

MD CONDOMINIUM RESALE CERTIFICATE

The Fairmont 5601 Condominium Association

Current Owner: The Maryland Department of Housing & Community Development

**Property Address: 5601 Parker House Terrace Unit: 212
Hyattsville, MD 20782**

**Requestor Name: Shannon Stamm
Requestor Phone: 410-296-8440**

Date Prepared: 03-05-2018

This Condominium Resale Certificate is being furnished to the selling unit owner named above by the council of Unit Owners of the association, in accordance with MD Real Prop. Code Ann. Section 11-135.

#	Question	Response
1.	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>The Associations governing documents contain no provision stipulating that the Association or Board of Directors has a right of first refusal or other restraints on free alienability of this Unit, or where such rights exist, the Association and Board of Directors hereby waives or refuses to exercise any such rights of first refusal or other restraints on free alienability of the Unit which may be contained in the Condominium instruments. As used in the foregoing, Restraints on free alienability includes, without limitation, any right of approval of any Purchaser or the sale of the Unit and parking space (if any) to any Purchaser.</p>
2.	The selling unit is subject to a common expense assessment as follows:	<p>\$431.16 per month</p>
3.	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>The account is currently delinquent and has been forwarded to collections. To obtain a payoff contact:</p> <p>Roni B. Levy Community Association Project Coordinator Whiteford, Taylor & Preston 1025 Connecticut Avenue, N.W., Suite 400 Washington, D.C. 20036 202-659-6760 (Phone) 202-327-6160 (facsimile) rlevy@wtplaw.com</p>
4.	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.	

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#	Question	Response
5.	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.	
6.	Other than common expenses and special assessments, the following fees are payable by the unit owners to the Council of Unit Owners: None	
7.	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: The Association is not currently contemplating any capital expenditures.	
8.	Attached is the most recently prepared balance sheet and income expense statement and the current operating budget of the Condominium	
9.	Unsatisfied judgments as of the date of this certificate are listed here. There are no judgments against the Association	
10.	As of the date of this Certificate, the Council of Unit Owners is a party to the following pending lawsuits, excluding assessment collection suits: The Association is not involved in any litigation outside of routine efforts to collect delinquent assessments. These efforts have no material impact on the Association or its members.	
11.	The insurance policies provided for the benefit of the Association can be obtained from:	

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#	Question	Response
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The condominium maintains property damage insurance for the condominium common elements and the individual condominium units for damages caused by the Condominium but which excludes coverage of betterments and improvements installed by owners, personal property, or damage to other units as well as other exclusions such as, for example, mold, seepage and wind driven rain and alternate, temporary living expense during repair. It is recommended that all unit owners obtain an individual home owners HO-6 insurance policy which covers the unit and its improvements and betterments made to the condominium unit by any owner other than the developer, temporary housing expenses, personal property coverage, and damages to other units caused by the unit.

The Condominium also maintains other insurance, such as commercial general liability, directors and officers coverage, underground storage tank and pollution liability coverage, excess liability coverage, boiler and steam coverage and commercial crime policies which are also for the benefit of the Condominium.

THE TERMS OF THE POLICIES PREVAIL OVER THIS DESCRIPTION OF THE POLICIES.

The condominium bylaws prohibit excessive noises which might constitute a nuisance and if a unit has not had sufficient sound attenuation installed on the floors, an owner may be required to install sound attenuation.

In order for each individual unit owner to be adequately protected from loss, he or she must carefully and separately insure his or her unit, contents and personal property and provide for sufficient personal liability coverage. Purchasers are urged to contact their insurance agent to obtain coverage effective as of the date of settlement. Owners who lease their unit require a different form of coverage than owner-occupants and you must be specific in your request for coverage from your insurance agent.

The master insurance policy is provided through the following insurance agency (a copy of the declaration page is attached):

Associated Insurance Management, Inc.
1300 Spring Street
Suite 300
Silver Spring, MD 20910
Matthew Dellinger
msdellinger@aimcommercial.com

12. Per Condominium law, the owner is responsible for up to \$5,000.00 of the insurance deductible. The policy is available for inspection during normal business hours at the offices of Barkan Management Company, Inc., 8229 Boone Blvd, Suite 760, Tysons Corner, Virginia 22182. The terms of the policy prevail over the description given in this Certificate.
13. 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:

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#	Question	Response
	<p>Although there has not been an inspection of the unit to determine the existence of any violations and the Condominium makes no warranty, the Condominium has not to date determined that any alterations or improvements to the unit or to the limited common elements appurtenant thereto violate any provisions of the Declaration, By-Laws or House Rules. THE UNIT OWNER IS RESPONSIBLE FOR FULL COMPLIANCE WITH ALL GOVERNING DOCUMENTS AND IS NOT RELIEVED OF SUCH COMPLIANCE BY ANYTHING SET FORTH HEREIN.</p> <p>Although at the time this Certificate is prepared, there has not been an inspection of the unit or the common elements assigned thereto to specifically search for or determine the existence of any violations and the Condominium makes no warranty or representations, the Condominium has no knowledge of any violation of building or health code with respect to the unit or the common elements assigned thereto except as follows: Only the Prince Georges County Building Code Officials or the Prince Georges County Health Code Officials are qualified to determine whether there is a violation of the building or health code. Neither the Condominium nor its managing agent can determine the existence of any alleged violation or condition that might amount to a code violation.</p> <p>Although at the time this Certificate is prepared, there has not been an inspection of the common elements to specifically search for or to determine the existence of any violations and the Condominium makes no warranty or representations, the Condominium has no knowledge of any health or building code violations for any other portion of the condominium. Only the Prince Georges County Building Code Officials or the Prince Georges County Health Code Officials are qualified to determine whether there is a violation of the building or health code. Neither the Condominium nor its managing agent can determine the existence of any alleged violation. The Condominium has not been convicted of any health or building code violations by The Prince Georges County Environmental Control Board.</p>	
14.	<p>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>Swimming Pool</p>	
15.	<p>Are these facilities part of the common elements?</p> <p>Yes</p>	
16.	<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>	
17.	<p>NOTE: THIS RESALE CERTIFICATE IS GOOD FOR 30 DAYS FROM THE DATE OF ISSUANCE ABOVE.</p>	

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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

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Comments

The undersigned owner(s) hereby authorize Barkan Management Company, Inc., to release information for the above transaction concerning the unit and the Association including pending litigation (if any). Information in reference to this transaction is being provided by Barkan Management Company, Inc., in its capacity as Agent for the Condominium or Association, to the best of its knowledge or belief. Information is gathered from sources deemed to be reliable; however, Barkan Management Company, Inc., does not warrant or guarantee the accuracy of this information and you are urged to verify this information through other sources. Unit owner agrees to indemnify and hold Barkan Management Company, Inc., and the Directors and Association harmless on any claim arising from the receipt of such information. We agree to pay Barkan Management Company, Inc., the total amount due for the items/services requested.

THIS DISCLOSURE IS INTENDED STRICTLY FOR THE USE OF REAL ESTATE AND LENDING PROFESSIONALS. 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 AS TO THEIR ACCURACY.

NOTICE: Upon any sale of a condominium unit, Maryland law provides that the Purchaser or his agent shall provide to the Council of Unit Owners to the extent available, the name and forwarding address of the Purchaser, the name and address of any mortgagee, the date of settlement and the proportionate amount of any outstanding condominium fees or assessments assumed by each of the parties through the transaction. Please forward a copy of the settlement statement, plus any additional information not contained therein, to:

Barkan Management, LLC
8229 Boone Blvd., Suite 885
Tysons Corner, Virginia 22182

Upon receipt of the above information, you will be forwarded instructions for the payment of your condominium fees.

THE FOLLOWING STATEMENT MUST BE SIGNED BY THE OWNER OF THE ABOVE REFERENCED UNIT BEFORE THIS PACKAGE IS PRESENTED TO THE PURCHASER OTHERWISE THIS RESALE DISCLOSURE IS NULL AND VOID.

I, _____, as owner of the above referenced unit, have no knowledge as to any alteration to the unit or to the limited common elements assigned to the unit which may violate any provision of the Declaration, By-Laws or Rules and Regulations.

I have no knowledge of any violation of the health or building codes with respect to the unit or the limited common elements assigned thereto.

I have no knowledge that the unit is subject to an extended lease under Section 11-137 of the Maryland Condominium Act or under local law. (An extended lease under Section 11-137 is a lease for up to three (3) years which was entered into with a qualified household containing either a senior citizen or a handicapped citizen when the rental property converted to a condominium).

You will have the right to cancel this contract without penalty, at anytime within 7 days following delivery to you of all of this information. However, once the sale is closed, your right to cancel the contract is terminated.

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SIGNATURE OF OWNER

SIGNATURE OF OWNER

DATE

ACH Form
The Fairmont 5601 Condominium Association



Resident Notice

IMPORTANT BILLING CHANGES

As the managing agent for your community, please note the following changes that have been made to the way your dues are accepted moving forward.

Introducing a New Way to View & Pay Dues Online

We are excited to introduce a new and more convenient way for you to manage and make payments online through our new provider, **ClickPay**. As the new and **preferred way** of accepting payments, we invite you to set up one-time or automatic payments online by e-check (ACH) from your bank account for **FREE** or by all major Credit Card for a fee.

Important: If you paid online by e-check (ACH) or credit card previously, please note that your account with your previous provider has been deactivated and you will be required to create your account with **ClickPay** in order to pay online moving forward. To get started, visit the following web address and follow the instructions listed below:

www.ClickPay.com/Barkan

- ① Click **Register** and then create your online account with ClickPay
- ② **Add Your Home** using the account number found on your coupon book
- ③ **Add your Payment Option** (e-Check for **FREE** or Credit Card for a fee)
- ④ Set up **Automatic Payments** or click **Pay Now** to make one-time payments

For online payment support, please contact **ClickPay** online at www.clickpay.com/help, by email at support@clickpay.com or by phone at **1.800.533.7901 (option 1)**.

Change of Mailing Address for Payments

Please note our mailing address for accepting payments by paper check, money order, and Online Bill Pay has changed. If you choose to pay by check or money order, you must mail your payments along with the remittance slip to the address below. If you pay through your bank's Online Bill Pay feature, notify your bank of this change in address **immediately**.

**P.O. Box 360
Emerson, NJ 07630**

Please continue to make your checks payable to the entity listed on your statement and write your account number in the notes section of your check.

Thank you for your attention to this matter,
Barkan Management Company

Approved Resolutions
The Fairmont 5601 Condominium Association

POLICY RESOLUTION

FAIRMONT 5601 CONDOMINIUM Convactor Maintenance

WHEREAS Section 1.24 (i) of the Declaration, in defining the "Unit" states that the unit includes "any mechanical equipment, fixtures and appurtenances located within or outside of any Unit and designated to serve only that Unit...";

AND WHEREAS, Section 2.1 (b) of the Declaration states that the Unit Owner assumes or agrees to assume all liability and duty for the care, operation and maintenance of his or her respective Unit;

AND WHEREAS the Maryland Condominium Act as amended in 2014, states in Section in §11-125 that the council of unit owners or its authorized designee shall have an irrevocable right and an easement to enter units to investigate damage or make repairs when the investigation or repairs reasonably appear necessary for public safety or to prevent damage to other portions of the condominium. The Act further states that except in cases involving manifest danger to public safety or property, the council of unit owners shall make a reasonable effort to give notice to the owner of any unit to be entered for the purpose of investigation or repair and that an entry by the council of unit owners for the purposes specified in this subsection may not be considered a trespass;

AND WHEREAS the Maryland Condominium Act §11-109 grants Council of unit owners the power to impose reasonable fines for violations of the declaration, bylaws, and rules and regulations of the council of unit owners;

AND WHEREAS there has been a considerable amount of damaged caused to the Condominium and Units resulting from HVAC Convectors leaking due to failure to maintain by the Unit Owner, resulting in significant cost for plumbing repairs and the need for major damage repairs;

AND WHEREAS it has been determined that Unit Owners need to be held accountable for their neglect in the interest of the financial solvency of the condominium;

NOW, THEREFORE, BE IT RESOLVED THAT the following procedures regarding Convactor Maintenance shall be adopted by the board of directors:

1. Unit Owners are required to submit to the Board of Directors or their designated management agent, on or before April 30 of each year, evidence in the form of a paid receipt from a duly licensed plumbing or HVAC company, that their convector(s) have been inspected, cleaned and serviced between March 1 and April 30 of that year;
2. Provided service is being offered by the Board of Directors in that particular year, Unit Owners who so desire may contract, by April 30 of each year, to have convector service provided by an authorized employee or contractor designated by the Board of Directors or their designated management agent perform the service not later than May 31 of that year, at the expense of the Unit Owner;
3. Failure to either provide evidence of service specified in 1, above, or to contract for service as specified in 2, above shall result in a fine being imposed by the Council of Unit Owners against the Unit Owner in an amount established each year by the Board of Directors, but initially being set at ONE HUNDRED DOLLARS, (\$100.00);

4. After reasonable efforts are made to reach the Unit Owner of a unit into which entry is needed in order to investigate the source of a leak and/or make repairs, the Board of Director's designated contractor and/or management agent may forcibly enter (ie: drill and replace locks or dispatch a locksmith to pick a lock). The owner of the unit where the leak is ultimately determined to be the source of origin shall be responsible for all of the Association's costs of forced entry and/or lock replacement of any entered unit.

5. That if a contractor dispatched by the Council of Unit Owners or their management agent determines that the source of the leak to be in a particular unit's convector, the contractor shall be directed to clean and service all convectors in that Unit and the Unit Owner shall be billed the cost of service in addition to any fines that may be imposed under 4, above;

6. That the Board of Directors or its designated management agent shall send a notice to Unit Owners between January 1 and February 28 of each year reminding Owners of their responsibilities and potential fines under this resolution and that notice shall constitute the required warning notice of intent to levy a fine.

7. In the event a fine is to be levied, Notice of Intent to Levy a Fine shall be sent to the owner by US Mail or email, if the owner has opted to receive notices by email. The notice shall specify the reason for the fine and the amount and shall advise the Unit Owner of the date and time that a hearing will be held to make the final determination as to the fine. The Unit Owner shall have at least 10 days' notice prior to the hearing and shall have the right to appear and present witnesses.

This Policy Resolution Effective the 1 day of March, 2015

ATTEST:

3/1/15 Jay A. Conway
Date President

Bylaws
The Fairmont 5601 Condominium Association

24961 694

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OF
THE FAIRMONT 5601 CONDOMINIUM

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BYLAWS
OF THE COUNCIL OF UNIT OWNERS
OF
THE FAIRMONT 5601 CONDOMINIUM

ARTICLE 1
PLAN OF CONDOMINIUM OWNERSHIP

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

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

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

ARTICLE 2
COUNCIL OF UNIT OWNERS

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

Section 2.2. Name and Mailing Address. The Association hereby organized and formed for the purposes set forth above shall be known as "Council of Unit Owners of the Fairmont 5601 Condominium". Unless changed from time to time by the Board of Directors, the office and mailing address of the Association and the Board of Directors shall be the same as the managing agent for the Association.

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

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

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

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

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

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

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

Section 2.10. Voting.

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

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

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

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

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

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

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

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

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

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

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

ARTICLE 3 BOARD OF DIRECTORS

Section 3.1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors acting on behalf of the Association. Until the first annual

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

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

- (a) Operation, care, upkeep and maintenance of the Common Elements and those portions of the Units for which the Council of Unit Owners has the responsibility to maintain, repair and replace, pursuant to the Bylaws and the Declaration.
- (b) Determination of the Common Expenses required for the affairs of the Association and determination of charges, if any, for the use of the Reserved Common Element surface parking areas. The Board shall also have the power to establish reasonable move-in and move-out fees and reasonable fees for the short term rental of Common Element facilities, subject to duly adopted rules and regulations.
- (c) Collection of the Common Charges and Expenses from the Unit Owners.
- (d) Employment and dismissal of the personnel necessary for the maintenance and operation of the Common Elements.
- (e) Opening of bank accounts on behalf of the Association and designating the signatories required therefor.
- (f) Purchasing of Units at foreclosure or other judicial sales 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.

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(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) To sue and be sued, complain and defend, or intervene in litigation or administrative proceedings and dispute resolution proceedings outlined in Article 12 of these Bylaws and to negotiate, compromise, settle and release such claims on behalf of two or more Unit Owners, but only with respect to matters affecting the Common Elements and other components for which the Council has the responsibility to maintain, repair and replace pursuant to the Declaration and these Bylaws.

(j) Enacting uniform Rules from time to time which govern the use and operation of the Condominium, as well as the conduct and the enjoyment of the Unit Owners; provided, however, that such Rules are adopted in accordance with the Act and Article 5, Section 5.15, of these Bylaws or the Declaration; and provided further that no such Rules shall be so construed so as to impair in any manner the lien of any mortgage or deed of trust with respect to any Unit and/or the Common Elements if such Rules are promulgated after the recordation of said mortgage or deed of trust.

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

(l) Controlling the use of all Common Elements.

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

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

(o) The Council of Unit Owners shall have authority and standing to initiate claims pursuant to Article 12 of these Bylaws and to sue, complain, intervene, defend, negotiate, compromise, settle and release any right, claim, action, cause of action or other matter of any nature whatsoever accruing to or for the benefit of, or otherwise exercisable by or on behalf of, any two or more Unit Owners with regard to the Common Elements and only those components of Units for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws and the Declaration. Notwithstanding this authority and standing, the Council of Unit Owners shall have no authority or standing to take such actions

with regard to Unit components other than those components of the Units for which the Council of Unit Owners has the responsibility to maintain, repair and replace pursuant to these Bylaws and the Declaration.

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

(q) To delegate to the Community Association, and its successors, as the Board of Directors from time to time deems appropriate, all or any portion of the powers and duties of the Association including, without limitation, the operation, maintenance and repair of the Common Elements and Limited Common Elements (if any) and the collection of common charges.

(r) As directed by the Board of Directors of the Community Association, to collect assessments and charges levied by the Community Association pursuant to the governing

Section 3.3. Managing Agent. The Board of Directors may employ for the Association a professional managing agent at a compensation established by the Board of Directors. Management services may, for the purposes of economics and consistency within the Fairmont Community, be obtained jointly with the Fairmont 1001 Condominium, the Fairmont 1005 Condominium, the Fairmont 1009 and the Community Association. All management agreements entered into on behalf of the Association shall (a) be for a term not in excess of two (2) years, (b) provide that either party may terminate the agreement, without cause, upon ninety (90) days written notice, without a termination fee (except that management agreements entered into while the Declarant is in control of the Association shall be terminable without cause on thirty (30) days written notice), (c) provide that the Board of Directors may, for cause, terminate such agreement upon thirty (30) days written notice (without a termination fee) and (d) provide for renewal upon agreement by the parties for successive one (1)-year periods.

Section 3.4. Election and Term of Office. The Directors of the Association designated by the Declarant in accordance with Article 3, Section 3.1, above shall hold office at the pleasure of the Declarant until the first annual meeting of the Association as provided for in Article 2, Section 2.5, of these Bylaws. At the first annual meeting of the Association, the members of the Board of Directors shall be elected by the Unit Owners. Commencing with the first annual meeting of the Association, the terms of office of the members of the Board of Directors shall be fixed at three (3) years. In the alternative, at the first annual meeting, or any annual meeting thereafter, Unit Owners having not less than fifty percent (50%) of the total authorized votes of all Unit Owners may vote to establish the term of office for all Directors to be for a period less than three (3) years, or to establish staggered terms for the Directors of from one (1) to three (3) years. Any change in the term of office of Directors shall not operate to curtail or extend the term of office of any incumbent Director. Each Director shall hold office until the next meeting of the Board of Directors following the election of his or her successor. However, a member of the Board of Directors shall be deemed to have resigned whenever such Director, his or her spouse, firm, corporation or other entity he or she is associated with, sells the Unit which

qualified such individual to become a member of the Board of Directors. All election materials prepared with Association funds shall list candidates in alphabetical order and shall not suggest a preference among candidates. At each election of members to the Board of Directors the Unit Owners or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise pursuant to the provisions of the Declaration and these Bylaws.

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

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

Section 3.7. Vacancies. Except with respect to Directors appointed or elected by the Declarant prior to the first annual meeting of the Association, vacancies on the Board of Directors shall be filled by vote of a majority of the remaining Directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the Directors present at such meeting may constitute less than a quorum, and each person so elected shall be a member of the Board of Directors for the remainder of the term of the predecessor Director, and until a successor shall be elected at the next annual meeting of the Association at which the term of such predecessor Director was to have expired. Prior to the first annual meeting of the Association, members of the Board of Directors appointed or elected by the Declarant shall serve at the pleasure of and may be removed and/or replaced, with or without cause, solely by the Declarant.

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

present thereat. Unit Owners shall be provided with notice of such meeting in accordance with Section 3.9 of these Bylaws.

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

Section 3.10. Open Meeting Requirements.

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

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

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

Section 3.11. Notice of Board Meetings. The Secretary shall maintain a current roster of names and addresses of each Unit Owner to which notices of regular meetings of the Board of Directors or any committee created by the Board of Directors shall be sent at least annually.

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

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

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

Section 3.14. Fidelity Insurance. To the extent reasonably available, blanket fidelity insurance shall be required to be maintained by the Board of Directors for all officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for their services. Where the Board of Directors has delegated some or all of the responsibility for the handling of funds to a managing agent, such managing agent shall be covered by its own fidelity insurance policy which must provide the same coverage as fidelity insurance maintained by the Board of Directors. Except for fidelity insurance that a managing agent obtains for its personnel, all other fidelity insurance policies shall name the Association as the insured and should have their premiums paid as a common expense by the Association. Fidelity insurance obtained by a managing agent shall name the Association as an additional insured. The total amount of fidelity coverage required shall be sufficient to cover the maximum funds (including reserve funds) that will be in the custody of the Association or managing agent at any time while the fidelity insurance policy is in force, but must at least equal the sum of three (3) months aggregate assessments on all Units within the Condominium plus any reserves. Fidelity insurance policies shall contain waivers by the insurers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or

similar terms or expressions. The fidelity insurance policies shall provide that they cannot be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association, any Insurance Trustee (as defined herein), all Eligible Mortgage Holders and each servicer servicing a mortgage in the Condominium owned or securitized by the Federal National Mortgage Association ("FNMA").

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

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

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

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

(c) The provisions of "(a)" and "(b)" above shall also apply to each and every officer of the Association and the members of any committee created by the Board of Directors. The provisions of "(a)" and "(b)" above shall also apply to each and every Director and Officer of the Community Association and the members of any Committee created by the Board of Directors of the Community Association, in exercising any rights and/or authority granted to it pursuant to the Declaration, these Bylaws and/or the Rules to enforce the Declaration, these Bylaws and/or the Rules.

Section 3.17. Executive Committee. The Board of Directors may, by resolution duly adopted, appoint an Executive Committee to consist of three (3) members of the Board of Directors. The Executive Committee shall have and may exercise all of the powers of the Board of Directors in the management of the business and affairs of the Association during the intervals between the meetings of the Board of Directors insofar as may be permitted by law, except that the Executive Committee shall not have power (a) to determine the common charges and expenses required for the affairs of the Association, or (b) to adopt or amend the Rules covering the details of the operation and use of the Condominium.

