81,413	(\$79,702)	\$3,157	\$11,986
Siding, Vinyl, 25 bldgs, 6 unit *GN1	1 LS	\$1,100,000	\$19,196	\$913,815	(\$894,619)	\$35,441	\$134,534
<b>TOTALS</b>		<b>\$2,739,754</b>	<b>\$35,968</b>	<b>\$1,712,232</b>	<b>(\$1,676,263)</b>	<b>\$111,380</b>	<b>\$372,887</b>

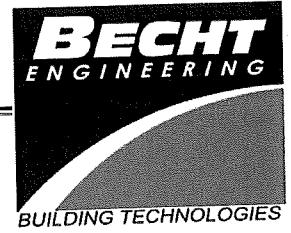


## Component Detail

**Project Name:** Kings Council Condominium  
**Project Location:** Upper Marlboro, Maryland  
**Project Number:** 13-0069  
**Date of Study:** October 2013

**Interest Rate:** 0.75%  
**Inflation Rate:** 2.00%

Site	Quantity	Replacement Cost	RESERVES			CONTRIBUTION	
			Present Fund	Required Fund	Surplus (Deficit)	Basic Annual	Total
Asphalt Paving	10,640 SY	\$191,520	\$3,191	\$151,913	(\$148,722)	\$11,378	\$42,836
Concrete Curb/Gutter	9,305 LF	\$260,540	\$2,504	\$119,205	(\$116,701)	\$8,394	\$14,090
Concrete Sidewalks/Driveway Aprons	49,610 SF	\$347,270	\$3,338	\$158,886	(\$155,549)	\$11,189	\$18,780
Retaining Wall, RR Tie, Incl rail, (5X)	495 SF	\$20,790	\$290	\$13,817	(\$13,527)	\$1,015	\$2,513
<b>TOTALS</b>		\$820,120	\$9,323	\$443,821	(\$434,498)	\$31,976	\$78,219

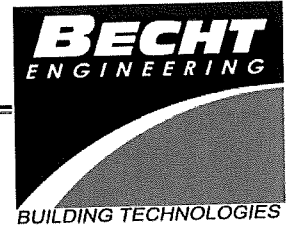


## Component Detail

**Project Name:** Kings Council Condominium  
**Project Location:** Upper Marlboro, Maryland  
**Project Number:** 13-0069  
**Date of Study:** October 2013

**Interest Rate:** 0.75%  
**Inflation Rate:** 2.00%

<i>Miscellaneous</i>	Quantity	Replacement Cost	RESERVES			CONTRIBUTION	
			Present Fund	Required Fund	Surplus (Deficit)	Basic Annual	Total
Mailbox Clusters Pedestals	18 EA	\$10,800	\$151	\$7,178	(\$7,027)	\$527	\$1,305
Park Benches(10)/Picnic Tables(4)	1 LS	\$6,800	\$113	\$5,394	(\$5,280)	\$404	\$1,521
Underground Water Piping (Allowance)	1 LS	\$40,000	\$444	\$21,152	(\$20,708)	\$4,431	\$8,811
<b>TOTALS</b>		\$57,600	\$708	\$33,723	(\$33,015)	\$5,362	\$11,637

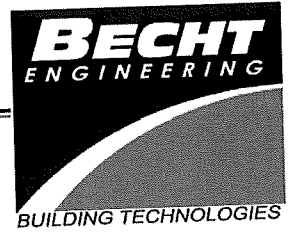


## Disbursement Schedule

<b>Project Name:</b>	Kings Council Condominium	<b>Interest Rate:</b>	0.75%
<b>Project Location:</b>	Upper Marlboro, Maryland	<b>Inflation Rate:</b>	2.00%
<b>Project Number:</b>	13-0069		
<b>Date of Study:</b>	October 2013		

Year	Description	Base Cost	Future Replacement Cost
2017	Roof, Shingles, 14 bldgs	\$266,618 <b>\$266,618</b>	\$282,937 <b>\$282,937</b>
2019	Asphalt Paving	\$191,520	\$211,454
	Park Benches(10)/Picnic Tables(4)	\$6,800	\$7,508
	Roof, Shingles, 14 bldgs	\$266,618	\$294,368
	Underground Water Piping (Allowance)	\$40,000	\$44,163
		<b>\$504,938</b>	<b>\$557,492</b>
2022	Roof, Shingles, 14 bldgs	\$266,618 <b>\$266,618</b>	\$312,385 <b>\$312,385</b>
2024	Gutters and Leaders	\$81,900	\$99,836
	Mailbox Clusters Pedestals	\$10,800	\$13,165
	Retaining Wall, RR Tie, incl rail, (5X)	\$20,790	\$25,343
	Siding, Vinyl, 2 bldgs, 8 unit *GN1	\$98,000	\$119,461
	Siding, Vinyl, 25 bldgs, 6 unit *GN1	\$1,100,000	\$1,340,894
		<b>\$1,311,490</b>	<b>\$1,598,699</b>
2029	Underground Water Piping (Allowance)	\$40,000 <b>\$40,000</b>	\$53,835 <b>\$53,835</b>
2037	Roof, Shingles, 14 bldgs	\$266,618 <b>\$266,618</b>	\$420,430 <b>\$420,430</b>
2039	Asphalt Paving	\$191,520	\$314,209
	Concrete Curb/Gutter	\$260,540	\$427,443
	Concrete Sidewalks/Driveway Aprons	\$347,270	\$569,733
	Park Benches(10)/Picnic Tables(4)	\$6,800	\$11,156
	Roof, Shingles, 14 bldgs	\$266,618	\$437,415
	Underground Water Piping (Allowance)	\$40,000	\$65,624
		<b>\$1,112,748</b>	<b>\$1,825,581</b>