Section 3.18. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association and consistent with the purposes set forth in the Declaration. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm, entity or association in which one or more of the Directors are directors or officers or are pecuniarily or otherwise interested, shall be either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his, her or their votes are counted for such purpose, if such action complies with the provisions of Section 2-419 of the Corporations and Associations Article of the Annotated Code of Maryland (1993), as amended, or its successor statute.

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

Section 3.20. Committees Committees/Community Association. The Board of Directors may appoint an Architectural Control Committee as set forth in Section 5.17 of these Bylaws and, if necessary, an Executive Committee, as set forth in Section 3.17 of these Bylaws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its powers and duties. Further, pursuant to Section 3.2(r) above, the Board of Directors may delegate all or any portion of its powers and duties to the Community Association.

ARTICLE 4 OFFICERS

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

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

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

Section 4.4. President. The President shall be the chief executive and operating officer of the Association. The President shall preside at all meetings of the Association. The President

shall have all of the general powers and duties which are incident to the office of president of a stock corporation organized and existing under the laws of the State of Maryland.

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

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

Section 4.7. Treasurer.

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

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

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

ARTICLE 5
OPERATION OF THE CONDOMINIUM

Section 5.1. Determination of Common Expenses and Fixing of Common Charges. Unless otherwise expressly provided herein, Common Expenses of the Association, in general,

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shall include maintenance, operation, repair, or replacement of the Common Elements. They include, but are not limited to:

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

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

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

Section 5.3. Reserves.

(a) As part of the annual budget the Board of Directors shall build up and maintain an adequate reserve for working capital and contingencies, and an adequate reserve for substantial periodic repair and replacement of the Common Elements and Limited Common Elements required to be repaired and/or replaced by the Association, including, without limitation, reserves for the routine inspection, maintenance and long term repair of any on-site storm water management facilities serving and/or benefiting the Condominium. Insurance deductibles associated with insurance policies of the Association should also be funded through the reserves maintained by the Association. All funds accumulated for reserves shall be kept in a separate bank account, segregated from the general operating funds, and, if the Board of Directors deems it advisable, funds accumulated for each type of reserve shall be kept in a separate bank account, identified by reference to the specific category of reserve. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except where an emergency requires an expenditure to prevent or minimize loss from further damage to, or deterioration of, the Common Elements or Limited Common Elements reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Board of Directors and by the affirmative vote of Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners present, in person or by proxy, and voting at any meeting of the Association. If the reserves are inadequate for any reason, including non-payment of any Unit Owner's assessment, the Board of Directors may, subject to the limitations of Section 5.4 below, levy a further assessment, which shall be assessed against the Unit Owners according to their Percentage Interests, and which may be payable in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall serve notice of any such further assessment on all Unit Owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless

otherwise specified in the notice, become effective with the next regular payment which is due more than ten (10) days after the delivery or mailing of such notice of further assessment.

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

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

Section 5.5. Initial Working Capital Fund Assessment.

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

(b) In the event that the Declarant shall own a Unit which is not subject to a binding contract of sale, the Declarant shall pay the foregoing Initial Working Capital Fund Assessment for each such Unit owned by the Declarant upon the date that the non-Declarant Unit Owners shall elect a majority of the members of the Board of Directors pursuant to Article 3, Section 3.1 of these Bylaws. Upon conveyance of any Unit for which the Declarant was required to pay an Initial Working Capital Fund Assessment, the purchasing Unit Owner shall pay the Declarant the full amount of such assessment paid by the Declarant with respect to such Unit. Any Initial Working Capital Fund Assessment paid by the Declarant shall be deposited in the segregated account maintained for such funds by the Board of Directors. Prior to the date that

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

Section 5.6. Payment of Common Charges; Lien.

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

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

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

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

Section 5.7. Collection of Assessments.

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

(b) The Community Association may elect by resolution to collect assessments levied pursuant to the Community Association Governing Documents directly from the Council of Unit Owners. In such event, payment of such assessments shall be an obligation of the Council of Unit Owners; provided, however, that each Owner shall remain personally liable for all assessments against such Owner's Unit and each such Unit shall remain subject to the lien for the assessments established by the Community Association Governing Documents. This Section shall not be deemed to limit or waive, and shall be without prejudice to, any rights, remedies, or recourses available to the Community Association for non-payment of assessments.

Section 5.8. Default in Payment of Common Charges.

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

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

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date that the foreclosure decree becomes final until the plaintiff in such foreclosure action regains possession from the Unit Owner.

(c) No suit or other proceeding may be brought by the Association to foreclose the lien for any assessments levied pursuant to the Declaration or these Bylaws except after ten (10) days written notice to the holder of the First Mortgage which is a lien on the Unit that is the subject matter of the proceeding. In the event the VA guarantees any mortgage against a Unit, the Association shall notify the VA 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 5.9. Statement of Common Charges; Resale Certificate.

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

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

Section 5.10. Insurance.

(a) The Board of Directors shall be required to comply with the insurance requirements of the Act and, to the extent not in violation of the Act, shall also comply with the provisions of this Article 5, Section 5.10. As the Condominium is part of the Fairmont Community, the Council of Unit Owners shall be authorized to cooperate with the Fairmont 1001 Condominium, the Fairmont 1005 Condominium, the Fairmont 1009 Condominium, and/or the Community Association to obtain required insurance. If financially and practically appropriate, a joint policy payable by each of the condominiums and the Community Association in each entity's pro rata share, may be obtained so long as each has the right to review and consider such jointly obtained policy upon each renewal.

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

(c) The hazard insurance policy shall afford, as a minimum, protection against loss or damage by fire and all other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available. The insurance should cover one hundred percent

(100%) of the current replacement cost (less a reasonable deductible) of the insured property. Coverage need not include land, foundations, excavations or other items that are usually excluded from insurance coverage. Unless a higher maximum amount is required pursuant to the law of the State of Maryland, 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.

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

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

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

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

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

(h) The Association shall obtain and maintain a commercial general liability policy of insurance covering all of the Common Elements, public ways and any other areas that are under the Association's supervision. The policy shall also cover any commercial space owned by the Association, even if such space is leased to others. The policy should provide coverage for bodily injury (including death) and property damage that results from the operation, maintenance or use of the Common Elements and any legal liability that results from law suits related to employment contracts in which the Association is a party. Supplemental coverage to protect against additional risks should also be obtained, if required by a mortgagee. Such insurance policy shall contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of a Unit Owner because of negligent acts of the Association or other Unit Owners. Liability coverage shall be at least One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury and property damage, unless higher amounts of coverage are required by a mortgagee. The liability policy must provide that the insurance carrier shall notify the Association and the holder of a First Mortgage on any Unit in writing at least ten (10) days before it cancels or substantially modifies the Condominium's coverage.

(i) The named insured under all insurance policies shall be the Council of Unit Owners of Fairmont 5601 Condominium, for the use and benefit of each Unit Owner. The "loss payable" clause should show the Council of Unit Owners of Fairmont 5601 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 Council of Unit Owners shall hold any proceeds of insurance in trust for Unit Owners and their First Mortgage holders, as their interests may appear. Each Unit Owner and each Unit Owner's mortgagee, if any, shall be beneficiaries of the policies to the extent of the Unit Owner's Percentage Interest in the Common Profits and Common Expenses of the Council of Unit Owners. Certificates of insurance shall be issued to each Unit Owner and mortgagee upon request. The policies must also contain the standard mortgage clause and must name as mortgagee FNMA or the servicers for the mortgages held by FNMA on Units within the Condominium, FHLMC and/or such other mortgagees as hold mortgages on Units, as well as their successors and assigns.

(j) Notwithstanding any provision of the Declaration or these Bylaws relating to property or liability insurance, there may be named as an insured, on behalf of the

Association, the Association's authorized representative, including any Insurance Trustee with whom the Association may enter into any Insurance Trust Agreement or any successor to such trustee, who shall have exclusive authority to negotiate losses under any policy providing such property or liability insurance and to perform such other functions as are necessary to accomplish this purpose. The insurance policy(ies) covering the Condominium obtained by the Association shall provide that any Insurance Trust Agreement will be recognized.

(k) Except to the extent inconsistent with applicable law, each Unit Owner is deemed to appoint the Association, 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; and (3) the execution of all documents and the performance of all other acts necessary to accomplish such purpose.

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

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

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

(b) 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.

(c) 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.

(d) In the event of reconstruction or repair (as estimated by the Board of Directors) which shall exceed One Hundred Thousand Dollars (\$100,000.00), all proceeds of insurance shall be paid over to a trust company or bank having trust powers and authorized to

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

Section 5.13. Maintenance and Repair.

(a) By the Association. The Association shall be responsible for the maintenance, repair and replacement of the following except to the extent that Board of Directors delegates to the Community Association some or all of such responsibilities:

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

(ii) Except as otherwise provided in Section 5.13(b) below, all exterior walls and exterior surfaces of the buildings constituting the Condominium (excluding windows, doors and related components that are part of an individual unit and addressed more specifically in Section 5.13(b) below); 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; and all load-bearing columns; but excluding, however, the interior walls, interior ceilings and interior floor coverings of the Units, and excluding the surfaces of all walls, floors and ceilings of the Units; and

(iii) The sanitary and storm sewer systems and appurtenances; all water, electric, gas, heating, air conditioning, plumbing and telephone lines, facilities and systems that are deemed Common Elements, including all conduits, ducts, plumbing, wiring and other facilities (including cable television systems and broadband or high speed internet service that are commonly provided) whether located inside or outside of any Unit for the furnishing of all utility services into two (2) or more Units, but excluding therefrom all air-handling units, heating units, air-conditioning units, lighting fixtures, plumbing (including, but not limited to, the components of any sprinkler system), electrical appliances and systems, fixtures and other components of the dwelling within a single Unit which are located within the boundary of such

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Unit and/or in a Limited Common Element designated in the Declaration or on the Condominium Plat as being appurtenant to that Unit and which serve that Unit and no other; all television master antenna systems located outside the specific boundaries of any Unit, and all roof drainage pipes, gutters and leaders; and

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

(v) The annual inspection of each Unit to ensure that any lead paint that has been encapsulated remains undisturbed, and if any such encapsulation is disturbed thereby exposing the occupants of the Unit to lead paint, the Association shall remediate the lead paint exposure by re-encapsulating it or by any other means that it deems appropriate or that is required by the Environmental Protection Agency, Housing and Urban Development, or any other governmental agency or authority which has jurisdiction over the Condominium.

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.

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

(b) By the Unit Owner.

(i) Except for the portions of any Unit required or authorized to be maintained, repaired and replaced by the Association, each Unit Owner shall be responsible for the maintenance, repair and replacement, at his or her expense, of such Unit and all improvements therein and components thereof, including, without limitation, the following: all interior walls, ceilings, windows, window frames, window screens, front door, door frame, sliding glass doors, frames and screens, and the hardware, locking and opening devices of such windows and doors, that are appurtenant to or a part of a Unit or the Limited Common Elements appurtenant to such Unit, floors, kitchen and bathroom fixtures and equipment, and all air-handling units, heating units, air-conditioning units, lighting fixtures, plumbing (including, but not limited to, the components of any sprinkler system), electrical appliances and systems, fixtures and other components of such dwelling which are located within the boundary of such Unit and/or in a Limited Common Element designated in the Declaration or on the Condominium Plat as being appurtenant to that Unit and which serve that Unit and no other. Each Unit Owner shall be responsible for performing, at his or her expense, all normal day-to-day maintenance of any patio, terrace, deck, or balcony which is designated in the Declaration or on the Condominium Plat as being a part of his or her Unit or as a Limited Common Element

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appurtenant to his or her Unit, including keeping it in a clean and sanitary condition, and free and clear of snow, ice and any accumulation of water, and shall also make, at his expense, all repairs thereto caused or permitted by his negligence, misuse or neglect. In the event any Unit Owner shall fail to maintain any such patio, terrace, deck or balcony, or any Limited Common Element appurtenant to his or her Unit, the Association shall be responsible for such maintenance, the cost of which may be assessed against such Unit and shall be collectible in the same manner as any other assessment levied by the Association. Notwithstanding anything herein to the contrary, the Association shall be responsible for the maintenance, repair and replacement of all structural components of the buildings constituting the Condominium. Any costs incurred by the Association in connection with the maintenance, repair or replacement of any Unit or of any Limited Common Element appurtenant to a Unit, may be assessed against such Unit and shall be collectible in the same manner as any other assessment levied by the Association;

(ii) If the cause of any damage to or destruction of any portion of the Condominium originates from any Unit, the Owner of such Unit shall reimburse the Association for the cost of any property insurance deductible in an amount not to exceed One Thousand Dollars (\$1,000.00), or such other amount as may be permitted under Section 11-114 of the Act, as amended (the "Deductible Reimbursement"). The Deductible Reimbursement shall be collected by the Association from the Unit Owner obligated to pay such reimbursement in the same manner as set forth in Article 5 of these Bylaws for the collection of common charges. Any property insurance deductible in excess of the Deductible Reimbursement shall be a common expense of the Association; and

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

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

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

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

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

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

(e) Except as specifically permitted by applicable federal governmental regulations, 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; provided, however, that satellite dishes not in excess of one (1) meter in diameter are permitted within a Unit or a Unit's appurtenant Limited Common Elements. The Board of Directors may impose reasonable rules and regulations regarding the location and screening of any such satellite dish, subject to applicable governmental regulations. Antennas situated entirely within a Unit, and not visible from the exterior, are permitted.

(f) All agreements of the lease of a Unit shall provide that the terms of the lease shall be subject in all respects to the provisions of the Act, Declaration and Bylaws and that any failure of the lessee to comply with the terms of such provisions shall be a default under the lease, which default may be remedied by the Unit Owner in accordance with the lease and by the Council of Unit Owners, in accordance with the Act. All leases must be in writing. The limitations of this Section shall not apply to any institutional mortgagee of any Unit who comes into possession of the Unit by reason of any remedies provided by law or in the mortgage, or as a result of foreclosure sale or other judicial sale, or as a result of any proceeding, arrangement, assignment, or deed in lieu of foreclosure.

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Brief Guide to Mold, Moisture and Your Home (EPA Document 402-K-02-003) which, pursuant to this Section 5.13(d), the Association and the Unit Owners are required to take.

(i) The Association shall regularly clean and repair roof gutters and correct any grading which does not slope away from the building foundation. Unit Owners shall run the bathroom fan or open the window when showering and use exhaust fans or open windows whenever cooking, running the dishwasher or dishwashing.

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

- ⑥ Water leaks and spills should be cleaned quickly. If wet or damp materials or areas are dried 24 – 48 hours after a leak or spill happens, in most cases mold will not grow.
- ⑥ Air conditioning drip pans should be kept clean and the drain lines unobstructed and flowing properly.
- ⑥ Indoor humidity should be kept low. If possible, below 60 percent (ideally between 30 and 50 percent) relative humidity.
- ⑥ Condensation or moisture collecting on windows, walls or pipes, should be dried quickly. In addition, action should be taken quickly to reduce the moisture/water source causing such condensation.
- ⑥ Appliances that produce moisture, such as clothes dryers, stoves and kerosene heaters should be properly vented to the outside where possible.
- ⑥ Air conditioners and/or de-humidifiers should be utilized when needed.
- ⑥ Cold surfaces, such as cold water pipes, should be covered with insulation.

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

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

(a) Nothing shall be done or kept in any Unit or in the Common Elements 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 or her Unit or in the Common Elements which will result in the cancellation of insurance on the Condominium, or the contents thereof, or which would be in violation of any law. No waste will be committed in the Common Elements.

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

(h) 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.

(i) 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 the date of collection and the empty containers shall be returned to the proper place of storage promptly after collection. Trash shall not be stored or placed upon patios, terraces, decks, balconies or porches.

(j) The maintenance, keeping, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any Unit or upon any portion of the Condominium. Notwithstanding the foregoing, certain domestic pets are permitted within the Unit, provided that there are no more than two pets in the Unit. Such pets may not weigh more than fifteen pounds at maturity. Dogs that are aggressive shall not be permitted in the Condominium, including pit bull terriers, which are prohibited in Prince George's County pursuant to Section 3-185.01 of the Prince George's County Code. All such pets must be on a leash when outside of the Unit and Unit Owners must clean up after their pets.

(k) Except as herein elsewhere provided, no junk vehicle, commercial vehicle (including vans used for commercial use and vehicles displaying commercial signage), truck (as defined by the Maryland Department of Motor Vehicles and/or by common usage and practice, not including light pick-up trucks of three-quarter (3/4) ton capacity or less used for non-commercial purposes), unlicensed or inoperable motor vehicle (which shall include, without limitation, any vehicle which would not pass applicable state inspection criteria), trailer, mobile home, camp truck, house trailer, recreational vehicle, boat or other similar vehicles, machinery or equipment of any kind or character (not including such equipment and machinery as may be reasonable, customary and usual in connection with the use and maintenance of any dwelling and any equipment and machinery as the Association may require in connection with the maintenance and operation of the Condominium) shall be kept upon any portion of the Condominium or upon the public or private streets adjacent to the Condominium (except for bona fide emergencies), nor shall the repair or extraordinary maintenance of automobiles or other vehicles be carried out thereon. The Association may, in the discretion of the Board of

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Directors, provide and maintain a suitable area designated for the parking of such vehicles. The Board of Directors may establish supplemental Rules regarding parking and traffic control within the Condominium.

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

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

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

Section 5.16. Additions, Renovations, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the Common Elements shall require additions, renovations, alterations or improvements costing in excess of Twenty-Five Thousand Dollars (\$25,000.00), and the making of such additions, renovations, alterations or improvements shall have been approved by a majority of the Unit Owners, the Board of Directors shall proceed with such additions, renovations, alterations or improvements and may assess the Unit Owners for the cost thereof as a common expense. If such additions, renovations, alterations or improvements, if not made, could reasonably result in a threat to the health or safety of the Unit Owners, or a significant risk of damage to the Condominium, or are necessary to meet applicable code requirements or requirements of the Condominium's master insurance policy, then such additions, renovations, alterations or improvements may be made without the prior approval of Unit Owners. Any additions, renovations, alterations or improvements costing 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 given at least ten (10) days written notice of a special meeting at which such additions, renovations, alterations, or improvements are approved by an amendment to the budget by the Board of Directors. The cost of any such additions, renovations, alterations or improvements shall constitute a common expense. Any provision of the foregoing to the contrary notwithstanding, any expenditure of reserve funds for the normal care, upkeep, repair, maintenance or replacement of the existing Common Elements pursuant to the terms of these Bylaws shall not require the consent or approval of the Unit Owners under this Section, provided that such expenditures shall otherwise be subject to the Declaration and other applicable provisions of these Bylaws.

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

Section 5.18. Architectural Control Committee - Operation. The Architectural Control Committee shall be composed of an uneven number of three (3) or more natural persons designated from time to time by the Board of Directors of the Association and such persons shall serve at the pleasure of the Board of Directors. In the event the Board of Directors fails to appoint an Architectural Control Committee, then the Board of Directors shall constitute the Committee. The affirmative vote of a majority of the members of the Architectural Control Committee shall be required in order to make any finding, determination, ruling or order, or to issue any permit, consent, authorization, approval or the like pursuant to the authority contained in this Article.

Section 5.19. Architectural Control Committee - Approvals, Etc. Upon approval of the Architectural Control Committee of any plans and specifications submitted pursuant to the provisions of this Article, a copy of such plans and specifications, as approved, shall be deposited among the permanent records of such Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. In the event the Architectural Control Committee fails to advise the applicant by written notice within forty-five (45) calendar days after such plans and specifications (and all other materials and information as may be required by the Architectural Control Committee) of either the approval or disapproval of the application, the applicant shall give the Architectural Control Committee written notice of such failure to respond, which notice shall include a statement that unless the Architectural Control Committee responds within fifteen (15) calendar days of receipt

of such notice, approval shall be deemed granted. Upon such further failure of the Architectural Control Committee to grant an approval or disapproval, approval shall be deemed to have been given. Approval by the Architectural Control Committee (or by the Board of Directors, if applicable) shall in no way be construed as to pass judgment on the correctness of the location, structural design, suitability of water flow or drainage, location of utilities, or other qualities of the item being reviewed, nor shall such approval be substituted in lieu of applicable governmental approvals and permits or be deemed to constitute a determination as to compliance with local zoning ordinances, governmental guidelines or restrictions. Approval by the Architectural Control Committee or the Board of Directors shall not be deemed in any way a representation or warranty regarding design, construction or any other matter whatsoever.

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

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

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

Section 5.23. Declarant's Exemption. Notwithstanding any provision of Sections 5.17 through 5.22 of this Article 5 to the contrary, the provisions of said Sections 5.17 through 5.22 shall not apply to a Unit owned by the Declarant or its designee which is used as a model or is being or will be offered for sale by the Declarant until a deed to such Unit has been delivered by the Declarant to a purchaser thereof. Further, the aforesaid provisions shall not apply to the Declarant's actions with respect to the Common Elements of the Condominium until the completion of the Declarant's construction thereof, as well as the completion of Declarant's development, marketing, sales, management and leasing activities regarding the Property.

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

ARTICLE 6 **MORTGAGES**

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

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

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

Section 6.4. Financial Statement. The Association shall provide any Eligible Mortgage Holder who submits a written request, a copy of an annual financial statement for the preceding fiscal year of the Association within ninety (90) days following the end of such fiscal year. Such financial statement shall be audited by an independent certified public accountant 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) the Condominium contains fewer than fifty (50) Units and the Eligible Mortgage Holder bears the cost of the audit.

Section 6.5. 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.

Section 6.6. 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. An Eligible Mortgage Holder who is notified of any proposed amendment(s) to the condominium documents or other matter for which it is entitled to notice as provided in the Declaration or these Bylaws (such notice to be delivered by certified or registered mail, return receipt requested), and which fails to respond within sixty (60) days of receipt of such notice shall be deemed to have consented to the proposed amendment(s) or other matter which the Eligible Mortgage Holder was provided notice of.

Section 6.7. 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, Condominium or any Unit subject to a First Mortgage or security interest held, insured, or guaranteed by such Eligible Mortgage Holder.

(b) Any delinquency in the payment of common expense assessments or charges owed by a Unit Owner whose Unit is subject to a First Mortgage or security interest held, insured, or guaranteed, by such Eligible Mortgage Holder which remains uncured for a period of sixty (60) days.

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

(d) Any proposed amendment to the Declaration, these Bylaws or Condominium Plat effecting a change in the purposes to which any Unit or the Common Elements are restricted.

(e) Any proposed termination of the Condominium.

(f) Any proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified in Article 8, Section 8.5 of the Declaration.

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

Section 6.8. 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.

Section 6.9. 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.

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Section 6.10. Attendance at Meetings. Any representative of an Eligible Mortgage Holder may attend and address any meeting which a Unit Owner may attend.

ARTICLE 7
SALES AND MORTGAGES OF UNITS

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

ARTICLE 8
CONDEMNATION

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

ARTICLE 9
RECORDS AND AUDITS

The Board of Directors or the managing agent shall keep books and records in accordance with good accounting practices on a consistent basis. In addition to the provisions of Article 6, Section 6.4 of these Bylaws, on the request of the Unit Owners of at least five percent (5%) of the Units, an audit by an independent Certified Public Accountant shall be made, provided an audit shall be made not more than once in any consecutive twelve (12)-month period. The cost of such audit shall be a common expense. Every record kept by the Council of Unit Owners and current copies of the Declaration, Bylaws and Rules (if any) of the Association shall be available in accordance with the Act and these Bylaws for examination and copying by any Unit Owner, contract purchaser of a Unit and mortgagee of a Unit (and insurers and guarantors of First Mortgages secured by a Unit or Units), and their respective duly authorized agents or attorneys, during normal business hours and after reasonable notice.

ARTICLE 10
PARKING SPACES

The surface parking spaces shall be "Common Area", as defined in the Declaration of the Community Association and shall be designated for general use on a first-come first-served basis or as determined by the Board of Directors of the Community Association, pursuant to duly adopted rules and regulations.

Each Unit Owner shall comply in all respects with such supplementary Rules which are not inconsistent with the provisions of the Declaration or these Bylaws which the Board of Directors of the Community Association may from time to time adopt and promulgate with respect to parking and traffic control within the Condominium, and the Board of Directors of the Community Association is hereby authorized to adopt such Rules. No vehicle belonging to any Unit Owner, or to any guest or employee of any Unit Owner, shall be parked in a manner that unreasonably interferes with or impedes ready vehicular access to any adjoining parking space. The Board of Directors of the Community Association is authorized herein and in the Declaration for the Community Association to assign parking spaces to individual Unit Owners and to designate such parking spaces as reserved for the use by individual Unit Owners subject to rules and regulations as may be adopted by the Board of Directors of the Community Association. There is hereby reserved for the Board of Directors of the Community Association the right to assign and/or reassign parking spaces if necessary to fulfill requirements of federal, state or local laws, including, without limitation, the Fair Housing Amendments Act of 1988, as amended, to fulfill such requirements.

ARTICLE 11
EASEMENTS FOR UTILITIES AND RELATED PURPOSES

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

ARTICLE 12
DISPUTE RESOLUTION: ARBITRATION

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

Sections 12.1 or Section 12.2, the Declarant may demand binding arbitration as set forth in Section 12.3. Should the Declarant fail to follow the procedures set forth in Sections 12.1 or Section 12.2, either the Declarant or the Claimant may demand binding arbitration as set forth in Section 12.3.

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

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

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

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

Section 12.2. Settlement Statement; Conference.

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

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

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

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

Section 12.3. Arbitration.

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

(b) Either party may commence the arbitration process called for in this Section by filing a written demand for arbitration with the other party. The arbitration shall be conducted at a location determined by the arbitrator in the Washington, D.C. metropolitan area and will be administered in accordance with the provisions of the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of filing of the demand for arbitration, or such other rules and procedures that are agreed to by all parties. The parties covenant that they will participate in the arbitration in good faith and that they will share equally in the fees and expenses of the arbitrator. Should Claimant in violation of this Article 12, commence legal action in a court, Declarant shall have the right to have such legal action dismissed and to recover the cost of obtaining the dismissal.

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

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

Section 12.4. Statute of Limitations; Tolling.

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

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

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

ARTICLE 13
MISCELLANEOUS

Section 13.1. Notices. All notices hereunder to the Council of Unit Owners or the Board of Directors shall be sent by personal delivery with a signed receipt, or by first-class registered or certified mail, return receipt requested, postage prepaid, to the Board of Directors or managing agent (if any), to the mailing address specified in these Bylaws. All notices hereunder to any Unit Owner shall be sent by first class United States mail or personally delivered to the address

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as may have been designated by such Unit Owner from time to time, in writing, for inclusion on the Association Roster. All notices hereunder to mortgagees of Units shall be sent by first-class mail or personally delivered to their respective addresses as designated by them from time to time, in writing, to the Board of Directors. All notices hereunder to the Declarant shall be sent by personal delivery with a signed receipt, or by first-class registered or certified mail, return receipt requested, postage prepaid, to:

Declarant:
AG-FCP 1001 Chillum Road Owner, L.L.C.
c/o Federal Capital Realty Partners
1000 Potomac St., NW, Suite 120
Washington, DC 20007

with a copy to: Linowes and Blocher LLP
7200 Wisconsin Avenue
Suite 800
Bethesda, Maryland, 20814
Attention: Roger D. Winston, Esquire

Any notice hereunder may also be sent by facsimile (provided the original is, on the same day, sent to the addressee by one of the other methods of delivery set forth in this Section). All notices shall be in writing and shall be deemed to have been given (i) when delivered if by personal delivery, (ii) on the date evidenced by the return receipt if by registered or certified mail, or (iii) on the date of mailing, if mailed by first-class or other mail, postage prepaid; provided, however, that all notices of a change of address shall be deemed to have been given when received. The parties shall be responsible for notifying each other of any change of address. Notwithstanding the notice requirements herein, notices of meetings required by Section 2.8 and Section 3.11 and other notices to the Unit Owners and members of the Board of Directors may be given via electronic mail in accordance with the requirements of the Act

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

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

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

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

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

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

END OF BYLAWS

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Exhibit "C"

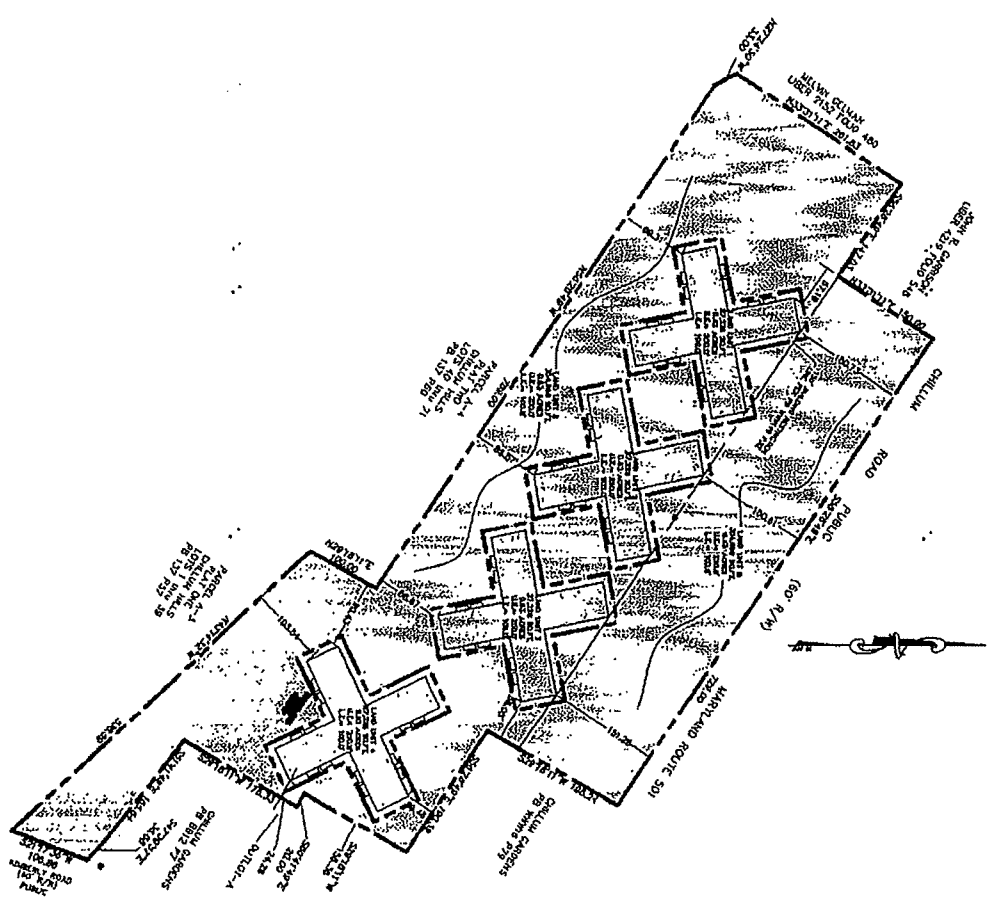
Condominium Plat

[Attached]

C-1

1. THE DIMENSIONS AND AREAS OF THE UNITS SHOWN ON THIS CONDOMINIUM PLAN ARE BASED ON THE LAST FAIRMONT 5601 CONDOMINIUM RECORDS FOR THE FIELD VERTICAL DATUMS OF THE UNITS AS SHOWN AND RECORDED ON THE FIELD RECORDS ACCORDING TO THE FOLLOWING:
 1. ALL THE PROPERTY AND IMPROVEMENTS LOCATED WITHIN THE FAIRMONT 5601 CONDOMINIUM (THE "CONDOMINIUM") SHALL BE SUBJECT TO THE CONDOMINIUM RECORDS, INCLUDING THE FIELD RECORDS, AS APPLICABLE.
 2. ALL THE PROPERTY AND IMPROVEMENTS LOCATED WITHIN THE FAIRMONT 5601 CONDOMINIUM SHALL BE SUBJECT TO THE CONDOMINIUM RECORDS, INCLUDING THE FIELD RECORDS, AS APPLICABLE.
 3. THE LOWER BOUNDARY OF ANY UNIT LOCATED UPON A CONDOMINIUM BUILDING IS A HORIZONTAL PLANE (THE "PLANE") THE ELEVATION OF WHICH COINCIDES WITH THE ELEVATION OF THE LOWER EXPOSED SURFACE OF SUCH LOWER BOUNDARY OF ANY UNIT LOCATED ABOVE THE HORIZONTAL PLANE (THE "PLANE") THE ELEVATION OF WHICH COINCIDES WITH THE ELEVATION OF THE HORIZONTAL PLANE SHOWN WITH METRIC DIMENSIONS BELOW EXTENDED TO THE INTERIOR OF THE UNIT ON THE TOP FLOOR OF THE BUILDING. THE UPPER BOUNDARY OF EACH UNIT IS A HORIZONTAL PLANE (THE "PLANE") THE ELEVATION OF WHICH COINCIDES WITH THE ELEVATION OF THE HORIZONTAL PLANE SHOWN WITH METRIC DIMENSIONS ABOVE EXTENDED TO THE INTERIOR OF THE UNIT ON THE TOP FLOOR OF THE BUILDING. EXCEPT FOR UNITS ON THE TOP FLOOR OF THE BUILDING, THE LOWER BOUNDARY OF EACH UNIT IS A HORIZONTAL PLANE (THE "PLANE") THE ELEVATION OF WHICH COINCIDES WITH THE ELEVATION OF THE HORIZONTAL PLANE SHOWN WITH METRIC DIMENSIONS ABOVE EXTENDED TO THE INTERIOR OF THE UNIT ON THE TOP FLOOR OF THE BUILDING. EXCEPT FOR UNITS ON THE TOP FLOOR OF THE BUILDING, THE LOWER BOUNDARY OF EACH UNIT IS A HORIZONTAL PLANE (THE "PLANE") THE ELEVATION OF WHICH COINCIDES WITH THE ELEVATION OF THE HORIZONTAL PLANE SHOWN WITH METRIC DIMENSIONS ABOVE EXTENDED TO THE INTERIOR OF THE UNIT ON THE TOP FLOOR OF THE BUILDING.
 4. THE LATERAL OR PERIPHERAL BOUNDARIES OF EACH UNIT IS A VERTICAL PLANE (OR PLANES) WHICH COINCIDES WITH THE PERIPHERAL BOUNDARY OF THE EXTERIOR THEREOF, EXTENDED TO INTERSECT THE UPPER AND LOWER HORIZONTAL BOUNDARIES THEREOF AND TO INTERSECT THE LATERAL OR PERIPHERAL BOUNDARY OF A UNIT OR, DEPENDENT ON WHETHER TO CONSTITUTE THE BOUNDARY OF A UNIT, UNLESS OTHERWISE SPECIFIED IN THE DECLARATION, UNITS COINCIDE WITH THE PERIPHERAL BOUNDARY OF THE UNIT. UNLESS OTHERWISE SPECIFIED IN THE DECLARATION, UNITS COINCIDE WITH THE PERIPHERAL BOUNDARY OF THE UNIT. UNLESS OTHERWISE SPECIFIED IN THE DECLARATION, UNITS COINCIDE WITH THE PERIPHERAL BOUNDARY OF THE UNIT. UNLESS OTHERWISE SPECIFIED IN THE DECLARATION, UNITS COINCIDE WITH THE PERIPHERAL BOUNDARY OF THE UNIT.
 5. UNIT BOUNDARIES ARE SHOWN AS FOLLOWS:
 - a. THE UNIT GROUP IS A (4) FOUR-STORY TOWER AND CONTAINS 24 UNITS. UNIT SHOWS WITH A.3 DIMENSIONS, SPACE IS DENIED IN THE DECLARATION.
 7. L.C. - Lower Elevation (coincides with the lower boundary).
 8. U.E. - upper elevation (coincides with the upper boundary).
 9. THE ELEVATIONS SHOWN HEREIN ARE BASED ON NAVD 83 VERTICAL DATUM.
 10. C.C.E. - GENERAL COMMON ELEMENTS WHICH SHALL BE SUBJECT TO THE FAIRMONT 5601 CONDOMINIUM RECORDS EXCEPT THE UNITS AND THE UNIT GROUPS.
 11. L.C.E. - "UNITED COMMON ELEMENTS" WHICH SHALL INCLUDE THE AREAS DESIGNATED HEREON AND/OR ON THE CONDOMINIUM RECORDS WHICH COINCIDE WITH THE LOWER BOUNDARY OF ANY UNIT AS SHOWN ON THE DECLARATION.
 12. U.C.E. - "UNITED COMMON ELEMENTS" WHICH SHALL INCLUDE THE AREAS DESIGNATED HEREON AND/OR ON THE CONDOMINIUM RECORDS WHICH COINCIDE WITH THE UPPER BOUNDARY OF ANY UNIT AS SHOWN ON THE DECLARATION.
 13. EXHIBITS ARE SHOWN AS FOLLOWS:
 - a. ONE TO SHOW VARIANCES IN THE ACTUAL ELEVATIONS, THE ACTUAL DIMENSIONS AND THE ACTUAL PERIPHERAL BOUNDARIES OF THE UNITS.
 - b. AREA NOT INCLUDED AS PART OF THIS PLAN AND NOT RELATED WITHIN THE CONDOMINIUM.
 - c. U.E. AND L.C. OF SHEET 1, 2006 ONLY TO UNIT 4 OF THE FAIRMONT 5601 CONDOMINIUM.

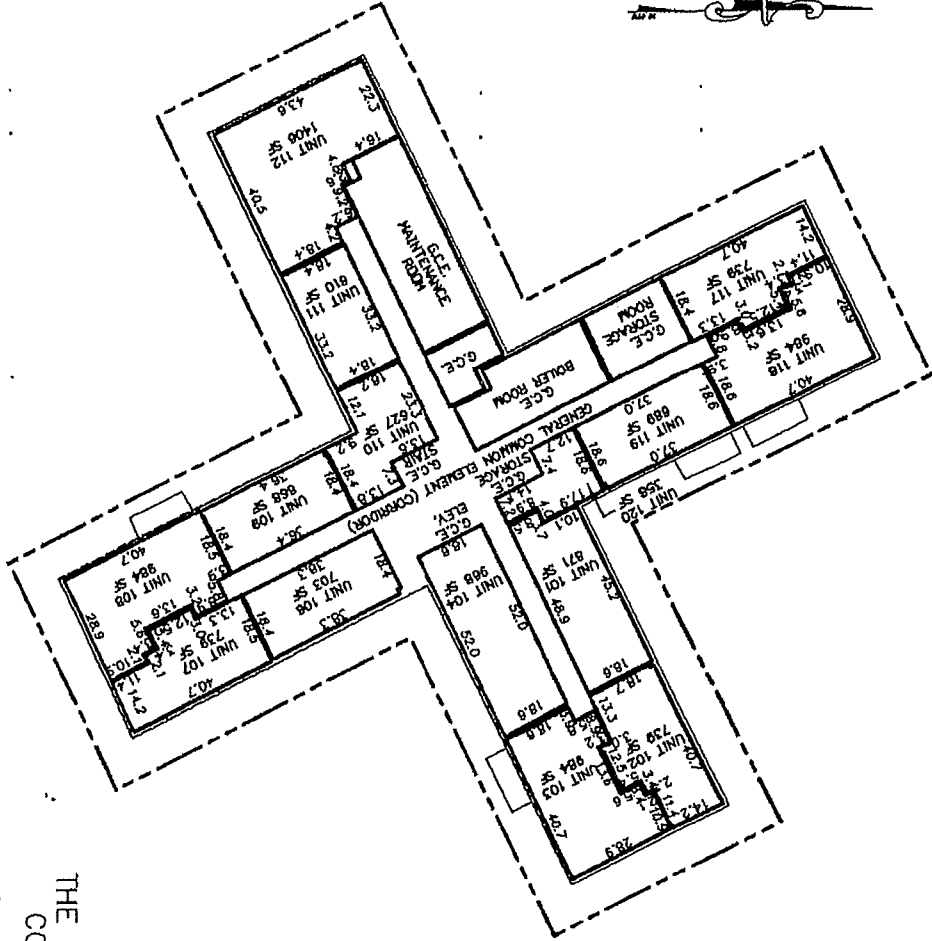
Recorded: _____
 Plat Book: _____
 Plat: _____



CONDOMINIUM PLAN
THE FAIRMONT 5601
CONDOMINIUM
 (17TH) ELECTION DISTRICT
 PRINCE GEORGE'S COUNTY, MARYLAND
 DATE: APRIL, 2006 SCALE: 1" = 100'
 SHEET 1 OF 3

Dewberry
 Engineers - Planners - Surveyors
 15000 PINECREST LANE, SUITE 204 LITTLE ROCK, AR 72206
 (501) 731-5551 FAX (501) 731-9186

1. THE DIMENSIONS AND AREAS OF THE UNITS SHOWN ON THIS CONDOMINIUM PLAN ARE BASED ON THE UNIT SURVEY AND THE FIELD MEASUREMENTS OF THE UNITS. THE FIELD MEASUREMENTS OF THE UNITS AS SHOWN ON THIS CONDOMINIUM PLAN ARE COMPUTED ACCORDING TO THE FOLLOWING:
 1. THE LOWER BOUNDARY OF ANY UNIT LOCATED UNDER A COMMONS BOUNDARY IS A HORIZONTAL PLANE (OR PLANE) THE ELEVATION OF WHICH COINCIDES WITH THE ELEVATION OF THE LOWER BOUNDARY SURFACE OF SUCH COMMONS BOUNDARY. THE LOWER BOUNDARY SURFACE OF SUCH COMMONS BOUNDARY IS THE LOWER BOUNDARY SURFACE OF THE COMMONS BOUNDARY. THE LOWER BOUNDARY SURFACE OF ANY UNIT LOCATED ABOVE THE COMMONS BOUNDARY IS A HORIZONTAL PLANE (OR PLANE) WHICH COINCIDES WITH THE CEILING OF THE COMMONS BOUNDARY SURFACE. THE LOWER BOUNDARY SURFACE OF ANY UNIT LOCATED ABOVE THE COMMONS BOUNDARY IS A HORIZONTAL PLANE (OR PLANE) WHICH COINCIDES WITH THE CEILING OF THE COMMONS BOUNDARY SURFACE. THE LOWER BOUNDARY SURFACE OF ANY UNIT LOCATED ABOVE THE COMMONS BOUNDARY IS A HORIZONTAL PLANE (OR PLANE) WHICH COINCIDES WITH THE CEILING OF THE COMMONS BOUNDARY SURFACE.
 2. THE UPPER BOUNDARY OF ANY UNIT LOCATED UNDER A COMMONS BOUNDARY IS A HORIZONTAL PLANE (OR PLANE) THE ELEVATION OF WHICH COINCIDES WITH THE ELEVATION OF THE UPPER BOUNDARY SURFACE OF SUCH COMMONS BOUNDARY. THE UPPER BOUNDARY SURFACE OF SUCH COMMONS BOUNDARY IS THE UPPER BOUNDARY SURFACE OF THE COMMONS BOUNDARY. THE UPPER BOUNDARY SURFACE OF ANY UNIT LOCATED ABOVE THE COMMONS BOUNDARY IS A HORIZONTAL PLANE (OR PLANE) WHICH COINCIDES WITH THE CEILING OF THE COMMONS BOUNDARY SURFACE.
 3. THE LATERAL BOUNDARY OF ANY UNIT LOCATED UNDER A COMMONS BOUNDARY IS A VERTICAL PLANE (OR PLANE) WHICH COINCIDES WITH THE LATERAL BOUNDARY SURFACE OF SUCH COMMONS BOUNDARY. THE LATERAL BOUNDARY SURFACE OF SUCH COMMONS BOUNDARY IS THE LATERAL BOUNDARY SURFACE OF THE COMMONS BOUNDARY. THE LATERAL BOUNDARY SURFACE OF ANY UNIT LOCATED ABOVE THE COMMONS BOUNDARY IS A VERTICAL PLANE (OR PLANE) WHICH COINCIDES WITH THE LATERAL BOUNDARY SURFACE OF SUCH COMMONS BOUNDARY.
 4. THE LATERAL BOUNDARY OF ANY UNIT LOCATED ABOVE A COMMONS BOUNDARY IS A VERTICAL PLANE (OR PLANE) WHICH COINCIDES WITH THE LATERAL BOUNDARY SURFACE OF SUCH COMMONS BOUNDARY. THE LATERAL BOUNDARY SURFACE OF SUCH COMMONS BOUNDARY IS THE LATERAL BOUNDARY SURFACE OF THE COMMONS BOUNDARY. THE LATERAL BOUNDARY SURFACE OF ANY UNIT LOCATED ABOVE THE COMMONS BOUNDARY IS A VERTICAL PLANE (OR PLANE) WHICH COINCIDES WITH THE LATERAL BOUNDARY SURFACE OF SUCH COMMONS BOUNDARY.
2. ALL THE FRONTIER AND REAR BOUNDARIES LOCATED WITHIN THE COMMONS BOUNDARY ARE BASED ON THE UNIT SURVEY AND THE FIELD MEASUREMENTS OF THE UNITS. THE FRONTIER AND REAR BOUNDARIES OF THE UNITS AS SHOWN ON THIS CONDOMINIUM PLAN ARE COMPUTED ACCORDING TO THE FOLLOWING:
 1. THE FRONTIER AND REAR BOUNDARIES OF ANY UNIT LOCATED UNDER A COMMONS BOUNDARY ARE BASED ON THE UNIT SURVEY AND THE FIELD MEASUREMENTS OF THE UNITS. THE FRONTIER AND REAR BOUNDARIES OF ANY UNIT LOCATED ABOVE THE COMMONS BOUNDARY ARE BASED ON THE UNIT SURVEY AND THE FIELD MEASUREMENTS OF THE UNITS.
 2. THE FRONTIER AND REAR BOUNDARIES OF ANY UNIT LOCATED UNDER A COMMONS BOUNDARY ARE BASED ON THE UNIT SURVEY AND THE FIELD MEASUREMENTS OF THE UNITS. THE FRONTIER AND REAR BOUNDARIES OF ANY UNIT LOCATED ABOVE THE COMMONS BOUNDARY ARE BASED ON THE UNIT SURVEY AND THE FIELD MEASUREMENTS OF THE UNITS.
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4. THE FRONTIER AND REAR BOUNDARIES OF ANY UNIT LOCATED UNDER A COMMONS BOUNDARY ARE BASED ON THE UNIT SURVEY AND THE FIELD MEASUREMENTS OF THE UNITS. THE FRONTIER AND REAR BOUNDARIES OF ANY UNIT LOCATED ABOVE THE COMMONS BOUNDARY ARE BASED ON THE UNIT SURVEY AND THE FIELD MEASUREMENTS OF THE UNITS.