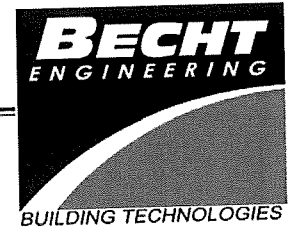




## Disbursement Schedule

<b>Project Name:</b>	Kings Council Condominium	<b>Interest Rate:</b>	0.75%
<b>Project Location:</b>	Upper Marlboro, Maryland	<b>Inflation Rate:</b>	2.00%
<b>Project Number:</b>	13-0069		
<b>Date of Study:</b>	October 2013		

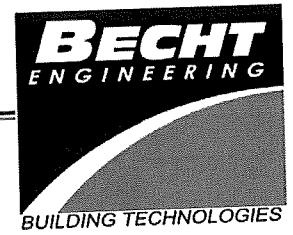
Year	Description	Base Cost	Future Replacement Cost
2042			\$464,188
	Roof, Shingles, 14 bldgs	\$266,618	\$464,188
		<b>\$266,618</b>	
2052			\$1,400,717
	Siding, Vinyl, 15 bldgs, 6 unit *GN1	\$660,000	\$1,400,717
		<b>\$660,000</b>	



## Reserve Fund Scenario

<b>Project Name:</b>	Kings Council Condominium	<b>Calculation Method:</b>	Component
<b>Project Location:</b>	Upper Marlboro, Maryland	<b>Interest Rate:</b>	0.75%
<b>Project Number:</b>	13-0069	<b>Inflation Rate:</b>	2.00%
<b>Date of Study:</b>	October 2013		
<b>Month Contributions Commence:</b>	January 2014		

Year	Opening Balance	Annual Contribution	Contribution Adjustment	Disbursements	Earned Interest	Closing Balance
2014	\$46,000	\$148,718	\$314,025	\$0	\$2,225	\$510,968
2015	\$510,968	\$151,692	\$320,306	\$0	\$5,750	\$988,716
2016	\$988,716	\$154,726	\$326,712	\$0	\$9,371	\$1,479,524
2017	\$1,479,524	\$157,820	\$249,092	\$282,937	\$12,749	\$1,616,248
2018	\$1,616,248	\$160,977	\$254,073	\$0	\$13,808	\$2,045,106
2019	\$2,045,106	\$164,196	\$170,003	\$557,492	\$16,696	\$1,838,509
2020	\$1,838,509	\$167,480	\$173,403	\$0	\$15,174	\$2,194,566
2021	\$2,194,566	\$170,830	\$176,871	\$0	\$17,872	\$2,560,139
2022	\$2,560,139	\$174,246	\$153,233	\$312,385	\$20,531	\$2,595,765
2023	\$2,595,765	\$177,731	\$156,298	\$0	\$20,826	\$2,950,620
2024	\$2,950,620	\$181,286	\$17,899	\$1,598,699	\$22,940	\$1,574,045
2025	\$1,574,045	\$184,912	\$18,257	\$0	\$12,631	\$1,789,844
2026	\$1,789,844	\$188,610	\$18,622	\$0	\$14,265	\$2,011,340
2027	\$2,011,340	\$192,382	\$18,994	\$0	\$15,942	\$2,238,658
2028	\$2,238,658	\$196,230	\$19,374	\$0	\$17,666	\$2,471,928
2029	\$2,471,928	\$200,154	\$19,761	\$53,835	\$19,432	\$2,657,441
2030	\$2,657,441	\$204,157	\$20,157	\$0	\$20,842	\$2,902,597
2031	\$2,902,597	\$208,240	\$20,560	\$0	\$22,699	\$3,154,096
2032	\$3,154,096	\$212,405	\$20,971	\$0	\$24,604	\$3,412,076
2033	\$3,412,076	\$216,653	\$21,390	\$0	\$26,558	\$3,676,678
2034	\$3,676,678	\$220,986	\$21,818	\$0	\$28,562	\$3,948,045
2035	\$3,948,045	\$225,406	\$22,255	\$0	\$30,616	\$4,226,322
2036	\$4,226,322	\$229,914	\$22,700	\$0	\$32,724	\$4,511,660
2037	\$4,511,660	\$234,513	\$23,154	\$420,430	\$34,884	\$4,383,780
2038	\$4,383,780	\$239,203	\$23,617	\$0	\$33,946	\$4,680,546
2039	\$4,680,546	\$243,987	\$2,291	\$1,825,581	\$36,104	\$3,137,347
2040	\$3,137,347	\$248,867	\$2,337	\$0	\$24,551	\$3,413,101
2041	\$3,413,101	\$253,844	\$2,384	\$0	\$26,640	\$3,695,968
2042	\$3,695,968	\$258,921	\$2,431	\$464,188	\$28,781	\$3,521,913
2043	\$3,521,913	\$264,099	\$2,480	\$0	\$27,498	\$3,815,990
2044	\$3,815,990	\$269,381	\$2,529	\$0	\$29,724	\$4,117,625