FIRST FLOOR

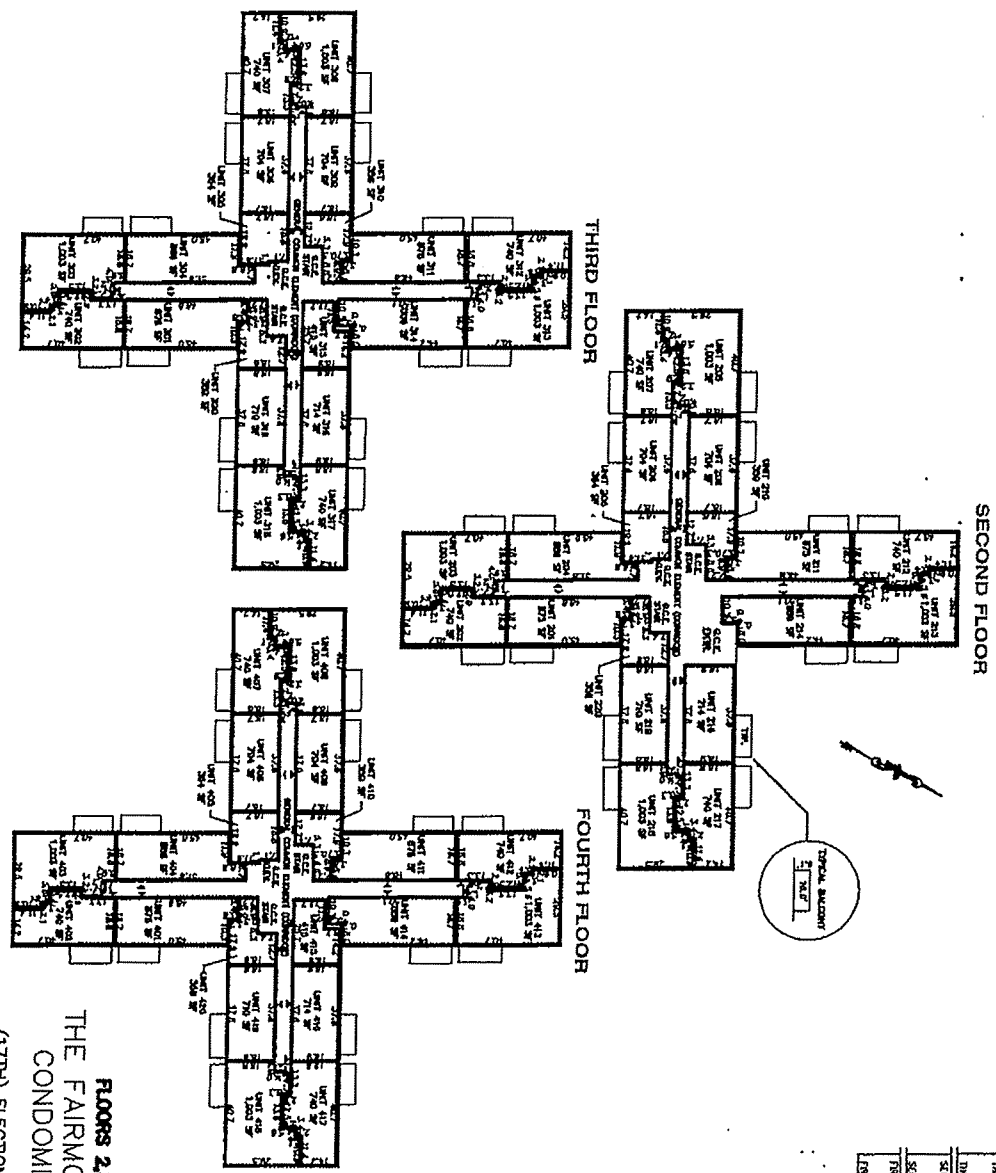
NOTE: DIMENSIONS SHOWN HEREON ARE FOR THE UNIT SURVEY AND THE FIELD MEASUREMENTS OF THE UNITS.

Recorded: _____
 Plat Book: _____
 Plat: _____

FLOOR 1
THE FAIRMONT 5601
CONDOMINIUM
 (17TH) ELECTION DISTRICT
 PRINCE GEORGE'S COUNTY, MARYLAND
 DATE: APRIL, 2006 SCALE: 1" = 20'
 SHEET 2 OF 3

Dewberry
 Engineers, Planners, Surveyors, Landscape Architects
 1000 BLOSSOM LANE, SUITE 204 JORDAN, VA 22076
 (703) 721-2201 FAX (703) 721-0125

1. THE BOUNDARIES AND AREAS OF THE UNITS, SHOWN ON THIS CONDOMINIUM PLAN, ARE BASED ON THE UNIT FLOOR PLANS AND CONDOMINIUM ACT. THE LOCATION FOR THE PRINCIPAL AND SECONDARY ENTRANCES TO EACH UNIT IS THE FIELD SURVEY BOUNDARIES OF THE UNITS AS INDICATED ON THE FIELD SURVEY. THE UNITS ARE DESCRIBED AS FOLLOWS:
2. ALL THE PROPERTY AND IMPROVEMENTS LOCATED WITHIN THE CONDOMINIUM ARE OWNED BY THE HOAS. THE PROPERTY IS SUBJECT TO THE CONDOMINIUM ACT AND ALL THE RULES AND REGULATIONS THEREUNDER.
3. THE UNIT BOUNDARY OF ANY UNIT LOCATED UPON A COMMONHOLD BUILDING IS A HORIZONTAL PLANE OF THE FLOOR, THE ELEVATION OF WHICH COINCIDES WITH THE ELEVATION OF THE LOWER EXPOSED SURFACE OF SUCH FLOOR. THE UNIT BOUNDARY OF ANY UNIT LOCATED ABOVE THE LOWER BOUNDARY OF ANY UNIT LOCATED ABOVE THE COMMONHOLD BUILDING IS A HORIZONTAL PLANE WHICH COINCIDES WITH THE CENTERLINE OF THE HORIZONTAL PLANE SHOWN WITH NEAREST UNITS BELOW EXTENDED TO THE BOUNDARIES OF THE UNIT. THE ELEVATION OF THE BOUNDARY OF ANY UNIT ON THE FLOOR OF THE BUILDING, THE UPPER BOUNDARY OF EACH UNIT IS A HORIZONTAL PLANE (OR PLANE) THE ELEVATION OF WHICH COINCIDES WITH THE CENTERLINE OF THE HORIZONTAL PLANE SHOWN WITH NEAREST UNITS ABOVE EXTENDED TO THE BOUNDARIES OF THE UNIT. THE ELEVATION OF THE BOUNDARY OF ANY UNIT ON THE FLOOR OF THE BUILDING, THE LOWER BOUNDARY OF EACH UNIT IS A HORIZONTAL PLANE (OR PLANE) THE ELEVATION OF WHICH COINCIDES WITH THE CENTERLINE OF THE HORIZONTAL PLANE SHOWN WITH NEAREST UNITS BELOW EXTENDED TO THE BOUNDARIES OF THE UNIT.
4. THE AREA OF A UNIT BOUNDARY OF A UNIT SHALL BE THE AREA OF THE UNIT AS SHOWN ON THIS CONDOMINIUM PLAN. THE UNIT BOUNDARY OF A UNIT IS A VERTICAL PLANE (OR PLANE) WHICH COINCIDES WITH THE CENTERLINE OF THE HORIZONTAL PLANE SHOWN WITH NEAREST UNITS ABOVE EXTENDED TO THE BOUNDARIES OF THE UNIT. THE UNIT BOUNDARY OF A UNIT IS A VERTICAL PLANE (OR PLANE) WHICH COINCIDES WITH THE CENTERLINE OF THE HORIZONTAL PLANE SHOWN WITH NEAREST UNITS BELOW EXTENDED TO THE BOUNDARIES OF THE UNIT.
5. THE UNIT BOUNDARY OF A UNIT IS A VERTICAL PLANE (OR PLANE) WHICH COINCIDES WITH THE CENTERLINE OF THE HORIZONTAL PLANE SHOWN WITH NEAREST UNITS ABOVE EXTENDED TO THE BOUNDARIES OF THE UNIT. THE UNIT BOUNDARY OF A UNIT IS A VERTICAL PLANE (OR PLANE) WHICH COINCIDES WITH THE CENTERLINE OF THE HORIZONTAL PLANE SHOWN WITH NEAREST UNITS BELOW EXTENDED TO THE BOUNDARIES OF THE UNIT.



1. TO UNITS, VARIANCES IN THE AREA, ELEVATION, THE AREA OF EXPOSED SURFACE AND/OR IN THE AREA OF EXPOSED SURFACE OF THE UNITS, WHICH ARE NOT SHOWN ON THIS CONDOMINIUM PLAN, SHALL BE AS SHOWN ON THE FIELD SURVEY BOUNDARIES OF THE UNITS AS INDICATED ON THE FIELD SURVEY.
2. TO UNITS, VARIANCES IN THE AREA, ELEVATION, THE AREA OF EXPOSED SURFACE AND/OR IN THE AREA OF EXPOSED SURFACE OF THE UNITS, WHICH ARE NOT SHOWN ON THIS CONDOMINIUM PLAN, SHALL BE AS SHOWN ON THE FIELD SURVEY BOUNDARIES OF THE UNITS AS INDICATED ON THE FIELD SURVEY.
3. TO UNITS, VARIANCES IN THE AREA, ELEVATION, THE AREA OF EXPOSED SURFACE AND/OR IN THE AREA OF EXPOSED SURFACE OF THE UNITS, WHICH ARE NOT SHOWN ON THIS CONDOMINIUM PLAN, SHALL BE AS SHOWN ON THE FIELD SURVEY BOUNDARIES OF THE UNITS AS INDICATED ON THE FIELD SURVEY.
4. TO UNITS, VARIANCES IN THE AREA, ELEVATION, THE AREA OF EXPOSED SURFACE AND/OR IN THE AREA OF EXPOSED SURFACE OF THE UNITS, WHICH ARE NOT SHOWN ON THIS CONDOMINIUM PLAN, SHALL BE AS SHOWN ON THE FIELD SURVEY BOUNDARIES OF THE UNITS AS INDICATED ON THE FIELD SURVEY.
5. TO UNITS, VARIANCES IN THE AREA, ELEVATION, THE AREA OF EXPOSED SURFACE AND/OR IN THE AREA OF EXPOSED SURFACE OF THE UNITS, WHICH ARE NOT SHOWN ON THIS CONDOMINIUM PLAN, SHALL BE AS SHOWN ON THE FIELD SURVEY BOUNDARIES OF THE UNITS AS INDICATED ON THE FIELD SURVEY.

RECORDED:
 PLAT BOOK: _____
 PLAT: _____

17TH ELECTION DISTRICT
 PRINCE GEORGE'S COUNTY, MARYLAND
 DATE: APRIL, 2006 SCALE: 1" = 20'
 SHEET 3 OF 3

FLOORS 2,3,4
 THE FARMONT 5601
 CONDOMINIUM

Dewberry
 Engineers, Planners, Architects, Landscape Architects
 1000 OXBOW LANE, SUITE 200, LITTLE ROCK, AR 72114
 (501) 751-5511 FAX (501) 751-9158

PLAT BOOK NO. 148 B

FLOOR LEVEL	AREA (SQ. FT.)	PERCENTAGE OF TOTAL AREA
FOURTH FLOOR LEVEL	11,157	3.44%
THIRD FLOOR LEVEL	11,157	3.44%
SECOND FLOOR LEVEL	11,157	3.44%
FIRST FLOOR LEVEL	11,157	3.44%
TOTAL	44,638	100.00%

24961 744

EXHIBIT "D"

Schedule of Percentage Interests and Votes

FAIRMONT 5601 CONDOMINIUM

74 UNITS

<u>Unit</u>	<u>Unit Type</u>	<u>Percentage Interest</u>	<u>Vote</u>
101	2B10	1.5429%	1
102	1D10	1.3644%	1
103	2D10	1.8250%	1
104	2B10	1.5429%	1
106	1B10	1.2493%	1
107	1D10	1.3644%	1
108	2D10	1.8250%	1
109	1B10	1.2493%	1
110	1A10	1.1572%	1
111	1B10	1.2493%	1
113	3A20	2.2798%	1
117	1C10	1.2723%	1
118	2D10	1.8250%	1
119	1B10	1.2493%	1
120	EA10	0.5584%	1
201	2B10	1.5429%	1
202	1D10	1.3644%	1
203	2D10	1.8250%	1
204	2B10	1.5429%	1
205	EB10	0.7369%	1
206	1B10	1.2493%	1
207	1D10	1.3644%	1
208	2D10	1.8250%	1
209	1B10	1.2493%	1
210	EA10	0.5584%	1
211	2B10	1.5429%	1
212	1D10	1.3644%	1
213	2C10	1.7329%	1
214	2A10	1.4508%	1
216	1A10	1.1572%	1
217	1C10	1.2723%	1
218	2D10	1.8250%	1
219	1B10	1.2493%	1
220	EA10	0.5584%	1
301	2B10	1.5429%	1
302	1D10	1.3644%	1

D-1

24961 745

<u>Unit</u>	<u>Unit Type</u>	<u>Percentage Interest</u>	<u>Vote</u>
303	2D10	1.8250%	1
304	2B10	1.5429%	1
305	EB10	0.7369%	1
306	1B10	1.2493%	1
307	1D10	1.3644%	1
308	2D10	1.8250%	1
309	1B10	1.2493%	1
310	EA10	0.5584%	1
311	2B10	1.5429%	1
312	1D10	1.3644%	1
313	2D10	1.8250%	1
314	2B10	1.5429%	1
315	EB10	0.7369%	1
316	1B10	1.2493%	1
317	1D10	1.3644%	1
318	2D10	1.8250%	1
319	1B10	1.2493%	1
320	EA10	0.5584%	1
401	2B10	1.5429%	1
402	1D10	1.3644%	1
403	2D10	1.8250%	1
404	2B10	1.5429%	1
405	EB10	0.7369%	1
406	1B10	1.2493%	1
407	1D10	1.3644%	1
408	2D10	1.8250%	1
409	1B10	1.2493%	1
410	EA10	0.5584%	1
411	2B10	1.5429%	1
412	1D10	1.3644%	1
413	2D10	1.8250%	1
414	2B10	1.5429%	1
415	EB10	0.7369%	1
416	1B10	1.2493%	1
417	1D10	1.3644%	1
418	2D10	1.8250%	1
419	1B10	1.2493%	1
420	EA10	0.5584%	1
Total		100.0000%	74

Community Association Summary and Other Disclosures

1. **NAME OF THE COMMUNITY ASSOCIATION:** The Fairmont Community Association, Inc. (the "Community Association").
2. **GENERAL BACKGROUND/MEMBERSHIP IN THE COMMUNITY ASSOCIATION:** Every purchaser of a residence in The 1001 Fairmont Condominium, The 1005 Fairmont Condominium, 1009 Fairmont Condominium and The 5601 Fairmont Condominium automatically becomes a member of the Community Association. All members of the Community Association are subject to the covenants, conditions, easements and restrictions, rights and obligations contained within the Declaration of Covenants, Conditions, Easements and Restrictions for the Community Association (the "Declaration", as the same may be amended and modified from time to time). A copy of the Declaration as recorded or to be recorded among the Land Records of Prince George's County, Maryland ("Land Records") is attached hereto as Exhibit "A." The property that is or may hereafter be annexed within the jurisdiction of the Community Association shall be referred to in this Disclosure Statement as the "Development".
3. **STATE OF INCORPORATION:** The Community Association is or will be incorporated in the State of Maryland.
4. **NAME AND ADDRESS OF THE RESIDENT AGENT FOR THE COMMUNITY ASSOCIATION:** The resident agent of the Community Association is The Corporation Trust Incorporated, 300 Lombard Street, Baltimore MD 21202.
5. **NAME AND PRINCIPAL ADDRESS AND TELEPHONE NUMBER OF THE DECLARANT FOR THE COMMUNITY ASSOCIATION:** AG-FCP 1001 Chillum Road Owner, LLC, a Delaware limited liability company, c/o Federal Capital Partners, 1000 Potomac Street, NW, Suite 120, Washington, DC 20007. Telephone: (202) 333-6030.
6. **NAME AND ADDRESS OF THE PRINCIPAL OFFICERS OF THE DECLARANT ARE AG-FCP 1001 Chillum Road Holdings, LLC and AG Asset Manager, Inc.** The address for the foregoing principal officers is the same as the Declarant.
7. **NAME, PRINCIPAL ADDRESS AND TELEPHONE NUMBER OF THE VENDOR:** Same as the Declarant.
8. **NAME AND ADDRESS OF THE PRINCIPAL OFFICERS/PARTNERS/MEMBER(S) OF THE VENDOR:** Same as the Declarant.
9. **LOCATION OF THE DEVELOPMENT:** The Development is located in Prince George's County, Maryland.
10. **ANTICIPATED SIZE OF THE DEVELOPMENT, INCLUDING THE ANTICIPATED NUMBER OF RESIDENTIAL UNITS PLANNED FOR THE**

DEVELOPMENT: It is presently contemplated that the Development will consist of approximately 10.6434 acres of residential areas; however, pursuant to Section 2.2 of the Declaration, the Declarant has the right to annex within the Community Association more or less than the foregoing acreage, including additional property contiguous to or in the vicinity of the Development. Under current development plans, it is anticipated that the Development will contain four (4) condominium regimes, each located in a separate building: The 1001 Fairmont Condominium, The 1005 Fairmont Condominium, The 1009 Fairmont Condominium and The 5601 Fairmont Condominium. Each condominium regime will contain approximately 74 units. The Declarant reserves the right to increase or decrease the number of residential units, including changing the type and number of housing products to be included within the Development, to modify the location of any street within the Development, and to make any other changes to the plans for the Development that the Declarant deems appropriate.

11. DESCRIPTION OF ANY PROPERTY OWNED BY THE DECLARANT CONTIGUOUS TO THE DEVELOPMENT THAT IS TO BE DEDICATED TO PUBLIC USE: None.

12. GENERAL DESCRIPTION OF ANY OTHER DEVELOPMENT OR ASSOCIATION THAT THE COMMUNITY ASSOCIATION IS WITHIN OR A PART OF: All owners of units within the condominium regimes in the Development shall be part of their individual condominium Council of Unit Owners. All owners of units within the condominium regimes in the Development shall also be a part of The Fairmont Land Condominium (the "Land Condominium"). Each unit owner within the Development shall be subject to the covenants, conditions and restrictions contained in the declaration for such condominium recorded against his or her unit, as well as those of the Association and the Land Condominium. In addition to Community Association assessments, every owner of a condominium unit shall be obligated to pay condominium assessments. Purchasers of condominium units are entitled to receive a public offering statement for their condominium as registered with the Maryland Secretary of State (a "Public Offering Statement"). The Public Offering Statement contains the disclosures regarding the Condominium that the builder is required to provide in accordance with the Maryland Condominium Act. Purchasers of condominium units should contact the Declarant regarding any information concerning the Public Offering Statement.

13. DESCRIPTION OF ANY ADJACENT PROPERTY TO THE DEVELOPMENT AND ADDITIONAL PROPERTY THAT MAY BE ANNEXED WITHIN THE COMMUNITY ASSOCIATION, INCLUDING TIME LIMITS FOR ANNEXATION: The Declarant has reserved the right to annex within the Development any real property contiguous to or in the vicinity of the Fairmont community. The Declarant's right to annex property within the Community Association, including any time limits on such annexation, is set forth in Article 2 of the Declaration.

14. ARTICLES OF INCORPORATION, DECLARATION AND OTHER RECORDED COVENANTS, THE BYLAWS, AND OTHER RULES OF THE COMMUNITY ASSOCIATION AND OF RELATED DEVELOPMENTS TO THE EXTENT REASONABLY AVAILABLE (INCLUDE A STATEMENT REGARDING

ENFORCEABILITY AGAINST RESIDENTIAL UNIT OWNERS AND TENANTS): A copy of the Declaration as recorded or to be recorded among the Land Records is attached hereto as **Exhibit "A."** A copy of the Community Association's Articles of Incorporation, as filed or to be filed with the Maryland State Department of Assessments and Taxation is attached hereto as **Exhibit "B."** A copy of the Bylaws is attached to this Disclosure Statement as **Exhibit "C."** The provisions of all of the foregoing governing documents (the "**Governing Documents**") are enforceable against any Owner and such Owner's tenants. As used in this Disclosure Statement, the term "**Owner**" or "**Owners**" shall mean the owner of a residential condominium unit within the Development, including the owners of residential units in a condominium within the Development. In addition to the condominium covenants, restrictions and easements referenced in Section 12 above, any of the residential condominium units may be subject to other covenants, restrictions, easements and other matters of record, which may be enforced against any Owner and such Owner's tenant. Among such other recorded covenants, restrictions, easements and other matters of record are certain conservation, public utility, public improvement and/or other easements and rights of way as are shown on the plats of subdivision for the Development recorded among the Land Records of Prince George's County, Maryland and/or as may otherwise be recorded among such Land Records. Purchasers are encouraged to review the foregoing covenants, restrictions, easements and other matters of record as they may include provisions restricting the use of residential units and other improvements. Other recorded covenants, restrictions, easements and other matters of record should be available for review in the Land Records of Prince George's County, Maryland.

15. BRIEF DESCRIPTION OF ZONING AND OTHER LAND USE REQUIREMENTS AFFECTING THE DEVELOPMENT (INCLUDING A STATEMENT OF WHERE ZONING INFORMATION IS AVAILABLE FOR INSPECTION): The Development is presently zoned for residential, commercial and other uses. Purchasers are encouraged to review the Zoning Ordinance, land use plans, and other materials regarding land use proposals and requirements affecting the Development at the offices of the of the Maryland-National Capital Park and Planning Commission. The Declarant reserves the right to seek zoning changes, amendments and modifications to the development plan for the community.