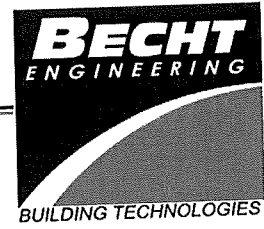


## Reserve Fund Scenario

**Project Name:** Kings Council Condominium  
**Project Location:** Upper Marlboro, Maryland  
**Project Number:** 13-0069  
**Date of Study:** October 2013  
**Month Contributions Commence:** January 2014

**Calculation Method:** 5% of Repl. Cost  
**Minimum Balance:** \$180,874  
**Interest Rate:** 0.75%  
**Inflation Rate:** 2.00%

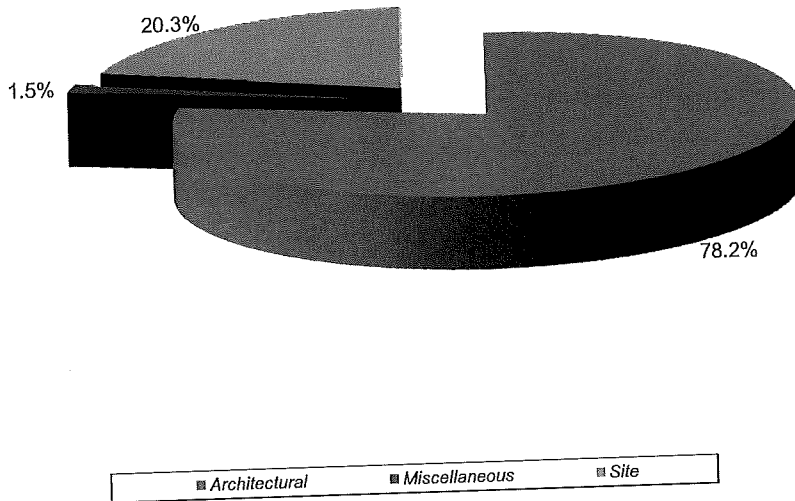
Year	Opening Balance	Annual Contribution	Contribution Adjustment	Disbursements	Earned Interest	Closing Balance
2014	\$46,000	\$230,783	\$0	\$0	\$1,283	\$278,065
2015	\$278,065	\$235,398	\$0	\$0	\$3,042	\$516,505
2016	\$516,505	\$240,106	\$0	\$0	\$4,849	\$761,461
2017	\$761,461	\$244,908	\$0	\$282,937	\$6,706	\$730,138
2018	\$730,138	\$249,807	\$0	\$0	\$6,491	\$986,435
2019	\$986,435	\$254,803	\$0	\$557,492	\$8,433	\$692,179
2020	\$692,179	\$259,899	\$0	\$0	\$6,247	\$958,325
2021	\$958,325	\$265,097	\$0	\$0	\$8,264	\$1,231,686
2022	\$1,231,686	\$270,399	\$0	\$312,385	\$10,336	\$1,200,035
2023	\$1,200,035	\$275,807	\$0	\$0	\$10,121	\$1,485,962
2024	\$1,485,962	\$281,323	\$0	\$1,598,699	\$12,288	\$180,874
2025	\$180,874	\$286,949	\$0	\$0	\$2,522	\$470,345
2026	\$470,345	\$292,688	\$0	\$0	\$4,717	\$767,750
2027	\$767,750	\$298,542	\$0	\$0	\$6,971	\$1,073,263
2028	\$1,073,263	\$304,513	\$0	\$0	\$9,287	\$1,387,062
2029	\$1,387,062	\$310,603	\$0	\$53,835	\$11,665	\$1,655,495
2030	\$1,655,495	\$316,815	\$0	\$0	\$13,703	\$1,986,013
2031	\$1,986,013	\$323,151	\$0	\$0	\$16,208	\$2,325,373
2032	\$2,325,373	\$329,614	\$0	\$0	\$18,779	\$2,673,766
2033	\$2,673,766	\$336,207	\$0	\$0	\$21,419	\$3,031,392
2034	\$3,031,392	\$342,931	\$0	\$0	\$24,129	\$3,398,452
2035	\$3,398,452	\$349,789	\$0	\$0	\$26,909	\$3,775,150
2036	\$3,775,150	\$356,785	\$0	\$0	\$29,763	\$4,161,699
2037	\$4,161,699	\$363,921	\$0	\$420,430	\$32,691	\$4,137,881
2038	\$4,137,881	\$371,199	\$0	\$0	\$32,542	\$4,541,623
2039	\$4,541,623	\$378,623	\$0	\$1,825,581	\$35,600	\$3,130,265
2040	\$3,130,265	\$386,196	\$0	\$0	\$25,046	\$3,541,507
2041	\$3,541,507	\$393,920	\$0	\$0	\$28,162	\$3,963,588
2042	\$3,963,588	\$401,798	\$0	\$464,188	\$31,359	\$3,932,557
2043	\$3,932,557	\$409,834	\$0	\$0	\$31,159	\$4,373,550
2044	\$4,373,550	\$418,031	\$0	\$0	\$34,500	\$4,826,081