16. DESCRIPTION OF ANY PROPERTY WHICH IS CURRENTLY PLANNED TO BE OWNED, LEASED OR MAINTAINED BY THE COMMUNITY ASSOCIATION: The Community Association shall be responsible for the management, operation and control of the Common Area. "**Common Area**" means all real property owned, leased or maintained by the Community Association for the common use and enjoyment of the Owners, including, without limitation, all recreational facilities and other features that are to be constructed on the Common Area. The Common Area planned for the Development is anticipated to include recreational facilities such as a swimming pool and related amenities and surface parking areas (collectively, the "**Community Facilities**"), provided that the Declarant reserves the right to change its development plans and makes no warranty or representation regarding the Community Facilities. The members of the Community Association will have the right to use the Community Facilities. It is anticipated that the Community Facilities will not be a part of the common elements of the Condominium. Declarant reserves the right to change the plans as to some or all of the Community Facilities at any time and without prior notice, in Declarant's sole discretion, including, without limitation, the design, appearance, location, size, operation, features, amenities, specifications, materials, and uses of the Community Facilities. Except as expressly

provided in this Section, Declarant makes no representation, warranty or promise to Purchaser regarding the establishment, availability, nature, features, or operation of any amenities, facilities, or services in the Community Association.

17. COMMUNITY ASSOCIATION BUDGETS FOR THE CURRENT FISCAL YEAR AND UPON COMPLETION OF THE DEVELOPMENT (INCLUDING A DESCRIPTION OF REPLACEMENT RESERVES FOR COMMON AREA IMPROVEMENTS): A copy of the estimated proposed annual operating budget for the current fiscal year of the Community Association and the current projected budget for the Community Association, upon completion of the Development, are attached hereto as Exhibit "D." Proposed reserves are included in the attached budgets. The budgets are, of course, estimates and the Declarant cannot warrant or in any manner represent that sufficient funds have been budgeted to cover all common expenses that may be incurred. Because actual expenditures may differ from estimated expenditures, due to future expenses of the Community Association being other than anticipated and other variable factors, such estimates are not intended or considered as guarantees of any kind whatsoever.

18. CURRENT ESTIMATED COMMUNITY ASSOCIATION ASSESSMENT PAYABLE BY EACH OWNER OF A LIVING UNIT: The current monthly Community Association assessment is as shown on the budget attached as Exhibit "D." Purchasers are advised that Community Association assessments are subject to increase.

19. DECLARANT'S OBLIGATION TO PAY COMMUNITY ASSOCIATION ASSESSMENTS: The Declarant is exempt from paying all assessments and other charges levied by the Community Association with respect to property within the Development owned by the Declarant.

20. COMMENCEMENT DATE OF COMMUNITY ASSOCIATION ASSESSMENTS AGAINST RESIDENTIAL CONDOMINIUM UNITS: Subject to the exemption of Declarant, Community Association assessments shall commence as to all residential units simultaneously with the conveyance of the first residential unit to a Class A Member in accordance with Section 5.8 of the Declaration.

21. PROCEDURE FOR INCREASING OR DECREASING COMMUNITY ASSOCIATION ASSESSMENTS: The Board of Directors for the Community Association shall establish the budget for Community Association assessments in accordance with Section 5.3 of the Declaration.

22. HOW FEES OR ASSESSMENTS AND DELINQUENT CHARGES WILL BE COLLECTED: Delinquent fees and assessments will be collected in accordance with Article 5 of the Declaration.

23. PERSONAL OBLIGATION FOR ASSESSMENTS: All unpaid Community Association fees, assessments and charges, together with interest, costs, late fees, and attorneys' fees, shall be the personal obligation of the Owner of a residential unit as well as a lien on the residential unit.

24. **INTEREST ON UNPAID FEES AND ASSESSMENTS:** Interest may be charged on any unpaid fee or assessment at the maximum rate of interest permitted by law.

25. **ENFORCEMENT UNDER THE MARYLAND CONTRACT LIEN ACT:** The lien for unpaid assessments may be enforced and foreclosed in accordance with the Maryland Contract Lien Act, Section 14-201, *et seq.*, Real Property Article, Annotated Code of Maryland (2003), as amended.

26. **LATE CHARGES AND ATTORNEYS' FEES FOR UNPAID/DELINQUENT ASSESSMENTS:** Residential unit owners may be assessed interest, costs, late fees, reasonable attorneys' fees and other legal and collection costs for unpaid assessments as set forth in Sections 5.1 and 5.9 of the Declaration.

27. **INITIAL WORKING CAPITAL CONTRIBUTION:** In addition to the obligation of a purchaser of a residential unit to pay a pro rata share of any fees, assessments or charges of the Community Association at settlement, the Declarant may collect a working capital contribution in an amount equal to two (2) months' of Community Association assessments from the initial homeowner of each residential unit upon the earlier of settlement or occupancy of a completed residential unit. Such working capital contribution would be used to assist with the funding of the initial operation of the Community Association. Such working capital contribution shall be in addition to all other Community Association assessments and shall not be considered an advance payment of such assessments.

28. **SPECIAL RIGHTS OR EXEMPTIONS RESERVED TO THE DECLARANT:** Certain special rights or exemptions reserved by or for the benefit of the Declarant are contained within the Declaration, including, but not limited to the following provisions:

- Article 2: The right to annex property within the jurisdiction of the Community Association and the right to remove (deannex) property from the jurisdiction of the Community Association.
- Section 4.2: The right to vote with respect to each Class B membership held by the Declarant (one (1) vote for each such Class B membership).
- Section 5.7: The Declarant is exempt from the payment of Community Association assessments.
- Section 6.3: The Declarant is exempt from the use restrictions set forth in Article 6 of the Declaration.
- Section 7.1(a): There is reserved unto the Declarant (and to such other parties as the Declarant may specifically, and in writing, assign such rights) for the benefit of the Development, blanket easements upon, across and under the Development for ingress and egress; the right to erect promotional and sales displays and other similar items within the Development provided they do not unreasonably and materially interfere with the use, operation and enjoyment of residential units; for the installation, replacement, repair and maintenance of all utilities; and for such other purposes reasonably related to the development activities of the Declarant.

- Section 7.1(c): An easement is reserved to the Declarant to enter and utilize any portion of the Common Area during the period of construction and sales within the community, and to maintain such facilities and perform such operations as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction and sale of residences, including, without limitation, business offices, sales and/or rental offices, storage areas, construction yards, signs, displays and model units.
- Section 7.1(d): The Declarant reserves the right to enter any portion of the Development for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the community or the improvements thereon. There is further reserved unto the Declarant and its agents a non-exclusive easement over, across and through all of the Common Area for the purpose of access, the storage of building supplies, materials and equipment and, without any limitation, for any and all purposes reasonably related to the completion of the Development, construction or repair of the Development.
- Section 7.1(f): For a period of ten (10) years from the date of conveyance of the first residential unit, the right to correct drainage of surface water in the Development. Such right includes the ability to cut any trees, bushes or shrubbery, make gradings of the soil, or take any other action reasonably necessary.
- Section 11.13: the right to execute on behalf of all contract purchasers, Owners, Eligible Mortgage Holders, mortgagees, and other lienholders or parties claiming a legal or equitable interest in any residential unit or Common Area, any such agreements, documents, amendments or supplements to the Declaration, the Articles of Incorporation and/or Bylaws which may be required by FNMA, FHA, VA, FHLMC, GNMA, or by Prince George's County, Maryland, any governmental or quasi-governmental agency or authority having regulatory jurisdiction over the Community Association, any public or private utility company designated by the Declarant, any institutional lender or title insurance company designated by the Declarant, or as may be required to comply with the federal Fair Housing Act, to comply with the Maryland Community Association Act, or to comply with other applicable laws or regulations.

For a more complete statement of Community Association rights and exemptions reserved by or for the benefit of the Declarant and for other information regarding the Community Association, purchasers of residential units are encouraged to review the Governing Documents, estimated budgets and other disclosures regarding the Community Association attached hereto as Exhibits A through D. In the event of any conflict between the Community Association Summary and Other Disclosures in Sections 1 through 28 above and the attached exhibits, the provisions of the exhibits shall control. If any provisions of this Disclosure Statement or Governing Documents are not understood, purchasers should seek competent legal advice.

**DECLARATION OF COVENANTS,
CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR
THE FAIRMONT COMMUNITY ASSOCIATION, INC.**

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Exhibits

"A" Description of Property

THE FAIRMONT COMMUNITY ASSOCIATION, INC.

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, is made on the date hereinafter set forth by AG-FCP 1001 Chillum Road Owner, L.L.C., a Delaware limited liability company (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the developer of certain real property in the County of Prince George's, State of Maryland, which is more particularly described on the legal description attached hereto and made part hereof as Exhibit "A" (hereinafter referred to as the "Property").

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, conveyed, hypothecated, encumbered, sold, leased, rented, used, occupied and improved subject to the covenants, conditions, restrictions and easements set forth in this Declaration, which are for the purpose of protecting the value and desirability of, and which shall run with such Property and be binding on all parties having any right, title or interest in all or any portion of the Property, and any other real property annexed within the jurisdiction of the Association in accordance with Article 2 hereof, their heirs, personal representatives, successors, transferees and assigns, and which shall inure to the benefit of each Owner thereof.

ARTICLE 1
DEFINITIONS

Section 1.1. "Association" shall mean and refer to The Fairmont Community Association, Inc., a nonstock Maryland corporation, its successors and assigns.

Section 1.2. "Articles" shall mean and refer to the Articles of Incorporation of The Fairmont Community Association, Inc., including as the same may be amended from time to time.

Section 1.3. "Building Condominium" shall mean and refer to The Fairmont 1001 Condominium, The Fairmont 1005 Condominium, The Fairmont 1009 Condominium, and The Fairmont 5601 Condominium.

Section 1.4. "Building Condominium Association" shall mean and refer to the council of unit owners of any Building Condominium.

Section 1.5. "Bylaws" shall mean and refer to the Bylaws of The Fairmont Community Association, Inc., as the same may be amended from time to time.

Section 1.6. "Building Condominium Board" shall mean and refer to the board of directors of any Building Condominium Association or its duly authorized representative.

Section 1.7. "Common Area" shall mean all real property owned, leased or maintained by the Association (including the Community Facilities and all other Common Area

improvements) for the common use and enjoyment of the Members. Notwithstanding anything in the foregoing to the contrary, if the Association maintains all or any portion of any Living Unit(s), such property shall not be considered Common Area.

Section 1.8. "Common Expenses" shall mean and refer to the actual and estimated expenses of operating the Association, including, without limitation, a reasonable reserve and expenses for the maintenance of the Common Area in accordance with Article 9 hereof, all as may be found to be necessary or appropriate by the Board of Directors of the Association pursuant to this Declaration, the Bylaws and the Articles of Incorporation of the Association.

Section 1.9. "Community Facilities" shall mean and refer to any and all improvements and facilities located upon the Common Area including, without limitation, recreational facilities, which are owned, operated and/or maintained by the Association for the common use and enjoyment of the Owners.

Section 1.10. "Community-Wide Standard" shall mean the standard of conduct, maintenance or other activity generally prevailing in the Project. Such standard may be more specifically determined and set forth by the Board of Directors.

Section 1.11. "Declarant" shall mean and refer to AG-FCP 1001 Chillum Road Owner, L.L.C., a Delaware limited liability company and its successors and assigns but only to the extent that all or any portion of the rights, reservations, easements, interests, exemptions, privileges and/or powers of the Declarant are specifically assigned or transferred to any such successors or assigns by an instrument in writing.

Section 1.12. "Development Plan" shall mean and refer collectively to the approved site plan and plats for the Property, including all amendments, modifications and extensions thereof as may be made from time to time, reviewed and approved by Prince George's County.

Section 1.13. "Eligible Mortgage Holder" shall mean a holder, insurer or guarantor of a First Mortgage on a Living Unit who has submitted a written request for notice from the Association of amendments to the Association documents or other significant matters which would affect the interests of the mortgagee.

Section 1.14. "Land Records" shall mean and refer to the Land Records of Prince George's County, Maryland.

Section 1.15. "Living Unit" shall mean and refer to any residential dwelling unit within a Building Condominium. The term Living Unit shall not include Common Area or outlots of property dedicated for public use.

Section 1.16. "Member" shall mean and refer to every person, group of persons, corporation, partnership, trust, or other legal entity, or any combination thereof, who holds any class of membership in the Association.

Section 1.17. "Mortgagee" shall mean the holder of any recorded mortgage, or the party secured or beneficiary of any recorded deed of trust, encumbering one or more of the Living

Units. "Mortgage", as used herein, shall include deeds of trust. "First Mortgage", as used herein, shall mean a mortgage with priority over all other mortgages. As used in this Declaration, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees. As used in this Declaration, the term "institutional mortgagee" or "institutional holder" shall include banks, trust companies, insurance companies, mortgage insurance companies, savings and loan associations, trusts, mutual savings banks, credit unions, pension funds, mortgage companies, Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), Federal Home Loan Mortgage Corporation ("FHLMC"), all corporations and any agency or department of the United States Government or of any state or municipal government, or any other organization or entity which has a security interest in any Living Unit. In the event any mortgage is insured by the Federal Housing Administration ("FHA") or guaranteed by the Department of Veterans Affairs ("VA"), then as to such mortgage the expressions "mortgagee" and "institutional mortgagee" include the FHA or the VA as the circumstances may require, acting, respectively, through the Federal Housing Commission and the Secretary of Veterans Affairs or through other duly authorized agents.

Section 1.18. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Living Unit, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.19. "Project" as used in this Declaration shall refer to the Property in addition to all or any portion of real property annexed or to be annexed within the jurisdiction of the Association.

Section 1.20. "Property" shall mean and refer to that certain real property described on Exhibit "A" hereto, and such additions thereto as may hereafter be brought within the jurisdiction of the Association pursuant to Article 2 of this Declaration.

Section 1.21. "Special Actions" shall be as defined in Section 5.13 of this Declaration.

ARTICLE 2

DECLARANT'S RIGHT TO SUBJECT PROPERTY TO DECLARATION

Section 2.1. Property Subject to this Declaration. The Property described on Exhibit "A" to this Declaration shall be held, conveyed, hypothecated, encumbered, sold, leased, rented, used, occupied and improved subject to all of the covenants, conditions and restrictions of this Declaration.

Section 2.2. Annexations.

(a) In addition to the Property, all or any portion of the real property contiguous to or in the vicinity of the Property, may be annexed within the jurisdiction of the Association by the Declarant without the consent of the Members of the Association, if any, for a period of ten (10) years from the date of recordation of this Declaration by the Declarant. The scheme of this Declaration shall not, however, be extended to include any such real property

unless and until the same is annexed within the jurisdiction of the Association by the recordation of a Supplementary Declaration as provided in this Section.

(b) Any annexations made pursuant to this Article 2, or otherwise, shall be made by recording a Supplementary Declaration among the Land Records, which Supplementary Declaration shall extend the scheme of the within Declaration to such annexed property. Any Supplementary Declaration made pursuant to the provisions of this Article, or otherwise, may contain such complementary or supplemental additions and modifications to the covenants, conditions and restrictions set forth in the within Declaration as may be considered necessary by the maker of such Supplementary Declaration to reflect the different character or use, if any, of the annexed property. Every Owner of a Living Unit in property to be annexed as provided herein shall have an easement of enjoyment in and to the Common Area, and such other rights of use as are provided in Article 3 herein.

Section 2.3. Deannexation. The Declarant may deannex any property annexed within the jurisdiction of the Association for a period of ten (10) years from the date of recordation of this Declaration; provided, however, that (i) the Declarant is the Owner of such property at the time of deannexation, or (ii) if the Declarant is not the Owner of such property, the Declarant deannexes such property with the written consent of the Owner thereof. Such deannexed property shall no longer be subject to the covenants, conditions and restrictions of this Declaration except for (i) any easements, rights, reservations, exemptions, powers or privileges reserved to the Declarant pursuant to this Declaration which affect the deannexed property and (ii) any other easements, rights, reservations, exemptions, powers or privileges which are expressly reserved to the Declarant in the instrument effectuating such deannexation. Such deannexation shall be made by recording a Supplementary Declaration among the Land Records, withdrawing the effect of the covenants, conditions and restrictions of this Declaration from the deannexed property. Such deannexed property may be utilized by the Declarant, or any successor, assign or transferee thereof, for any lawful purpose or use.

ARTICLE 3 PROPERTY RIGHTS

Section 3.1. Owners' Easements of Enjoyment. Every Member shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Living Unit, subject to the following provisions:

(a) the right of the Association to charge reasonable and uniform admission and other fees for the use of the Common Area and Community Facilities;

(b) the right of the Association to suspend an Owner's voting rights and right to use the Common Area and Community Facilities (i) for any period during which any assessment against such Owner's Living Unit remains unpaid, and (ii) after notice and an opportunity for a hearing, for a period not to exceed sixty (60) days for any infraction of its published rules and regulations; provided, however, that the obligation of such Owner to pay assessments shall continue unabated during such period of suspension of voting rights or right to utilize the Common Area and Community Facilities;

(c) the right of the Association to dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. Except as otherwise provided in the Articles of Incorporation, no such dedication, sale or transfer shall be effective without the consent of two-thirds (2/3) of each class of Members and fifty-one percent (51%) of the Eligible Mortgage Holders and unless the Maryland-National Capital Park and Planning Commission, or its successors or assigns, has given its prior written approval thereof, which approval shall not be unreasonably withheld or delayed and the consent of the Declarant for so long as the Declarant shall own any Living Unit;

(d) the right of the Association to limit the number of guests of Owners utilizing the Common Area and Community Facilities;

(e) the right of the Association to establish uniform rules and regulations pertaining to the use of the Common Area and Community Facilities;

(f) the right of the Association, the Declarant, utility companies and other Owners with respect to the easements established by this Declaration;

(g) the right of the Association, in accordance with its Articles of Incorporation and Bylaws, to borrow money for the purpose of improving the Common Area and Community Facilities in a manner designed to promote the enjoyment and welfare of the Members and in aid thereof to mortgage any of the Common Area and Community Facilities. Except as otherwise provided in the Articles of Incorporation, no such actions shall be effective without the consent of two-thirds (2/3) of each class of Members and the consent of the Declarant for so long as the Declarant shall own any living Unit;

(h) the right of the Association to take such steps as are reasonably necessary to protect the property of the Association against mortgage default and foreclosures; provided, however, that the same are in conformity with the other provisions of this Declaration;

(i) the right of the Declarant, as more fully set forth in Section 8.1 of this Declaration, to grant easements, to utilize reserved rights and easements, and to otherwise utilize the Common Area as it deems appropriate in connection with the development of the Project;

(j) the right of the Association, acting by and through its Board of Directors, to grant easements, licenses or other rights of use of the Common Area and Community Facilities to persons or entities that are not Members of the Association for such consideration and on such terms and conditions as the Board of Directors may from time to time consider appropriate or in the best interest of the Association or the Property;

(k) the right of the Association to be the lessee of any portion or all of the Common Area and the right of the Association to enforce the terms of the lease with respect to such Common Area against such property and the Owners and their guests, lessees and invitees; and

(1) the right of the Association, acting by and through its Board of Directors, to transfer or convey portions of the Common Area for purposes of adjusting the boundary lines of the Common Area; provided, however, that such transfer or conveyance has been approved, as necessary, by applicable local governmental authorities or agencies, or is otherwise in conformance with applicable law, local zoning ordinances, governmental guidelines, or restrictions.

Section 3.2. Limitations. Any other provision of this Declaration to the contrary notwithstanding, the Association shall have no right to suspend the right of any Member of the Association to use the Common Area for necessary, ordinary and reasonable vehicular and pedestrian ingress and egress to and from such Owner's Living Unit and for parking, or to suspend any easement over the Common Area for electrical energy, water, sanitary sewer, natural gas, CATV or similar service, telephone service or similar utilities and services to the Living Units. The Common Area will be available for the type of active and passive recreational and open space uses contemplated in the Planning Board's regulatory approvals.

Section 3.3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws and rules and regulations of the Association, such Owner's right of enjoyment to the Common Area and Community Facilities to the members of such Owner's family, such Owner's tenants, social invitees, or contract purchasers who reside within the Property.

Section 3.4. Common Area. All Common Area and completed facilities must be annexed within the Association by the Declarant in accordance with the terms and conditions of the approved Regulatory Plans, as may be amended from time to time, and must otherwise be in accordance with the terms of any Regulatory Plan enforcement agreement, including a phasing schedule, as may be amended. The Declarant reserves the right to seek an amendment to a Regulatory Plan for the purpose of modifying the location or amount of real property comprising the Common Area and for the purpose of modifying the improvements to be constructed on the Common Area which amendment shall be reviewed by the Planning Board in accordance with applicable law. Such amendment shall be effective only if approved by the Planning Board.

ARTICLE 4 **MEMBERSHIP AND VOTING RIGHTS**

Section 4.1. Membership. Every Owner of a Living Unit shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Living Unit.

Section 4.2. Membership Classes; Voting Rights. The voting rights of the Members shall be as set forth in Article 6 of the Articles of Incorporation and as more fully described in the Bylaws.

ARTICLE 5 **COVENANT FOR MAINTENANCE ASSESSMENTS**

Section 5.1. Creation of the Lien and Personal Obligation for Assessments. There are hereby created assessments for Common Expenses as may be from time to time specifically

authorized by the Board of Directors to be commenced at the time and in the manner set forth in this Article 5. Each Owner of any Living Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (i) annual assessments or charges, and (ii) special assessments. The annual and special assessments, together with interest, costs, late fees and reasonable attorneys' fees, shall be a charge on the Living Unit (including all improvements thereon), and shall be a continuing lien upon the property against which each such assessment is made, provided the requirements of the Maryland Contract Lien Act, if applicable, have been fulfilled. Each such assessment, together with interest, costs, late fees and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of the Living Unit at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a prior Owner's successors in title unless expressly assumed by such successors.

Section 5.2. Purpose of Assessments.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the Property and for the improvement, maintenance, repair and replacement of the Common Area and Community Facilities, the maintenance, repair and replacement of any rights-of-way, signage, or improvements that serve and/or benefit the Common Area or Community Facilities, the payment of real estate taxes, assessments and utility services for the Common Area and Community Facilities, management fees, administration expenses, insurance and all other costs and expenses incurred by the Association in the proper conduct of its activities, including, without limitation, reserves for replacements or contingencies, and charges accruing under any cross-easement or other agreement. The assessments may also be used for the maintenance, repair and replacement of any property or facilities serving or appurtenant to the Property which the Association is obligated or elects to maintain whether or not such property or facilities are owned by the Association or are located within the Property (including, without limitation, any property or facilities which the Association is authorized to maintain pursuant to this Declaration).

(b) Except as otherwise provided in this Declaration, both annual and special assessments may be collected in advance on a monthly, quarterly, semi-annual, or annual basis, or upon such other basis as may be determined by the Board of Directors.

Section 5.3. Annual Assessments; Budgets

(a) Until January 1 of the year immediately following the first conveyance of a Living Unit to a Class A Member, the applicable annual assessment shall be the amount established by the Declarant in its sole discretion. Thereafter, the Board of Directors shall from time to time set the annual assessment at an amount sufficient to meet the Common Expenses of the Association. Without limiting the generality of the foregoing, the Association shall, at all times, levy and collect annual assessments in sufficient amounts to (i) maintain the Common Area in accordance with sound property management standards, and (ii) establish necessary reserves for the future repair and replacement of any capital improvements within the Common Area. The Board of Directors shall determine the amount of the annual assessment before the beginning of each fiscal year in connection with preparation of the Association's annual budget, and may do so at more frequent intervals should circumstances so require. Upon resolution of

the Board of Directors, installments of annual assessments may be levied and collected on a monthly, quarterly, semi-annual or annual basis. Any Class A Member may prepay one or more installments of any annual assessment levied by the Association without premium or penalty.