### Present Fund By Category

**Project Name:** Kings Council Condominium  
**Project Location:** Upper Marlboro, Maryland  
**Project Number:** 13-0069  
**Date of Study:** October 2013

**Interest Rate:** 0.75%  
**Inflation Rate:** 2.00%

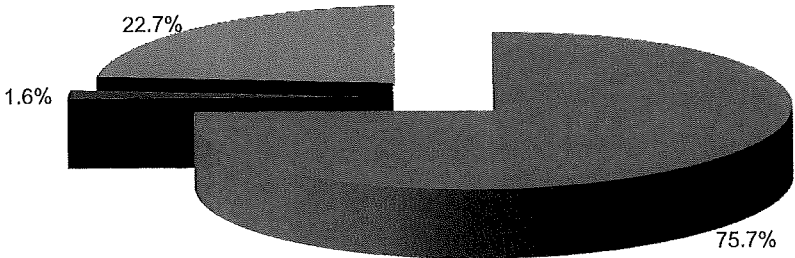




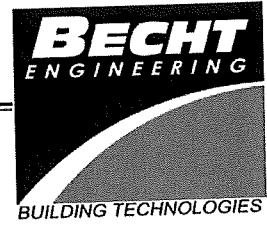
**Current Replacement Cost by Category**

**Project Name:** Kings Council Condominium  
**Project Location:** Upper Marlboro, Maryland  
**Project Number:** 13-0069  
**Date of Study:** October 2013

**Interest Rate:** 0.75%  
**Inflation Rate:** 2.00%



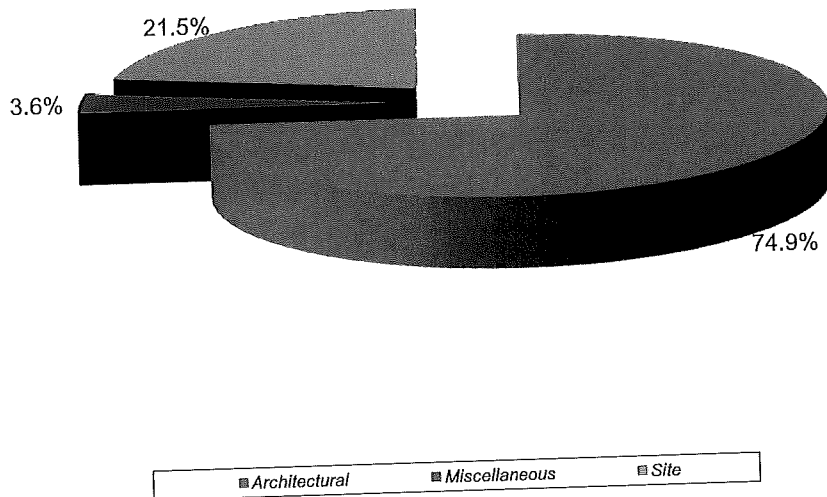
■ Architectural    ■ Miscellaneous    ■ Site



## Annual Contribution by Category

**Project Name:** Kings Council Condominium  
**Project Location:** Upper Marlboro, Maryland  
**Project Number:** 13-0069  
**Date of Study:** October 2013