(b) The Board of Directors shall make a reasonable effort to cause a copy of the budget, and the amount of the assessments to be levied against each Living Unit for the following year, to be delivered to each Owner at least thirty (30) days prior to the commencement date of the new assessments. The budget shall be approved by majority vote of the Board of Directors; provided, however, that (after the lapse of all of the Class B memberships) any budget under consideration by the Board pursuant to this Section 5.3 that (i) would result in an increase in the Common Expenses of the Association in excess of fifteen percent (15%) of the budgeted amount for Common Expenses set forth in the budget for the immediately preceding fiscal year, or (ii) would result in an increase in the annual assessments payable by the Members in excess of fifteen percent (15%) of the budgeted amount for annual assessments set forth in the budget for the immediately preceding fiscal year, shall be approved by the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of the Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose. Subject to the foregoing, all budgets approved by the Board shall become effective unless a special meeting of the Association is duly held and at such special meeting the budget is disapproved by a vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of Members present, in person or by proxy, and voting at such meeting. Notwithstanding the foregoing, however, in the event that the membership disapproves the budget or the Board of Directors fails for any reason to determine the budget for any fiscal year of the Association, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the immediately preceding fiscal year shall continue for the succeeding fiscal year.

(c) The Declarant may establish a working capital fund for the initial and ongoing operation of the Association. Such working capital fund may be funded by a one-time assessment of up to two (2) times the monthly assessment for a Living Unit and shall be payable, if established, by the grantee of a Living Unit other than the Declarant upon the earlier of settlement or occupancy of a completed Living Unit.

Section 5.4. Special Assessments: Budget Amendment.

(a) In addition to the annual assessments authorized by this Article 5, the Association may levy, in any assessment year, a special assessment or special assessments applicable to that year only for such purposes as the Board of Directors may deem appropriate, including, without limitation, for purposes of funding, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvement located upon the Common Areas, including fixtures and personal property related thereto, and to meet unforeseen or special expenditures as well as any budget deficit; provided, however, that (after the lapse of all of the Class B memberships) any such assessment shall be approved by Members entitled to cast not less than sixty-seven percent (67%) of the votes of Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose; provided, further, that any special assessment required because of conditions which, if not corrected, could

reasonably result in a threat to the health or safety of the Members or a significant risk of damage to the Common Areas may be approved by the Board of Directors without the foregoing vote of the Members.

(b) Any amendment to a previously approved budget shall be approved by majority vote of the Board of Directors; provided, however, that (after the lapse of all of the Class B memberships) any amendment to a budget for the then current fiscal year previously approved in accordance with Section 5.3 hereof that (i) would result in an increase in the Common Expenses of the Association in excess of fifteen percent (15%) of the budgeted amount for Common Expenses set forth in the budget for the immediately preceding fiscal year (including any increase in Common Expenses adopted in the budget for the then current fiscal year previously approved in accordance with Section 5.3 hereof), or (ii) would result in an increase in the annual assessments payable by the Members in excess of fifteen percent (15%) of the budgeted amount for annual assessments set forth in the budget for the immediately preceding fiscal year (including any increase in assessments adopted in the budget for the then current fiscal year previously approved in accordance with Section 5.3 hereof), shall be approved by the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose.

Section 5.5. Notice and Quorum. Written notice of any meeting called for the purpose of establishing a budget increase requiring the approval of the Members pursuant to Section 5.3(b), establishing a special assessment or budget amendment in accordance with Section 5.4 hereof or to approve a Special Action in accordance with Section 5.13 hereof, shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of such meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of the votes of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.6. Uniform Rate of Assessment.

(a) Except as otherwise provided in Section 5.6(b) or elsewhere in this Declaration, both annual and special assessments must be fixed at a uniform rate for all Owners and may be collected in advance on a monthly basis or upon such other basis as may be determined by the Board of Directors.

(b) In the event that the actions or activities of any Owner causes or results in increased expenses for the Association, the Board of Directors may assess such increase in expenses against the Owner and such Owner's Living Unit, after notice to such Owner and an opportunity for a hearing. For example, and for purposes of illustration only, the Board of Directors may assess the amount of any insurance deductible paid by the Association against any Owner and such Owner's Living Unit if the Association is required to pay such deductible as a result of the misuse or neglect of the Owner. Such assessment shall be a lien against the Owner's Living Unit and shall be payable and collectible in the same manner as any other

assessments required to be paid to the Association; provided, however, that the Declarant shall not be subject to any assessment based on this Section 5.6(b).

Section 5.7. Assessment of Declarant; Exemption. Any provision hereof to the contrary notwithstanding, Living Units owned by the Declarant shall not at any time be subject to any annual assessments, special assessments, fees or other charges levied by the Association, and the Declarant shall have no obligation whatsoever to pay any such annual assessments, special assessments, fees or other charges. Such Living Units formerly owned by the Declarant shall cease to be exempt from such annual assessments, special assessments, fees and other charges commencing upon transfer or conveyance of any such Living Unit from the Declarant to any other Owner.

Section 5.8. Date of Commencement of Annual Assessments; Due Dates. Unless an earlier commencement date is established by the Board of Directors, the annual assessments provided for herein as to all Living Units shall commence simultaneously with the conveyance of the first Living Unit to a Class A Member. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall make reasonable efforts to fix the amount of the annual assessment against each Living Unit at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Living Unit have been paid. A properly executed certificate of the Association with the status of assessments on the Living Units shall be binding on the Association as of the date of its issuance.

Section 5.9. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date until paid at a rate determined by the Board of Directors, up to the maximum rate of interest permitted under the laws of the State of Maryland. The Association may also charge a reasonable late fee against any Owner (and/or such Owner's Living Unit) who is more than fifteen (15) days delinquent in the payment of any assessment. Additionally, the entire balance of the unpaid annual assessments for the remainder of the fiscal year may be accelerated at the option of the Board of Directors and be declared due, payable and collectible in the same manner as the delinquent portion of such annual assessment. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the Living Unit (and all improvements thereon) provided the provisions of the Maryland Contract Lien Act, if applicable, are substantially fulfilled. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of such Owner's Living Unit. The Owner shall also be obligated to pay all attorneys' fees, court costs and administrative costs incurred in connection with the collection of assessments if not paid when due. This Section shall not be deemed to limit or waive, and shall be without prejudice to, any and all rights, remedies, or recourses as may be available to the Association for non-payment of assessments.

Section 5.10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any First Mortgage or deed of trust. Sale or transfer of any Living Unit shall not affect the assessment lien. However, the sale or transfer of any Living Unit pursuant to a mortgage or deed of trust foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, except for liens or claims for a pro-rata share of such assessments resulting from a pro-rata reallocation of such assessments to all Living Units, including the mortgaged Living Unit. No sale or transfer shall relieve such Living Unit from liability for any assessments thereafter becoming due or from the lien thereof. No amendment to this Section shall affect the rights of the holder of any First Mortgage on any Living Unit (or the indebtedness secured thereby) recorded prior to recordation of such amendment unless the holder thereof (or the indebtedness secured thereby) shall join in the execution of such amendment.

Section 5.11. Reserve Fund Budget and Contribution. The Board of Directors shall annually prepare a reserve fund budget which shall take into account the number and nature of the replaceable assets of the Association, the expected life of each asset, and the expected repair or replacement cost of each asset. The Board of Directors shall set the required reserve fund contribution, if any, in an amount sufficient to meet the projected reserve needs of the Association, as shown on the reserve fund budget, with respect both to amount and timing by the imposition of annual assessments over the period of the budget. The reserve fund contribution shall be fixed by the Board of Directors and included within the budget and assessment, as provided in Section 5.3. Such reserve fund contribution shall be payable as part of the general assessment, applicable to all Living Units (except as otherwise provided with respect to Living Units owned by the Declarant in Section 5.7), to the extent such reserve fund will be utilized to replace assets which are determined by the Board of Directors to benefit substantially all Owners. Reserves may also be maintained for operating contingencies and insurance deductibles. A copy of the reserve fund budget shall be distributed to each Owner in the same manner as the operating budget. Except where an emergency requires an expenditure to prevent or minimize loss from further damage to, or deterioration of, the Common Area or any facilities thereon, reserves accumulated for one purpose may not be expended for any other purpose unless approved by the Board of Directors and by the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the votes of all Members present, in person or by proxy, and voting at a meeting of the Association duly called for this purpose.

Section 5.12. Building Condominium Assessments. The Board of Directors may elect by resolution to collect assessments charged pursuant to this Declaration directly from each Building Condominium Association. In such event, payment of the annual assessments and special assessments provided for herein shall be an obligation of such Building Condominium; provided, however, that each Owner shall remain personally liable for all assessments against such Owner's Living Unit and each such Living Unit shall remain subject to the lien for the assessments established by this Declaration. If the Board of Directors elects to collect assessments from the Building Condominium Association, then all notices regarding assessments against such Living Units shall be sent to the Building Condominium Association; provided, however, that notice of any action to enforce an Owner's personal obligation to pay assessments or to foreclose the lien against such Owner's Living Unit shall also be sent to the Owner of the Living Unit. This Section shall not be deemed to limit or waive, and shall be without prejudice

to, any rights, remedies, or recourses available to the Association for non-payment of assessments.

Section 5.13. Special Actions. Any provision of the Articles of Incorporation, Declaration, Bylaws to the contrary notwithstanding, after the lapse of all of the Class B memberships, the Board of Directors shall not be authorized to take any "Special Actions" (as defined below) without the affirmative vote of Members entitled to cast not less than sixty-seven percent (67%) of the Members present, in person or by proxy, and voting at any meeting of the Association duly called for this purpose. As used herein, the term "Special Actions" shall mean any and all actions taken by or on behalf of the Association, including, without limitation, commencing or maintaining any litigation, arbitration or similar proceeding, which would reasonably require the expenditure of funds in excess of ten thousand dollars (\$10,000.00) in the aggregate during any fiscal year of the Association; provided, however, that the term "Special Actions" shall not be deemed to include (i) routine assessment collection actions under Article 5 of the Declaration, (ii) routine actions required to enforce the use restrictions set forth in Article 6 of the Declaration, or any rules and regulations of the Association adopted by the Board of Directors, or (iii) any expenditure made by the Association in accordance with any budget or budget amendment duly adopted in accordance with Article 5 of this Declaration, or (iv) any special assessment duly adopted in accordance with Article 5 of this Declaration. Each planned expenditure of more than ten thousand dollars (\$10,000.00) shall require the prior approval of the Members in accordance with this Section. Any meeting of the Association held to approve any Special Actions under this Section shall be subject to the notice and quorum requirements set forth in Article 5, Section 5.5 of this Declaration.

ARTICLE 6 USE RESTRICTIONS

Section 6.1. Prohibited Uses and Nuisances. Except for the activities of the Declarant during the construction and development of the Property, or except with the prior written approval of the Board of Directors of the Association or the Declarant, or as may be necessary in connection with reasonable and necessary repairs or maintenance to the Common Area or Community Facilities:

(a) No noxious or offensive trade or activity shall be carried out within or upon the Common Area or Community Facilities, nor shall anything be done therein or thereon which may be or become an annoyance or nuisance to the Members.

(b) No Member shall make any private, exclusive or proprietary use of any of the Common Area or Community Facilities, and no Member shall engage or direct any employee of the Association on any private business of the Member during the hours such employee is employed by the Association, nor shall any Member direct, supervise or in any manner attempt to assert control over any employee of the Association.

Section 6.2. Parking. Parking within the Property shall be subject to the following restrictions:

(a) The Association shall be entitled to establish supplemental rules concerning parking and traffic control on any portion of the Common Area and Community Facilities, including, without limitation, providing for the involuntary removal of any vehicle violating the provisions of this Declaration and/or such rules.

(b) Except as provided in this Section, Common Area parking spaces shall be deemed unassigned and designated for general use, to be used on a "first come, first served" basis. Subject to applicable law, however, the Board of Directors may assign all or any portion of these parking spaces as "reserved" for the exclusive use of designated Owners. No vehicle belonging to any Owner, or to any tenant, guest, invitee or family member of any Owner, shall be parked in a manner which unreasonably interferes with or impedes ready vehicular access to any adjoining parking space.

(c) Each Owner shall comply in all respects with such supplemental rules which are not inconsistent with the provisions of this Declaration which the Board of Directors may from time to time adopt and promulgate with respect to parking and traffic control within the Property, and the Board of Directors is hereby authorized to adopt such rules. The location of any Common Area parking space assigned to any Owner in accordance with this Section 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 and reassign Common Area parking spaces if necessary to fulfill federal, state or local laws, including, without limitation, the Fair Housing Amendments Act of 1988, as amended, and any Owner requested to relinquish his or her reserved Common Area parking space shall promptly comply with such request; provided, however, that if another reserved Common Area parking space is not made available to such Owner, the Board of Directors shall reimburse such Owner for any monies previously paid by such Owner, if any, to acquire such reserved Common Area parking space.

(d) The Declarant, its successors and assigns, and its nominee or nominees and any agents, servants and/or employees thereof shall be exempt from the provisions of this Section 6.2.

Section 6.3. House Rules, Etc. There shall be no violation of any reasonable rules for the use of the Common Area and Community Facilities or "house rules" or other community rules and regulations not inconsistent with the provisions of this Declaration which may from time to time be adopted by the Board of Directors of the Association and promulgated among the membership by the Board in writing, and the Board of Directors is hereby and elsewhere in this Declaration authorized to adopt such rules and regulations.

Section 6.4. Exemptions. None of the foregoing restrictions shall be applicable (i) to improvements constructed by or to the activities of the Declarant, and its officers, employees, agents and assigns, in its development, marketing, leasing and sales activities within the Property, or (ii) to the Association, its officers, employees and agents, in connection with the proper maintenance, repair, replacement and improvement of the Common Area and Community Facilities.

ARTICLE 7
DECLARATION OF EASEMENTS AND RIGHTS

Section 7.1. Declaration of Easements and Rights. The following easements and rights are hereby declared or reserved:

(a) 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 shown on the Development Plan, and for the benefit of the Declarant and its agents, a non-exclusive, perpetual blanket easement upon, across and under the Common Area for ingress and egress, as well as for the installation, replacement, repair and maintenance of all utilities, including, but not limited to, water, sewer, drainage, storm water detention and/or siltation, 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 Common Area from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles, pipes, lines, service boxes and other equipment on the Common Area, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Common Area, including any improvements constructed thereon, and to have construction vehicles, equipment and the like exercise the aforesaid right of ingress and egress over the Common Area. There is further reserved unto the Declarant the right to erect promotional and other similar items within the Common Area provided they do not unreasonably interfere with the use, operation and enjoyment of the Common Area or Community Facilities. There is further reserved unto the Declarant 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 Common Area in furtherance of the blanket easement created by this subsection. Further, without limiting the generality of the foregoing, the Declarant reserves the right to unilaterally execute and record such additional easements and agreements as may be necessary in order to give effect to the foregoing easements and other rights, which additional easements and other agreements need not be consented to or joined in by any party having an interest in the Common Area; provided, however, that if requested by the Declarant, any party having an interest in the Common Area shall promptly join in and execute such confirmatory easements and other agreements.

(b) The Property is hereby subject to a non-exclusive, perpetual easement and right of passage, for the benefit of the Members of the Association, for ordinary and reasonable pedestrian ingress and egress over, across and upon any sidewalk, trail or walkway (or the replacement thereof) constructed within the Property that may reasonably be deemed to have been constructed or intended for pedestrian use.

(c) An easement is hereby reserved to Declarant to enter the Common Area during the period of construction, development and/or sale of the Property, and to maintain such facilities and perform such operations as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the construction, improvement and/or sale of residences, including, without limitation, a business office, sales/leasing office, storage area, signs and displays.

(d) An easement is hereby reserved to Declarant to enter the Common Area for the purpose of carrying out any obligations it may have, or assume, with respect to the curing of any defects in workmanship or materials in the Property or the improvements thereon. There

is further reserved unto the Declarant and its agents a non-exclusive easement over, across and through all of the Common Area for the purpose of access, the storage of building supplies and materials and equipment and, without any limitation, for any and all purposes reasonably related to the completion of the development, construction, rehabilitation and repair of the Property.

(e) With respect to any step, patio, downspout or other similar structure that may benefit any Living Unit or Building Condominium which is constructed by or on behalf of the declarant of the Building Condominium and which may encroach upon any portion of the Common Area, there is hereby reserved for the benefit of the Living Unit or Building Condominium that such step, patio, downspout or other structure serves, a perpetual easement for the location, maintenance, repair and use of such structure or items within the Common Area, but only to the extent that the original construction thereof encroaches within the Common Area. The Owner of the Living Unit or the Building Condominium Association benefiting from such easement agrees to maintain such structure or item pursuant to the terms of the governing documents of the Building Condominium and to indemnify and hold the Association harmless from any loss, liability or damage arising out of or resulting from the use, enjoyment and benefit of the easement granted hereby.

(f) For a period of ten (10) years from the date of conveyance of the first Living Unit to a Class A Member, the Declarant reserves a blanket easement and right on, over and under the Property to establish, maintain, change and correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. Any provision hereof to the contrary notwithstanding, the Declarant shall have no obligation whatsoever to perform any work or to take any action regarding drainage of surface water within the Property. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or to take any other similar action as may be reasonably necessary, following which the Declarant shall restore the affected property to its original condition as near as practicable. The Declarant shall give reasonable notice of intent to take such action to all affected Owners, unless in the opinion of the Declarant an emergency exists which precludes such notice. There is further reserved unto the Declarant 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.

(g) The Association, its agents and employees, shall have an irrevocable right and an easement to enter any portion of the Property for purposes of exercising the rights and fulfilling the obligations established by this Declaration and any Supplementary Declarations recorded hereafter. The interior of any Living Unit may not be entered by the Association or its agents or employees except in the case of an emergency to protect the Common Area, other Living Units or persons from injury or damage.

(h) For a period of ten (10) years from the recordation of this Declaration, Declarant reserves the right to grant easements, both temporary and permanent, to all public authorities and utility companies over any part of the Common Area and Community Facilities.

Section 7.2. Association Easements. The Board of Directors of the Association shall have the right to grant easements, rights-of-way, licenses and similar interests over any part of the Common Area for any lawful purpose which the Board determines, in its sole discretion, to

be in the best interests of the Association. The Association is hereby granted a non-exclusive easement and right of passage on, through, over, under and across any Building Condominium Common Elements to perform such functions and operations as the Board of Directors of the Association may be authorized or empowered to carry out within the Building Condominium Common Elements pursuant to this Declaration and/or the Building Condominium Governing Documents, including, without limitation, any maintenance responsibilities as may now or hereafter be assumed by the Board of Directors of the Association with respect to such Building Condominium Common Elements; provided, however, that this easement shall not authorize or empower the Board of Directors to assume any maintenance responsibilities with respect to the interior of any Living Unit. The Association shall have all rights and privileges as may be reasonably necessary to the exercise of the foregoing easement; provided, however, that the Association shall take reasonable steps to minimize any damage to any Building Condominium as a result of the exercise of such easement, and that the Association shall restore as nearly as possible the Building Condominium Common Elements to their original condition if there is any damage to such Building Condominium Common Elements as a result of the exercise of such easement.

ARTICLE 8 MAINTENANCE

Section 8.1. Association Maintenance. The Association shall maintain, repair and replace the Common Area and Community Facilities, and shall keep the Common Area and Community Facilities in good order at all times, in a manner consistent with the Community-Wide Standard. This obligation shall include, without limitation, the maintenance, repair and, as necessary, replacement of any recreational facilities within the Common Area. Further, the Association shall maintain, repair and replace (i) any rights-of-way, entry strips, signage, and improvements that are situated within or that are appurtenant to and serve the Common Area or Community Facilities, including, without limitation, any landscaping and other flora and improvements situated thereon, and (ii) any other real and personal property, facilities and equipment as the Association is obligated or elects to maintain pursuant to this Declaration, or any lease, easement or agreement, or at the direction of any governmental authority or agency. The expenses of all such maintenance, repair and replacement shall be a Common Expense of the Association, including, but not limited to, reserves for the maintenance, repair and replacement of any such property or improvements.

Section 8.2. Additional Maintenance Responsibilities.

(a) Because of the efficiencies and economies of scale that can result from having maintenance of the common elements and other areas of the various Building Condominiums consolidated under one authority, the Association may, but shall not be obligated to, undertake to provide such maintenance and similar services to one or more Building Condominiums as may be delegated from time to time to the Association, with the Association's consent, by a Building Condominium Association Board of Directors. The Association's costs related to such maintenance and services provided by the Association to a Building Condominium may be imposed as an additional Association assessment against the Owners of Living Units within the Building Condominiums that benefit from such maintenance and services.

(b) In addition to the maintenance responsibilities assumed by the Association pursuant to Section 8.2(a), the Association may, in the discretion of the Board of Directors, provide additional services and/or assume additional maintenance responsibilities with respect to all or any portion of the Property. In such event, all costs of such services and/or maintenance shall be assessed only against those Owners residing within the portion of the Property receiving the additional services. This assumption of responsibility may take place either by contract or because, in the opinion of the Board, the level and quality of service or maintenance then being provided is not consistent with the Community-Wide Standard.

ARTICLE 9 INSURANCE

Section 9.1. Required Coverage.

(a) The Board of Directors of the Association, or its duly authorized agent, shall be required to obtain, maintain and pay the premiums, as a Common Expense, upon a policy of hazard insurance covering the Common Area and any property required to be insured by the Association pursuant to any easement or lease agreement including fixtures and building service equipment, to the extent that they are a part of the Common Area of the Association or such other property which the Association may insure, as well as common personal property and supplies.

(b) The hazard insurance policy shall afford, as a minimum, protection against loss or damage by fire and all other perils normally covered by the standard extended coverage endorsement, as well as all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available, and shall name the Association as a named insured. The insurance should cover one hundred percent (100%) of the current replacement cost (less a reasonable deductible) of the insured property. Coverage need not include land, foundations, excavations or other items that are usually excluded from insurance coverage. Unless a higher maximum amount is required pursuant to the law of the State of Maryland, the maximum deductible amount for coverage of the Common Area is the lesser of Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount. The funds to cover this deductible amount should be included in the Association's operating reserve account.

(c) Each hazard insurance policy must be written by a hazard insurance carrier which has a current rating by the Best's Key Rating Guide of B/III or better (or its equivalent). 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 Living Unit superior to the First Mortgage.

(d) The hazard insurance policy must provide that the insurance carrier shall notify the Association and each mortgagee named in the mortgagee clause in writing at least ten (10) days before it cancels or substantially changes the Association'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 Common Area.

(e) All policies of hazard insurance must contain or have attached the standard mortgagee clause commonly acceded by private institutions as mortgage investors in the area in which the mortgaged premises are located. The following endorsements are also required: (i) an Inflation Guard Endorsement (if reasonably available); (ii) a Construction Code Endorsement if the Common Area is subject to a construction code provision which would become operative and require changes to undamaged portions of any structures, even when only part of a structure is destroyed by an insured hazard or peril, and (iii) a Steam Boiler and Machinery Coverage Endorsement if any structure within the Common Area has central heating or cooling, which should provide for the insurer's minimum liability per accident per location to be at least equal to the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the structure(s) housing the boiler or machinery.

(f) If the Common Area is located in a Special Flood Hazard Area designated as A, AE, AH, AO, A1-30, A-99, V, VE, or V1-30 on a Flood Insurance Rate Map, the Association must maintain a "master" or "blanket" policy of flood insurance on the Common Area. The amount of flood insurance shall be at least equal to the lesser of one hundred percent (100%) of the insurable value of all structures and improvements situated in such Special Flood Hazard Area or the maximum coverage available under the applicable National Flood Insurance Administration program. Unless a higher deductible amount is required under the laws of the State of Maryland, the maximum deductible amount for flood insurance policies shall be the lesser of Five Thousand Dollars (\$5,000.00) or one percent (1%) of the policy's face amount. The funds to cover this deductible amount should be included in the Association's operating reserve account.

(g) The Association shall obtain and maintain a comprehensive general liability policy of insurance covering all of the Common Area, public ways and any other areas that are under the Association's supervision. The policy shall also cover any commercial space owned by the Association, even if such space is leased to others. The policy should provide coverage for bodily injury (including death) and property damage that results from the operation, maintenance or use of the Common Area 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 an Owner because of negligent acts of the Association or other Owners. Liability coverage shall be at least One Million Dollars (\$1,000,000.00) per occurrence, for bodily injury and property damage, unless higher amounts of coverage are required by a mortgagee. The liability policy must provide that the insurance carrier shall notify the Association in writing at least ten (10) days before it cancels or substantially modifies the Association's coverage.

Section 9.2. Fidelity Coverage. To the extent reasonably available, blanket fidelity insurance may be maintained by the Board of Directors for all officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for funds held or administered by the Association, whether or not they receive compensation for their services. Where the Board of Directors has delegated some or all of the responsibility for the handling of funds to a management agent, such management agent shall be

covered by its own fidelity insurance policy which must provide the same coverage as fidelity insurance maintained by the Board of Directors. Except for fidelity insurance that a management agent obtains for its personnel, all other fidelity insurance policies should name the Association as the insured and should have their premiums paid as a Common Expense by the Association. Fidelity insurance obtained by a management agent shall name the Association as an additional insured. The total amount of fidelity coverage required should be sufficient to cover the maximum funds (including reserve funds) that will be in the custody of the Association or management agent at any time while the fidelity insurance policy is in force, and should at least equal the sum of three (3) months aggregate assessments on all Living Units within the Association, plus any reserves. Fidelity insurance policies should contain waivers by the insurers of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The fidelity insurance policies should provide that they cannot be canceled or materially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Association.

Section 9.3. Repair and Reconstruction of Common Area After Fire or Other Casualty.

In the event of damage to or destruction of any portion of the Common Area covered by insurance payable to the Association as a result of fire or other casualty, the Board of Directors shall arrange for the prompt repair and restoration thereof, and shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration, as appropriate. Promptly after a casualty causing damage or destruction of any portion of the Common Area 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 Common Area in as good a condition as existed prior to the casualty. Such costs may include, without limitation, professional fees and premiums for such bonds as the Board of Directors may desire.

Section 9.4. Joint Coverage. The Association is authorized to cooperate with the Building Condominium Associations, or any of them, to obtain the required insurance jointly among them. If financially and practically appropriate, a joint policy payable by the Association and the Building Condominium Associations in each's pro rata share, may be obtained so long as each has the right to review and consider such jointly obtained policy upon each renewal.

**ARTICLE 10
MANAGEMENT**

Section 10.1. Management Agent. The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing, including, but not limited to, the following:

- (a) to establish (with the approval of the Board of Directors of the Association) and provide for the collection of the annual maintenance assessments and any other assessments provided for in this Declaration and to provide for the enforcement of liens therefor in a manner consistent with the law and the provisions of this Declaration; and

(b) to provide for the care, upkeep, maintenance and surveillance of the Common Area and Community Facilities; and

(c) to designate, hire and dismiss such personnel as may be required for the good working order, maintenance and efficient operation of the Common Area and Community Facilities; and

(d) to promulgate (with the approval of the Board of Directors of the Association) and enforce such rules and regulations and such restrictions or requirements, "house rules" or the like as may be deemed proper respecting the use of the Common Area and Community Facilities; and

(e) to provide such other services (including legal and accounting services) for the Association as may be consistent with law and the provisions of this Declaration.

Section 10.2. Duration of Management Agreement. Any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated for cause by either party upon thirty (30) days written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1)-year periods. Any management agreement entered into while the Declarant is in control of the Association must be terminable, without cause, any time after transfer of control, on not less than thirty (30) nor more than ninety (90) days notice, and no charge or penalty may be associated with such termination. Additionally, management may, for purposes of economies and consistency of the Project, be obtained jointly with the Building Condominium Associations in the Project.

ARTICLE 11 GENERAL PROVISIONS

Section 11.1. Common Area Responsibility. The Association, subject to the rights of the Owners as set forth in this Declaration, shall be responsible for the exclusive management and control of the Common Area and any property, real or personal, which the Association is delegated the responsibility for pursuant to any easement or lease agreement, and all improvements thereon (including, without limitation, furnishings and equipment related thereto, and common landscaped areas), and shall keep the Common Area and such other property in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof. The Association shall accept title to any real estate or personal property offered to the Association by the Declarant.

Section 11.2. Personal Property and Real Property for Common Use. The Association may acquire, lease, hold, and dispose of tangible and intangible personal property and real property, subject to the requirements of this Declaration. The Board of Directors, acting on behalf of the Association, will accept any real or personal property, leasehold, or other property interests within the Property conveyed to it by the Declarant.

Section 11.3. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration or the Bylaws or any lease, easement or other agreement or document affecting the Association, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 11.4. Limitation of Liability.

(a) Neither the Association, the Declarant, nor any successor or assign of the Declarant, shall in any way be considered insurers or guarantors of security within the Property, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or any ineffectiveness of security measures undertaken. No representation or warranty is made or implied that any fire protection system, burglar alarm system or other surveillance system or measures, including, without limitation, any mechanism or system for limiting access to the Property, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system or security measures were designed or intended. Nothing in this Section 11.4 shall be deemed in any way to obligate the Association, the Declarant, or any successor or assign of the Declarant, to provide any fire protection system, burglar alarm system or other surveillance system, security access system, or similar measures with respect to any portion of the Property.

(b) Each Owner acknowledges, understands and covenants to inform its tenants, and all occupants, guests and invitees of its Living Unit that the Association, the Declarant, and any successor or assign of the Declarant, are not insurers and that each person using or present within the Property assumes all risks of personal injury and loss or damage to property, by theft or otherwise, including loss or damage to Living Units or personal property, whether or not such personal property is maintained within a Living Unit or the Common Areas.

(c) The Association shall not be liable for any failure of any services to be obtained or provided by the Association or paid for by Assessments, or for injury or damage to person or property caused by the elements or resulting from water which may leak or flow from any portion of the Common Areas, or from any pipe, drain, conduit or the like. No diminution or abatement of Assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas, or from any action taken by the Association.

Section 11.5. Enforcement.

(a) The Declarant, the Association, or any Owner, or any Mortgagee of any Living Unit shall have the right to enforce, by any proceeding at law and/or in equity, all restrictions, conditions, covenants, reservations, easements, liens, charges or other obligations or terms now or hereafter imposed by the provisions of this Declaration, or the Articles of Incorporation or Bylaws of the Association or any rule or regulation promulgated by the Association pursuant to its authority as provided in this Declaration, the Articles of Incorporation or Bylaws. Failure by the Declarant, the Association or by any Owner or by any Mortgagee of any Living Unit to enforce any covenants or restrictions herein contained or any provision of the

Bylaws, Articles of Incorporation or rules and regulations of the Association shall in no event be deemed a waiver of the right to do so thereafter. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted violation or breach of any of the within covenants or restrictions or any provision of the Bylaws or Articles of Incorporation of the Association cannot be adequately remedied by action at law or exclusively by recovery of damages. If the Declarant, the Association, or any Owner or Mortgagee of any Living Unit, successfully brings an action to extinguish a violation or otherwise enforce the provisions of this Declaration or the Articles of Incorporation or Bylaws of the Association, the costs of such action, including legal fees, shall become a binding, personal obligation of the Owner committing or responsible for such violation, and such costs shall also be a lien upon the Living Unit of such Owner, provided that the requirements of the Maryland Contract Lien Act are substantially fulfilled.

(b) Without limiting the generality of the foregoing, and in addition to any other remedies available, the Association after reasonable notice, in writing, provided to the Owner, may enter any portion of a Building Condominium to remedy any violation of the provisions of this Declaration, the Bylaws, Articles of Incorporation or rules and regulations of the Association provided, however, that the Association may not enter the interior of any Living Unit except in an emergency. The costs of such action shall become a binding, obligation of the party otherwise responsible for such violation and shall also constitute a lien upon all Living Units within such Building Condominium (where the party responsible is the Building Condominium Association or the Living Unit(s) of the Owner(s) responsible for such violation.

Section 11.6. Fines.

(a) In addition to the means for enforcement provided elsewhere herein, the Association shall have the right to levy fines against an Owner or such Owner's guests, relatives, lessees or invitees, in the manner set forth herein, and such fines shall be collectible in the same manner as any other assessment such that the Association shall have a lien against the Living Unit of such Owner as provided in this Declaration, the Bylaws and the Articles and such fine(s) shall also become the binding personal obligation of such Owner.

(b) The Board of Directors or the Covenant Committee shall be charged with determining whether there is probable cause that any of the provisions of this Declaration, the Bylaws, Articles of Incorporation or the rules and regulations of the Association, regarding the use of Common Area or other Association property, are being or have been violated. In the event that the Board of Directors or the Covenant Committee determines an instance of such probable cause, the Board or the Covenant Committee shall provide written notice to the person alleged to be in violation, and the Owner of the Living Unit which that person occupies or is visiting if such person is not the owner, of the specific nature of the alleged violation and of the opportunity for a hearing before the Board of Directors or the Covenant Committee upon a request made within five (5) days of the sending of the notice. The notice shall also specify, and it is hereby provided, that each recurrence of the alleged violation or each day during which it continues shall be deemed a separate offense, subject to a separate fine not to exceed a reasonable amount established by the Board for each offense. The amount of the fine shall be based upon the costs and inconvenience caused to the Association and shall not be a penalty.

The notice shall also specify, and it is hereby provided, that in lieu of requesting a hearing, the alleged violator or Owner may respond to the notice within five (5) days of its sending, acknowledging in writing that the violation occurred as alleged and promising that the violation will henceforth cease and will not recur, and that such acknowledgment and promise, and performance in accordance therewith, shall terminate the enforcement activity of the Association with regard to such violation.

(c) If a hearing is timely requested, the Board of Directors or the Covenant Committee shall hold the same, and shall hear any and all defenses to the charges, including any witnesses that the alleged violator, Owner, the Board of Directors or the Covenant Committee may produce. Any party at the hearing may be represented by counsel.

(d) Subsequent to any hearing, or if no hearing is timely requested and if no acknowledgment and promise is timely made, the Board of Directors or the Covenant Committee shall determine whether there is sufficient evidence of a violation or violations as provided herein. If the Board of Directors or the Covenant Committee determines that there is sufficient evidence, it may levy a fine for each violation in the amount provided herein.

(e) A fine pursuant to this Section 11.6(d) shall be assessed against the Living Unit which the violator occupied or was visiting at the time of the violation, whether or not the violator is an Owner of that Living Unit, and shall be collectible in the same manner as any other assessment, including by the Association's lien rights as provided in this Declaration and the Bylaws. Nothing herein shall be construed to interfere with any right that an Owner may have to obtain from a violator occupying or visiting such Owner's Living Unit payment of the amount of any fine(s) assessed against that Living Unit.

(f) Nothing herein shall be construed as a prohibition of or limitation on the right of the Association to pursue any other means of enforcement of the provisions of this Declaration, the Bylaws, Articles of Incorporation or rules and regulations, including, but not limited to, legal action for damages or injunctive relief.

Section 11.7. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 11.8. Duration and Amendment. Except where permanent easements or other permanent rights or interests are herein created, the covenants and restrictions of the Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended by an instrument signed by, or the affirmative vote of, Owners entitled to cast not less than sixty-seven percent (67%) of the total authorized votes of all Owners; provided, however, the vote necessary to amend a specific clause within this Declaration shall not be less than the prescribed vote required for action to be taken under that clause and provided further that any amendment to this Declaration shall require the prior written consent of the Declarant for so long as the Declarant shall own any Living Unit. Any amendment must be recorded in the Land Records.

Section 11.9. Changes and Modifications by Declarant. The Declarant shall have the right, for a period of ten (10) years following the date of recordation of this Declaration, without the consent of the Members of the Association or any other party, to (i) modify, amend or change any of the provisions of this Declaration as the Declarant may deem necessary or desirable to correct errors or omissions herein, and (ii) amend this Declaration, the Articles of Incorporation and the Bylaws of the Association, as the Declarant may deem necessary or desirable, to change the name of the Association.

Section 11.10. Casualty Losses. In the event of substantial damage or destruction to any of the Common Area, the Board of Directors of the Association shall give prompt written notice of such damage or destruction to the Eligible Mortgage Holders who hold First Mortgages of record on the Living Units. No provision of this Declaration or the Articles of Incorporation or the Bylaws of the Association shall entitle any Member to any priority over the holder of any First Mortgage of record on his or her Living Unit with respect to the distribution to such Member of any insurance proceeds paid or payable on account of any damage or destruction of any of the Common Area.

Section 11.11. Condemnation or Eminent Domain. In the event any part of the Common Area is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by any condemning authority, then the Board of Directors of the Association shall give prompt written notice of any such proceeding or proposed acquisition to the Eligible Mortgage Holders who hold First Mortgages of record on the Living Units. No provision of this Declaration or the Articles of Incorporation or the Bylaws of the Association shall entitle any Member to any priority over the holder of any First Mortgage of record on his or her Living Unit with respect to the distribution to such Member of the proceeds of any condemnation or settlement relating to a taking of any of the Common Area.

Section 11.12. Notice to Eligible Mortgage Holders. The Association shall give prompt written notice to each Eligible Mortgage Holder of (and each Owner hereby consents to, and authorizes such notice):

- (a) Any condemnation loss or any casualty loss which affects a material portion of the Common Area or any Living Unit subject to a First Mortgage or security interest held, insured, or guaranteed by such Eligible Mortgage Holder.
- (b) Any delinquency in the payment of Common Expense assessments or charges owed by an Owner whose Living 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 coverage maintained by the Association.
- (d) Any other matter with respect to which Eligible Mortgage Holders are entitled to notice as provided in this Declaration.

Section 11.13. Declarant's Power of Attorney. Notwithstanding any provision to the contrary contained in the Articles of Incorporation or Bylaws of the Association or this Declaration, the Declarant hereby reserves for itself, its successors, transferees and assigns, for a period of ten (10) years from the date the first Living Unit is conveyed to a Class A Member, or until it conveys title to the last Living Unit, whichever occurs first, the right to execute on behalf of all contract purchasers, Owners, Eligible Mortgage Holders, mortgagees, and other lienholders or parties claiming a legal or equitable interest in any Living Unit or Common Area, any such agreements, documents, amendments or supplements to this Declaration, the Articles of Incorporation and Bylaws of the Association which may be required by FNMA, FHA, VA, FHLMC, GNMA, or by Prince George's County, Maryland, any governmental or quasi-governmental agency or authority having regulatory jurisdiction over the Association, any public or private utility company designated by the Declarant, any institutional lender or title insurance company designated by the Declarant, or as may be required to comply with the Fair Housing Amendments Act of 1988, as amended, to comply with the Maryland Homeowners Association Act, as amended, or to comply with other applicable laws or regulations.

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

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

(c) The power of attorney aforesaid is expressly declared and acknowledged to be coupled with an interest in the subject matter hereof and the same shall run with the title to any and all Living Units and Common Area and shall be binding upon the heirs, personal representatives, successors, transferees and assigns of any of the foregoing parties. Further, said power of attorney shall not be affected by the death or disability of any principal and is intended to deliver all right, title and interest of the principal in and to said power of attorney. Said power of attorney shall be vested in the Declarant, its successors, transferees and assigns for a period of ten (10) years from the date the first Living Unit is conveyed to a Class A Member, or until it conveys title to the last Living Unit, whichever occurs first.

Section 11.14. Taxes and Assessments. It is the intent of this Declaration that inasmuch as the interests of each Owner to use and enjoy the Common Area (and any other property to which such Owner may have a right of use and enjoyment) is an interest in real property appurtenant to each Living Unit, the value of the interest of each Owner in such Common Area (or other property) shall be included in the assessment for each such Living Unit and as a result, any assessment directly against such Common Area (or other property if the Association is responsible for the real estate taxes levied thereon) should be of a nominal nature reflecting that the full value of the same should be included in the several assessments of the various Living Units.

Section 11.15. Arbitration.

(a) Notwithstanding any provision of this Declaration, the Bylaws, or Articles of Incorporation to the contrary, if, after good faith efforts to negotiate a satisfactory solution have failed, any dispute that cannot be resolved between (i) the Declarant (including any of the Declarant's employees, agents, or contractors) and (ii) the Association and/or any Owner or Owners, will be submitted to arbitration in accordance with this Section, unless an alternative dispute resolution procedure is agreed to by the parties to the dispute. As used in this Section, the term "dispute" includes any controversy or claim, including, without limitation, any claim based on contract, tort, or statute, arising out of or relating to (1) the rights or obligations of such parties under this Declaration, the Bylaws, Articles of Incorporation, or any rules promulgated by the Board of Directors or (2) the design, construction, or warranty of the Common Area. Upon the request of a party to a dispute, the issue shall be resolved by final and binding arbitration.

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

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

EVERY OWNER, MORTGAGEE, AND ALL OTHER PARTIES WITH AN INTEREST IN ANY PORTION OF THE PROPERTY COVENANT AND AGREE TO HAVE ALL DISPUTES DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THIS SECTION AND RELINQUISH ANY RIGHTS THAT MAY BE AVAILABLE TO HAVE SUCH MATTERS LITIGATED IN A COURT OR BY JURY TRIAL, INCLUDING JUDICIAL RIGHTS TO DISCOVERY AND APPEAL. THE REFUSAL BY A PARTY TO SUBMIT TO ARBITRATION IN ACCORDANCE WITH THIS SECTION MAY

RESULT IN THE PARTY BEING COMPELLED TO ARBITRATE UNDER FEDERAL OR STATE LAW.

(d) The Declarant and the claimant shall waive any right to a jury trial they shall have in connection with any action or proceeding, in law or equity regarding any dispute involving the claimant and the Declarant. Notwithstanding the foregoing Section 11.15(c), the right of a claimant to bring a claim against the Declarant shall remain subject to the Declarant's and claimant's right to demand binding arbitration as set forth in Section 11.15(a) above.

Section 11.16. Non-Association Disputes; Limited Authority of the Association to Act for Building Condominiums.

(a) The Association expressly has no right or obligation to intervene in any disputes between or among Owners or in any other matters that do not directly involve Common Areas or other issues for which the Association has been conferred responsibility pursuant to this Declaration, the Articles of Incorporation or the Bylaws.

(b) The Association's authority to act on behalf of any Building Condominium shall be limited to such matters that are reasonably required in connection with the responsibilities delegated to the Association. All obligations of a Building Condominium Association under the Maryland Condominium Act that do not relate to the limited authority delegated to the Association or which otherwise may not be delegated to the Association, shall be exercised by the Building Condominium Association; the Association shall have no liability for any such obligations. The Association shall have no authority or obligation to act on behalf of one or more Building Condominium Associations or any unit owners within a Building Condominium with respect to any claims, litigation or proceedings related to the construction or warranties of any Building Condominium. The provisions of this Section 11.16(b) may not be amended without the express written consent of the Declarant.

Section 11.17. Combined Living Units. Unless otherwise approved in writing by the Declarant or by resolution of the Board of Directors in the sole discretion of the Declarant or Board, as applicable, if any Living Units within a Building Condominium are at any time combined into a single residence, the Owner of such a combined Living Unit shall pay assessments and shall have the number of votes in the Association based on the number of Living Units that existed prior to the Living Units being combined into a single residence. For purposes of this Section, the number of Living Units constructed within a Building Condominium at the time that the Building Condominium was initially created shall be used in determining whether Living Units were subsequently combined.

Section 11.18. Successors of Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned and transferred (exclusively or non-exclusively) by the Declarant by an instrument, in writing, without notice to the Association.

Section 11.19. No Dedication to Public Use. Nothing herein contained shall be construed as a dedication to public use or as an acceptance for maintenance of any Common Area or Community Facilities by any public or municipal agency, authority, or utility and no public or

municipal agency, authority or utility shall have any responsibility or liability for the maintenance or operation of any of the Common Area or Community Facilities.

Section 11.20. Incorporation by Reference on Resale. In the event any Owner sells or otherwise transfers any Living Unit, any deed purporting to effect such transfer shall contain a provision incorporating by reference the covenants, restrictions, servitudes, easements, charges and liens set forth in this Declaration.

Section 11.21. Reserved Rights. No amendment to this Declaration, the Bylaws or the Articles of Incorporation may remove, revoke, or modify any right, reservation or privilege of the Declarant without the prior written consent of the Declarant or any successors or assignees (pursuant to Section 11.19 above) of the Declarant.

Section 11.22. Perpetuities. If any of the covenants, restrictions, or other provisions of this Declaration shall be unlawfully void, or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 11.23. Declarant Development. As long as the Declarant has an interest in developing the Property or the Project, the Association may not use its financial resources, directly or indirectly, to defray the costs of opposing any development activities reasonably consistent with the general intention of the Development Plan, as amended. Nothing in this Section shall be construed to limit the rights of Members to act as individuals or in affiliation with other Members or other groups.

Section 11.24. Captions and Gender. The captions contained in this Declaration are for convenience only and are not a part of this Declaration and are not intended in any way to limit or enlarge the terms and provisions of this Declaration. Whenever the context so requires, the male shall include all genders and the singular shall include the plural.

Section 11.25. Rights of the Maryland-National Capital Park and Planning Commission ("Commission" herein). Any other provision of this Declaration, the Articles of Incorporation or the Bylaws to the contrary notwithstanding, neither the Owners, the Board of Directors nor the Association 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;

- (i) make any annexation or additions other than as provided in this Declaration, the Articles of Incorporation or the Bylaws; or
- (ii) abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Common Area; 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 Area by the Owners shall not require the consent of the Commission; or
- (iii) modify or amend any material or substantive provision of this Declaration, the Articles of Incorporation or the Bylaws; or

(iv) merge or consolidate the Association with any other entity or sell, lease, exchange or otherwise transfer all or substantially all of the assets of the Association to any other entity; or

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

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

Section 11.26. Counterparts. This Declaration may be executed in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this instrument this ____ day of _____, 200 ____.