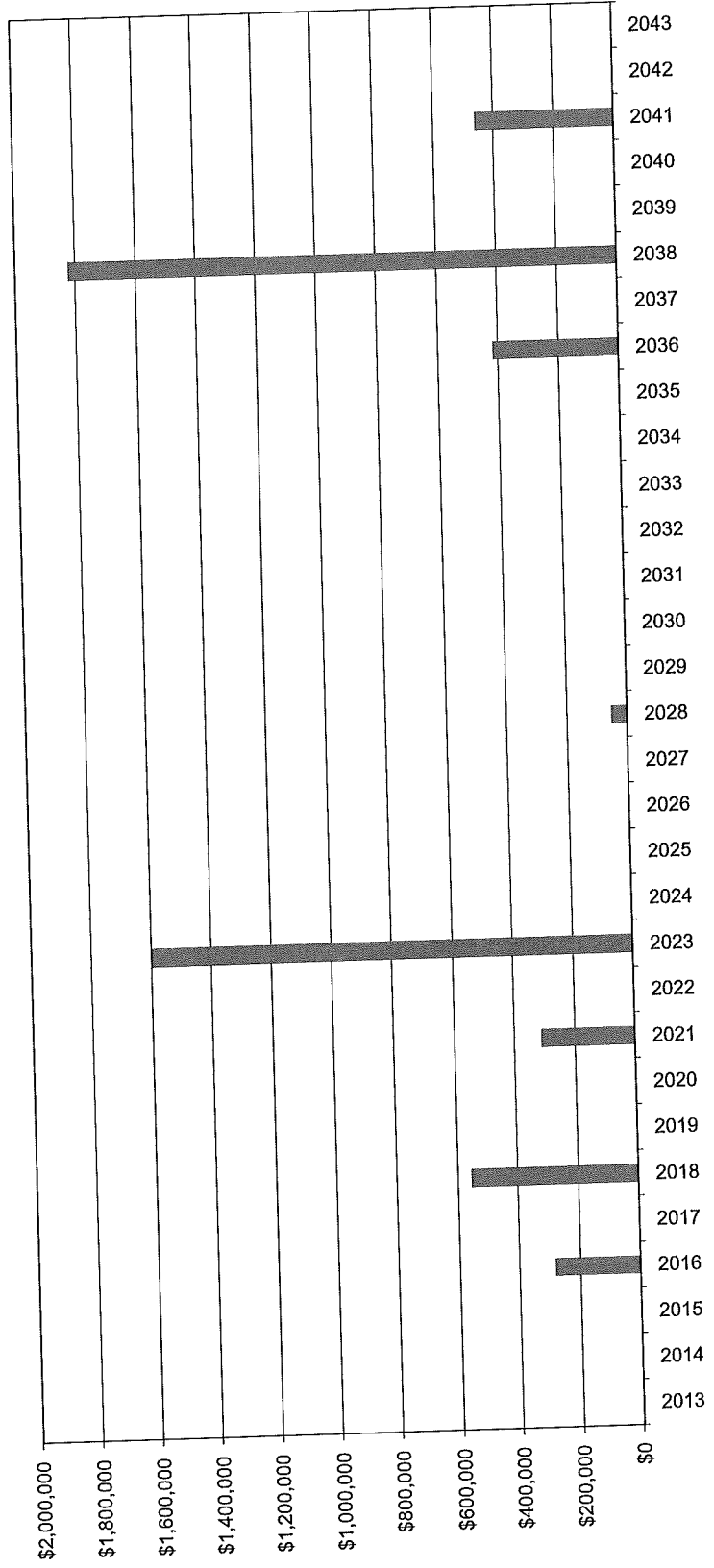
**Interest Rate:** 0.75%  
**Inflation Rate:** 2.00%





### Disbursements by Year

**Project Name:** Kings Council Condominium  
**Project Location:** Upper Marlboro, Maryland  
**Project Number:** 13-0069  
**Date of Study:** October 2013  
**Interest Rate:** 0.75%  
**Inflation Rate:** 2.00%

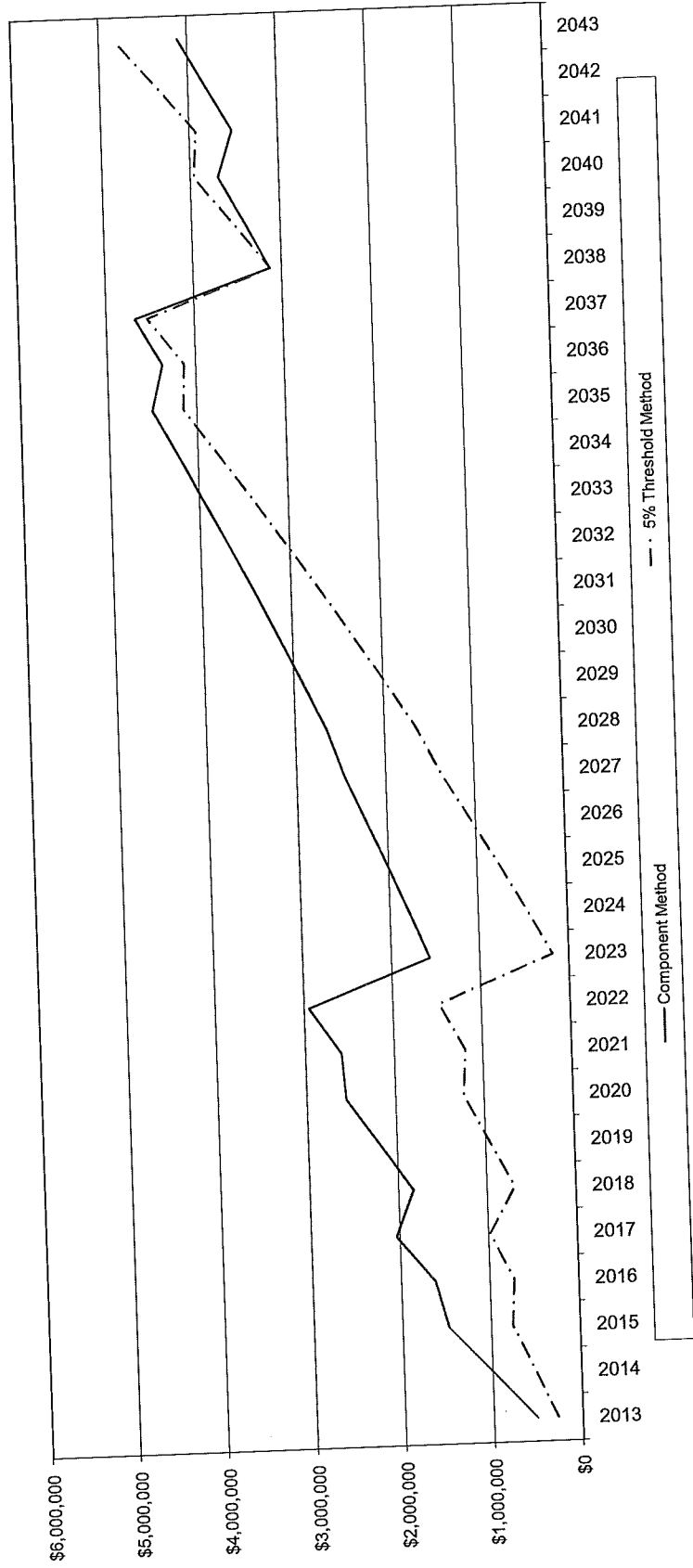




## Reserve Fund Closing Balance Component vs. Cash Flow

**Project Name:** Kings Council Condominium  
**Project Location:** Upper Marlboro, Maryland  
**Project Number:** 13-0069  
**Date of Study:** October 2013

**Interest Rate:** 0.75%  
**Inflation Rate:** 2.00%

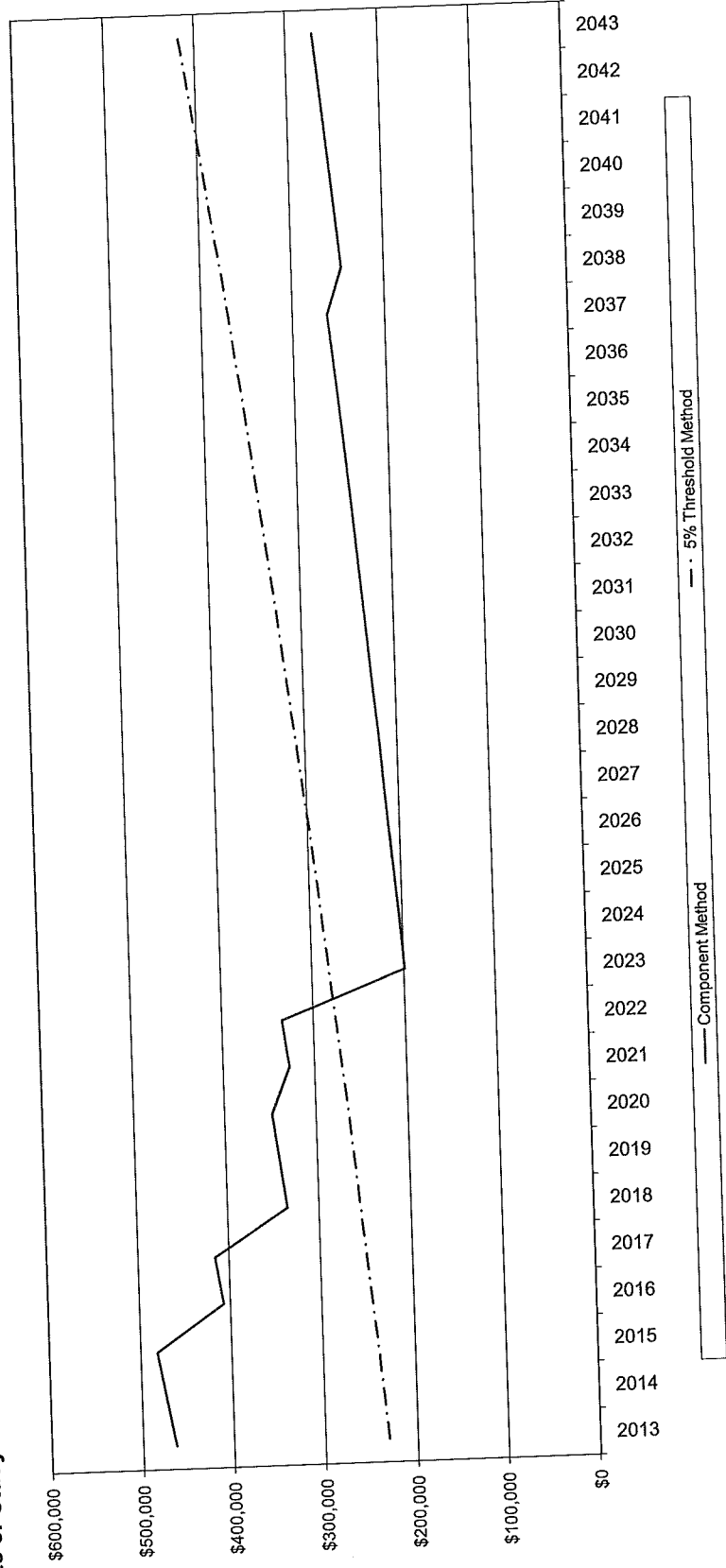






## Reserve Fund Contributions Component vs. Cash Flow

**Project Name:** Kings Council Condominium  
**Project Location:** Upper Marlboro, Maryland  
**Project Number:** 13-0069  
**Date of Study:** October 2013  
**Interest Rate:** 0.75%  
**Inflation Rate:** 2.00%





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## Appendix

TOTAL SYSTEMS ENGINEERING SERVICE

## Definitions

**Base Cost** - See definition "Current Replacement Cost Allowance". This calculation, based on current costs, is increased according to the assumed rates of inflation in the "Disbursement Schedule".

**Basic Annual Contribution** - This is the amount that should have been contributed each year, while considering assumed rates of interest and inflation, to accumulate a reserve equal to the Current Replacement Cost Allowance at the anticipated replacement time (end-of-life).

**Contribution Adjustment** - If the capital reserve fund for a component is not fully funded, this is the increase in annual contributions that would be required to fully fund the reserve before the estimated end-of-life. If the capital reserve fund for a component is over-funded, this is the decrease in annual contributions that would offset the over-funded condition.

**Contribution, Total** - This is the recommended Basic Annual Contribution plus the "Annual Make-Up" (see definition) required to make up for past underfunding before replacement of the component is estimated to be required. The amount can decrease in future years because the required Annual Make-Up decreases each year in which a reserve fund for a capital component is fully funded.

**Current Replacement Cost** - The cost to replace the component at the time of this Study.

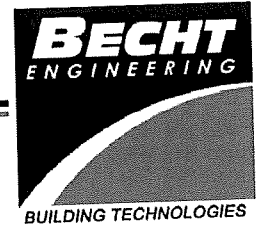
**Estimated Remaining Life** - The anticipated number of years before replacement of this component can be expected to be necessary. This is based on the normal life, the current age, and an engineering assessment that considers site-specific conditions.

**Deficit** - This shows the amount that the Present Fund is undercapitalized. It is the present fund minus the Required Fund. A positive number (surplus) means excess cash reserves have been set aside to date. A negative number indicates a deficit in the Present Fund; this underfunding can be made up in one of two ways: 1) an increase in the annual fees to catch up or, 2) a special assessment between now and when the component requires replacement. This Study assumes the second method is used and recommends annual makeup on that basis.

**Interest** - Interest accumulated on the capital reserve fund deposit based on the assumed interest rate listed at the top of the "Projected Cash Flow" pages.

**Inflation** - The increased cost of future replacement expenditures are based on an assumed rate of inflation.

**Opening Balance** - On the "Projected Cash Flow" pages, this is the reported total reserve fund on deposit for the condominium Association.



**Percentage Of Total** - Percent of total recommended Basic Annual Contribution. This shows the significance of specific components relative to required contributions to the capital reserve fund.

**Present Age** - Age of the component at the time of this Study.

**Present Fund** - Present funds set aside for capital component replacement at this time. If present funds are not reserved for specific components but are an unallocated pool, the total present fund is allocated between the components according to the Percentage Of Total column.

**Required Fund** - this amount should have been set aside for each component in the fund to be considered fully funded.

**Surplus** - This shows the amount that the Present Fund is overcapitalized. It is the present fund minus the Required Fund. A positive number (surplus) means excess cash reserves have been set aside to date.

**Typical Life** - The anticipated number of years that a component may be expected to provide adequate service. Please note that this is based on industry standards. A component may outlive, or require replacement prior to, its typical life.

**Abbreviations:**

**EA** - Each

**LF** - Linear Foot

**LS** - Lump Sum

**SF** - Square Foot

**SY** - Square Yard

**Rules and Regulations  
Kings Council Condominium**

KINGS COUNCIL CONDOMINIUM

RULES

The Board of Directors of the Council of Unit Owners of Kings Council Condominium, has adopted the following Rules for the mutual benefit of the owners and occupants of the condominium units therein ("Units"). These Rules may be modified from time to time by the Board of Directors, in accordance with the Maryland Condominium Act, as it deems necessary to promote the safety and welfare of the owners and occupants of the Units. The Managing Agent has been authorized and directed by the Board of Directors to uniformly enforce the Rules at all times.

1. The sidewalks, paths, driveways, vestibules and other areas for use in getting to and from parking spaces, Units or other facilities shall not be obstructed or used for any purpose other than for ingress to and egress from the parking spaces, Units or other facilities.
2. Unless specific portions of the Common Elements or other common areas appurtenant to the Condominium are designated by the Board of Directors for such purpose, no portion of such areas shall be used for the storage or placement of furniture or any other article, including, but not limited to, plants, boxes, shopping carts, and the like.
3. There shall be no use of common grounds, lawns, plantings, flower beds or shrubberies (within or without the Common Elements) in any way which shall injure those areas or the vegetation thereon, increase the maintenance thereof, or cause unreasonable embarrassment, disturbance or annoyance to Unit owners in their enjoyment of the common grounds, areas and plantings in the vicinity of their Units.
4. No Unit owner or occupant shall make or permit to be made any disturbing noise within the Common Elements, common areas or in the Units by himself, his family, friends, tenants, employees, servants or invitees; nor permit anything to be done by any such persons as would interfere with the rights, comfort or convenience of other Unit owners or occupants. No Unit owner or occupant shall play or allow to be played any musical instrument, radio, TV, stereo, tape recorder or the like in such an unreasonable manner so as to disturb or annoy any other Unit owners or occupants.
5. No rugs shall be beaten on the Common Elements or common areas, nor shall dust, rubbish or litter be swept from the Unit onto any of the Common Elements or common areas. Unit owners and occupants must deposit all rubbish or litter in the designated areas and receptacles provided for such purpose.

6. Persons shall not be permitted to loiter or play in any common area not specifically designated as a play or recreation area.

7. The repair of all damage to the Common Elements and common areas resulting from the moving and/or carrying of furniture and/or other articles therein shall be paid for by the Unit owner or the person in charge of such articles.

8. Nothing shall be thrown or emptied out of the windows, or doors of any Unit, or thrown or emptied in the Common Elements or common areas, nor shall anything be hung from outside the windows or on the patios, porches, decks or placed on the outside window sills of any Unit.

9. No awnings or window guards shall be used except as shall be put up or approved by the Board of Directors, and no signs of any kind shall be placed in windows or on doors or other exterior surfaces or on patios or other common areas, except such signs permitted by the Bylaws.

10. Tools, sporting goods, storage cartons, bicycles and other personal articles and equipment must be kept within the Units and shall not be stored within the Common Elements or on any Limited Common Elements.

11. The Unit owners and occupants shall not cause or permit the blowing of any horn from any vehicle in which his guests, family, tenants, invitees or employees shall be occupants, approaching or upon any of the driveways or parking areas serving the Condominium, except as may be necessary for the safe operation thereof.

12. The Unit owners and occupants shall in general not act or fail to act in any manner which unreasonably interferes with the rights, comfort and convenience of other Unit owners and occupants.

13. Unit owners will faithfully observe the procedures established from time to time by the Board of Directors or the Managing Agent with respect to the disposal of garbage, rubbish and refuse.

14. No Unit owner or any of his agents, servants, employees, licensees, or visitors 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.

15. Subject to the provisions of the Bylaws, dogs, cats and other domestic pets are allowed, provided that the same shall not disturb or annoy other occupants. Any inconvenience, damage or unpleasantness caused by such pets shall be the sole responsibility

of the respective owners thereof. All such pets shall be kept under the direct control of their owners at all times and shall not be allowed to run free or unleashed or to otherwise interfere with the rights, comfort and convenience of any of the Unit owners or occupants.



**Welcome Letter**  
**Kings Council Condominium**



Dear Prospective Homeowner,

American Community Management, Inc. would like to take this opportunity to introduce ourselves as the managing agent for your Community Association. We are a full service community management firm that was established to assist community associations in the maintenance and operation of their community. As the managing agent, we have the responsibility of assisting the board of directors with the execution of processes for their association.

We are committed to providing the highest level of service in the community management industry. As our company has grown, we have been diligent in hiring quality professionals and providing them with continuing education opportunities by making available to them courses in community and property management, insurance, legal, collections, maintenance, reserve studies and much more in an effort to ensure that our clients receive the highest level of service.

In order to assist us in the efficient management of your Association, it is important that we have an accurate record of ownership for each property. Please take a few moments to complete the attached questionnaire form and return it to American Community Management, Inc. at your earliest convenience.

To assure a smooth transition from the former owner to you, please make sure that:

- We receive a copy of your settlement sheet immediately following your settlement.
- Complete and return to our office the "Notice to Council of Unit Owners" which is pursuant to the Annotated Code of Maryland and included.

You will receive a welcome letter with additional information once we have received your settlement sheet.

Communication is an important key in building a successful relationship. We are very interested in your comments and have made communicating with us easy by giving you several options to reach us. You may contact American Community Management online at [www.acmhome.com](http://www.acmhome.com), or by U.S. Mail, telephone or fax.

Sincerely,

The Staff of American Community Management, Inc.

Enclosures

## NOTICE TO COUNCIL OF UNIT OWNERS

TO: Council of Unit Owners of Kings Council Condominium  
To be completed at or after settlement and forwarded to the Council of Unit Owners.  
To the extent available, the following information is provided pursuant to Section 11-135;  
subsection (h) of the Maryland Condominium Act relating to the sale and transfer of the unit  
identified herein.

UNIT IDENTITY: \_\_\_\_\_  
(Complete Address of Unit)

SELLING UNIT OWNER (S): (1)  
(2)

FORWARDING ADDRESS OF SELLER: \_\_\_\_\_

PURCHASER (S): (1) \_\_\_\_\_

(2) \_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_

PHONE NUMBER OF PURCHASER: \_\_\_\_\_

TENANT'S NAME (If Applicable): \_\_\_\_\_

DATE OF SETTLEMENT: \_\_\_\_\_

The proportionate amounts of outstanding Homeowners fees or assessments assumed by  
Seller(s) and Purchaser(s) are as follows: \_\_\_\_\_

MORTGAGE COMPANY: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_  
Date

\_\_\_\_\_  
Purchaser or Agent

\_\_\_\_\_  
Date

\_\_\_\_\_  
Purchaser or Agent

**RETURN FORM TO:**  
Kings Council Condominium  
c/o American Community Management, Inc.  
7484 Candlewood Road,  
Suite H Hanover, MD 21076