WITNESS:

AG-FCP 1001 CHILLUM ROAD OWNER, L.L.C.,
a Delaware limited liability company

By: AG-FCP 1001 CHILLUM ROAD HOLDINGS,
L.L.C., a Delaware limited liability company

By: AG ASSET MANAGER, INC.,
a Delaware corporation

By: _____

Name: _____

Title: _____

[NOTARY PAGES FOLLOW]

STATE OF _____

*
*
*

to wit

COUNTY OF _____

I HEREBY CERTIFY that on this ____ day of _____, 200____, before me, a Notary Public in and for the State and County aforesaid, personally appeared _____, known to me (or satisfactorily proven) to be the _____, and that he, in such capacity and being authorized to do so, executed the foregoing and annexed instrument for the purposes therein contained.

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

Notary Public

My Commission Expires: _____

[NOTARIAL SEAL]

ATTORNEY'S CERTIFICATION

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

Renee M. Finley

CONSENT TO DECLARATION

THE UNDERSIGNED hereby consents to the recordation of the foregoing Declaration of Covenants, Conditions, Easements and Restrictions (the "Declaration") and to the submission of the real property described on Exhibit "A" hereto to the operation and effect of this Declaration upon such terms and conditions as provided in this Declaration. The undersigned shall not be deemed to be the "Declarant" (as defined in the Declaration) by virtue of the execution of this Consent.

IN WITNESS WHEREOF, the undersigned has executed this Consent on this ____ day of _____, 200__.

WITNESS:

a, _____

By: _____

Its: _____

Title: _____

[THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

Exhibit "A"
(Description of Property)

Exhibit "B"
Articles of Incorporation

ARTICLES OF INCORPORATION

OF

THE FAIRMONT COMMUNITY ASSOCIATION, INC.

In compliance with the requirements of Corporations and Associations, Title 2, Annotated Code of Maryland (1999), and any amendments thereto, the undersigned, Alex Marshall, whose address is 1000 Potomac Street, N.W., Suite 120, Washington, D.C. 20007, being at least eighteen (18) years of age, has this day, by execution of these Articles, voluntarily declared himself to be an incorporator for the purpose of forming a nonstock, nonprofit corporation pursuant to the general laws of Maryland, and does hereby certify:

ARTICLE 1

NAME OF CORPORATION

The name of the corporation is THE FAIRMONT COMMUNITY ASSOCIATION, INC., hereinafter called the "Association".

ARTICLE 2

PRINCIPAL OFFICE

The post office address of the initial principal office of the Association is c/o Federal Capital Partners, 1000 Potomac Street, N.W., Suite 120 Washington, D.C. 20007.

ARTICLE 3

RESIDENT AGENT

The name of the resident agent of the Association is The Corporation Trust Incorporated, whose address is 300 Lombard Street, Baltimore Maryland 21202.

ARTICLE 4

POWERS AND PURPOSES

This Association does not contemplate pecuniary gain or profit, direct or indirect, to the Members thereof, and the specific purposes for which it is formed are to provide for and assure the maintenance and preservation of the Common Area and Community Facilities within the Property described in the Declaration of Covenants, Conditions, Easements and Restrictions recorded or to be recorded among the Land Records of the County in which said Property is located, including such additions thereto as may be hereafter brought within the jurisdiction of the Association, and to promote the health, safety and welfare of the Owners within the Property

and any additions thereto as may hereafter be brought within the jurisdiction of this Association. For this purpose, the Association shall have the power and authority to:

(a) exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration of Covenants, Conditions, Easements and Restrictions, hereinafter called the "Declaration," applicable to the Property and recorded or to be recorded among the Land Records of Prince George's County, Maryland, and as the same may be amended from time to time as therein provided, said Declaration being incorporated herein as if set forth at length and made a part hereof;

(b) fix, levy, collect and enforce payment by any lawful means, of all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith, including all office expenses, licenses, taxes or governmental charges levied or imposed against the property of the Association and all other expenses incident to the conduct of the business of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs incurred;

(d) borrow money and with the consent of two-thirds (2/3) of each class of Members of the Association, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication, sale or transfer shall be effective without the consent of two-thirds (2/3) of each class of Members and fifty-one percent (51%) of the Eligible Mortgage Holders and unless the Maryland-National Capital Park and Planning Commission, or its successors or assigns, has given its prior written approval thereof, which approval shall not be unreasonably delayed or denied;

(f) participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the consent of two-thirds (2/3) of each class of Members; and

(g) have and exercise any and all powers, rights and privileges which a nonstock corporation organized under the laws of the State of Maryland by law may now or hereafter have or exercise; and

(h) perform such duties as may be assigned by a Building Condominium Board, which assignment shall not be effective without the consent of the Board of Directors.

Notwithstanding any provision of these Articles of Incorporation or the Declaration to the contrary, the Association shall not take any actions pursuant to Articles 4(c) through 4(e) above

without the prior written consent of the Declarant for so long as the Declarant shall own any Living Unit.

ARTICLE 5
NO CAPITAL STOCK

This Association is not authorized to issue any capital stock and shall not be operated for profit. The Association does not anticipate distributing dividends, gains or profits to its Members. No Member shall have any personal liability for the debts or obligations of the Association.

ARTICLE 6
VOTING RIGHTS

The Association shall have two (2) classes of voting membership, as provided below:

Class A. With the exception of the Declarant (until expiration of the Class B memberships as provided below), every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is an Owner of any Living Unit shall be a Class A Member of the Association; provided, however, that any such person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a Class A Member solely on account of such interest. Each Living Unit shall entitle the Owner of such Living Unit to cast one (1) vote in the affairs of the Association. When more than one (1) person or entity are the Owners of any Living Unit, all such persons and entities shall be Class A Members. The vote for such Living Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Living Unit owned by a Class A Member. Any Class A Member who leases his or her Living Unit may, in the lease or other written instrument, assign the voting right appurtenant to that Living Unit to the lessee, provided that a copy of such instrument is furnished to the Association.

Class B. There shall initially be two thousand nine hundred sixty (2,960) Class B memberships in the Association. This number shall be increased by ten (10) memberships for each Living Unit which is annexed within the Association in accordance with Section 2.2 of the Declaration in excess of two hundred ninety-six (296) Living Units, and shall be decreased by ten (10) memberships for each Living Unit conveyed to a Class A Member. The Class B Member shall be the Declarant, its nominee or nominees, and shall include every person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who shall obtain any Class B membership by specific assignment in writing from the Declarant. The Class B Member shall be entitled to one (1) vote for each Class B membership. Each Class B membership shall lapse and become a nullity on the first to happen of the following events:

(i) one hundred twenty (120) days following the date on which the total authorized, issued and outstanding votes of the Class A, Members equals two thousand six

hundred sixty-four (2,664) or ninety percent (90%) of the total number of Living Units annexed into the Association, whichever is higher; or

(ii) ten (10) years from the date of recordation of the Declaration by the Declarant; provided, however, that if the Declarant, is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid ten (10)-year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less; or

(iii) upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of the Class B memberships as provided for in this Article, the Declarant shall thereafter become a Class A Member of the Association, as applicable, as to each and every Living Unit in which the Declarant then holds the interest otherwise required for such membership. The Members of the Association shall have no preemptive rights, as such Members, to acquire any memberships of this Association that may at any time be issued by the Association except as may be specifically provided in these Articles of Incorporation, the Bylaws or the Declaration of the Association.

ARTICLE 7 **MEMBERSHIP**

Every person or entity who is a record owner of a fee or undivided fee interest of any Living Unit, including contract sellers, shall be a Member of the Association; provided that any such person or entity who or which holds such interest merely as security for the performance of an obligation shall not be a Member. Membership shall be appurtenant to and may not be separated from ownership of any Living Unit which is subject to assessment by the Association.

ARTICLE 8 **RIGHT OF ENJOYMENT**

Every Owner shall have a right and easement of enjoyment in and to the Common Area, and an easement over the Common Area for purposes of ingress and egress to and from such Owner's Living Unit which shall be appurtenant to and shall pass with the title to every Living Unit.

ARTICLE 9 **BOARD OF DIRECTORS**

The affairs of this Association shall be managed by a Board initially consisting of three (3) Directors whose names and addresses are hereinafter listed. Commencing not later than the expiration of the of the Class B memberships as provided above, the Board shall consist of no less than three (3) and no more than five (5) Directors who shall be selected as set forth in the

Bylaws. The names and addresses of the persons who are to initially act in the capacity of Directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Lacy Rice	1000 Potomac Street, N.W., Suite 120, Washington, D.C. 20007
Esko Korhonen	1000 Potomac Street, N.W., Suite 120, Washington, D.C. 20007
Alex Marshall	1000 Potomac Street, N.W., Suite 120, Washington, D.C. 20007

The number, classes, qualifications, powers, duties and tenure of the office of the Directors and the manner by which Directors are to be chosen shall be as prescribed and set forth in the Bylaws of the Association. Officers of the Association shall be elected and shall serve as provided for in said Bylaws.

ARTICLE 10 **DISSOLUTION**

The Association may be dissolved with the consent given in writing and signed by not less than two-thirds (2/3) of each class of Members and with the written approval of the Maryland-National Capital Park and Planning Commission, or its successors or assigns, which approval shall not be unreasonably delayed or denied. Written notice of a proposal to dissolve, setting forth the reasons therefor and the disposition to be made of the assets (which shall be consonant with this Article 10), shall be mailed to every Member not less than ten (10) days nor more than fifty (50) days in advance of any action to be taken. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE 11 **DURATION**

The Association shall exist perpetually.

ARTICLE 12
AMENDMENTS

Amendment of these Articles shall require the assent of no less than seventy-five percent (75%) of the total votes of the membership and the prior written consent of the Declarant (for so as the Declarant shall own any Living Unit.)

ARTICLE 13
LIABILITY

No Director or officer of the Association shall be liable to the Association or to its Members for money damages except (i) to the extent that it is proved that such Director or officer actually received an improper benefit or profit in money, property or services, for the amount of the benefit or profit in money, property or services actually received, or (ii) to the extent that a judgment or other final adjudication adverse to such Director or officer is entered in a proceeding based on a finding in the proceeding that such Director's or officer's action, or failure to act, was the result of active and deliberate dishonesty and was material to the cause of action adjudicated in the proceeding.

ARTICLE 14
MISCELLANEOUS

Unless it is plainly evident from the context that a different meaning is intended, all terms used herein shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these Articles and the Declaration, the terms and provisions of the Declaration shall control.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the undersigned has signed, sealed and delivered these Articles of Incorporation as his own free act and deed on this ____ day of _____, 200__.

WITNESS:

_____ (SEAL)

STATE OF _____ *

COUNTY OF _____ * to wit:

On this ____ day of _____, 200__, before me, a Notary Public in and for the above County and State, personally appeared _____, and acknowledged that he signed the foregoing Articles of Incorporation for the purposes therein stated.

WITNESS my hand and Notarial Seal.

Notary Public

My Commission Expires: _____

[NOTARIAL SEAL]

CONSENT TO ACT AS REGISTERED AGENT:

Pursuant to Section 1-208 of the Corporations and Associations Article of the Annotated Code of Maryland (1999 Replacement Volume), the undersigned consents to serve as the registered agent of The Fairmont Community Association, Inc. pursuant to Article 3 above.

IN WITNESS WHEREOF, I have signed this Consent and acknowledged it to be my act as of the ____ day of _____, 200 ____.

WITNESS:

Signature of Resident Agent

Exhibit "C"

Bylaws

**BYLAWS OF
THE FAIRMONT COMMUNITY ASSOCIATION, INC.**

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BYLAWS OF
THE FAIRMONT COMMUNITY ASSOCIATION, INC.

ARTICLE 1
APPLICABILITY OF BYLAWS

These Bylaws are for THE FAIRMONT COMMUNITY ASSOCIATION, INC., a Maryland nonstock corporation, hereinafter referred to as the "Association".

ARTICLE 2
DEFINITIONS

Unless otherwise defined in these Bylaws or apparent from the context, words or phrases defined in the Declaration for the Association shall have the same meanings in these Bylaws.

ARTICLE 3
MEETING OF MEMBERS

Section 3.1. Membership. The Association shall have two classes of membership, Class A and Class B, as more fully set forth in the Declaration.

Section 3.2. Annual Meetings. The first annual meeting of the Members shall be held within twelve (12) months from the filing date of the Articles of Incorporation of the Association and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter or on such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.3. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote at least twenty percent (20%) of all of the votes of the Class A membership.

Section 3.4. Notice of Meetings.

(a) The Association shall provide each Member entitled to vote with written notice of each meeting of the Members at least ten (10) days but not more than ninety (90) days before such meeting.

(b) Notice shall be given pursuant to this Section 3.4 when it is (i) personally delivered to a Member, (ii) left at a Member's residence, (iii) mailed to a Member at the Member's address as it last appears on the records of the Association, (iv) transmitted to the Member by electronic mail to any electronic mail address of the Member or by any other electronic means, or (v) delivered by any other means allowed under applicable law. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. Such notice shall specify the time, date, and place of the meeting, and, in the case of a special meeting,

(viii) On an individually recorded affirmative vote of two-thirds (2/3) of the members of the Board of Directors (or committee, if applicable) present, for some other exceptional reason so compelling as to override the general public policy in favor of open meetings.

(b) If a meeting is held in closed session for the purposes set forth above:

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

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

ARTICLE 4

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number. The affairs of the Association shall initially be managed by a Board of Directors consisting of three (3) natural persons who are set forth in the Articles of Incorporation. Until the expiration of the Class B memberships as provided in the Articles of Incorporation, the Board of Directors shall consist of three (3) Directors who shall be appointed by and serve at the pleasure of the Declarant. Upon such time that the Declarant shall terminate in writing its right to appoint the Board of Directors, and no later than the expiration of the Class B memberships (the "Board Transition Date"), the Board of Directors shall consist of four (4) Directors who shall be appointed by each of the Building Condominium Boards. Commencing no later than sixty (60) days after the Board Transition Date, the Board of Directors shall consist of not less than three (3) and no more than five (5) Directors who shall be elected by the Members of the Association. Until the Board Transition Date, the Declarant shall have the power to determine whether the Board of Directors shall consist of three (3) or five (5) Directors by a vote of the Members at any annual or special meeting provided, however, that no such change by the Members shall operate to curtail or extend the term of any incumbent Director.

Section 4.2. Term of Office. The Directors of the Association designated by the Declarant in accordance with Article 4, Section 4.1 above, shall hold office at the pleasure of the Declarant. The terms of office of the members of the Board of Directors elected by the Members shall be fixed at three (3) years. On the alternative, the members may resolve at any annual meeting, following the Board Transition Date, to establish the term of office for all Directors elected by the Members to be for a period less than three (3) years, or to establish staggered terms of office for the Directors of from one (1) to three (3) years. Any change in the number of Directors or term of office of Directors shall not act to extend or curtail the term of office until the next meeting of the Board of Directors following the appointment or election of his or her successor.

Section 4.3. Removal. Any member of the Board of Directors appointed by Declarant may be removed by Declarant, with or without cause. Except with respect to members of the

the purpose of the meeting. All meetings of the Members shall be held at places and times convenient to the greatest practicable number of Members.

Section 3.5. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, at least twenty percent (20%) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, these Bylaws, or by applicable law. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 3.6. Voting. At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership held by such Member on each question. Each of the Class B Members shall have the right to cast one (1) vote for each Class B membership held by such Member on each question. The vote of the Members representing fifty-one percent (51%) of the total of the votes of all of the memberships at the meeting, in person or by proxy, calculated as aforesaid, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or of the Articles of Incorporation, the Declaration or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. The vote of any membership which is held by more than one person may be exercised by any of the co-holders present at any meeting unless any objection or protest by any other holder of such membership is noted at such meeting. If all of the co-holders of any membership who are present at any meeting of the Members are unable to agree on the manner in which the votes for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question. If any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the president or any vice president of such corporation and attested by the secretary or an assistant secretary of such corporation and filed with the Secretary of the Association, prior to or during the meeting. The vote of any membership which is held by a trust, partnership, limited liability company or other legal entity may be exercised by any trustee, partner, manager or authorized member thereof, as the case may be, and, unless any objection or protest by any other such trustee, partner, manager or member is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Class A Member shall be eligible to vote, either in person or by proxy, to serve on the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 3.7. Proxies. At all meetings of Members, each Member may vote in person or by proxy. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of such Member's Living Unit. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy. All proxies shall be in writing in such form as is approved by the Board of Directors, which approval may not be unreasonably withheld, and shall be filed with the Secretary before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of the State of Maryland shall be deemed to be satisfactory and approved as to form by the Board of Directors. Notwithstanding anything herein to the contrary, only a directed proxy may be utilized to vote for members of the Board of Directors. A

nondirected proxy may be counted toward a quorum and may vote on any matters of business other than the election of Directors.

Section 3.8. Rights of Mortgagees. Any institutional Mortgagee of any Living Unit who desires notice of the annual and special meetings of the Members shall notify the Secretary of the Association to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional Mortgagee and the name of the person to whom notice of the annual and special meetings of the Members should be addressed. The Secretary of the Association shall maintain a roster of all institutional Mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the Members to each such institutional Mortgagee in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notice to the Members. Any such institutional Mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the Members and such representative may participate in the discussion at any such meeting and may, upon request made to the Chairman in advance of the meeting, address the Members present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Members upon request made in writing to the Secretary.

Section 3.9. Open Meetings.

(a) All meetings of the Association (including meetings of the Members, the Board of Directors, and committees appointed by the Board of Directors) shall be open to all Members of the Association or their agents, except that such meetings may be held in closed session for the following purposes, subject to applicable law, including the provisions of the Maryland Homeowners Association Act, as amended from time to time:

- (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) Consideration of the terms or conditions of a business transaction in the negotiation stage if the disclosure could adversely affect the economic interests of the Association;
- (vii) Compliance with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or

Board of Directors appointed by the Declarant, at any regular or special meeting of the Association, anyone or more of the Board of Directors may be removed from the Board, with or without cause, by the vote of fifty-one percent (51%) of the total authorized votes of the Members of the Association. In the event of death, resignation or removal of a Director, his or her successor shall thereupon be appointed by the remaining Directors from among the Living Unit Owners to fill out the unexpired portion of such Director's term; provided that the successor to any Director designated by the Declarant shall be appointed by the Declarant. The term of office of any Director who becomes more than forty-five (45) days delinquent in payment of Assessments against the Living Unit of which he or she is the Owner shall automatically terminate on the forty-sixth (46th) day, and term of office of any Director who shall be absent, without reasonable cause, from three (3) consecutive regular meetings of the Board of Directors shall automatically terminate upon commencement of the next regular meeting of the Board following such Director's third consecutive absence, and in each case, such Director's successor shall thereupon be appointed by the remaining Directors from among the Living Unit Owners to fill out the unexpired portion of such Director's term; provided that the successor to any Director designated by the Declarant shall be appointed by the Declarant. The Declarant may remove any member of the Board of Directors designated by the Declarant, at any time, with or without cause, by written notification to the Board of Directors specifying the date of such removal and the name of the individual designated to succeed the Director so removed.

Section 4.4. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

Section 4.5. Action Taken Without a Meeting. Subject to the provisions of Section 3.9 of these Bylaws, the Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors and by filing such approval with the minutes of the proceedings of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 5 MEETINGS OF DIRECTORS

Section 5.1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only (i) upon regularly scheduled and established dates or periods and at such time and place as shall have been made known to all Members in writing in a community newsletter, electronic bulletin board, by regular or electronic mail, or by other means which the Board of Directors determines will be reasonably effective in providing such notice to all Members, or (ii) after written notice of a Board meeting is given to all Members by any of the means listed in Section 3.4(b) of these Bylaws not less than seventy-two (72) hours nor more than ninety (90) days prior to the date of the meeting. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. All such meetings shall be open to all Members, Members' agents, and residents of the Community, and shall be held at places and times convenient to the greatest practicable number of Members. Meetings of the Board of Directors may be held in closed session only in accordance with Section 3.9 of these Bylaws.

Section 5.2. Quorum. A majority of the total number of Directors shall constitute a quorum for the transaction of business by the Board of Directors. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 5.3. Rights of Mortgagees. Any institutional Mortgagee of any Living Unit who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary of the Association to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional Mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of the Association shall maintain a roster of all institutional Mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional Mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the Members. Any such institutional Mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representatives may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary of the Association.

ARTICLE 6 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 6.1. Powers. The Board of Directors shall have power to:

- (a) Adopt and publish rules and regulations of the Association including, without limitation, those relating to the use of Common Area and any facilities situated thereon, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) Suspend an Owner's voting rights and an Owner's right to use the Common Area and/or any facilities situated thereon for (i) any period during which any assessment against such Owner's Living Unit remains unpaid, and (ii) for any period as may be determined by the Board for each infraction of the Declaration, Bylaws, Articles of Incorporation or any rules and regulations, provided that such Owner is given reasonable notice of the violation and an opportunity for a hearing;
- (c) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
- (d) Impose fines for violations of the Declaration, Bylaws, Articles of Incorporation or any rules and regulations;
- (e) Contract for services that benefit the Association;

- (f) Establish rules and regulations for parking within the Property;
- (g) Perform such duties as may be assigned by a Building Condominium Board, which assignment shall not be effective without the consent of the Board of Directors; and
- (h) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

Section 6.2. Duties. It shall be the duty of the Board of Directors to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by not less than twenty percent (20%) of the Class A Members who are entitled to vote;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
- (c) as more fully provided in the Declaration, to:
 - (i) fix the amount of the annual assessment against each Living Unit at least thirty (30) days in advance of each annual assessment period (the Board may determine, at its discretion, to round the assessments applicable to each Living Unit to the nearest half dollar or whole dollar amount);
 - (ii) send written notice of each assessment to every Owner subject thereto at least fourteen (14) days in advance of the commencement date of the new assessments; and
 - (iii) foreclose the lien against any property for which assessments are not paid within sixty (60) days after due date or to bring an action at law against the Owner personally obligated to pay the same;
- (d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (f) cause all officers or employees having fiscal responsibilities to be insured, as it may deem appropriate;
- (g) cause the Common Area to be maintained and maintain, operate and/or manage any other property which is the responsibility of the Association pursuant to the

Declaration or the direction of any governmental agency or agreement or which is appurtenant to or serves and benefits any portion of the Property; and

(h) otherwise perform or cause to be performed the functions and obligations of the Board of Directors and the Association as provided for in the Declaration and Articles of Incorporation and these Bylaws, including collection of assessments payable pursuant to any cross easement or other similar agreement. The Association may periodically employ an insurance consultant if the Board of Directors deems it necessary to do so in order to analyze the insurance requirements of the Association.

Section 6.3. Management Agent. The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. Any management agreement entered into by the Association shall provide, among other things, that such agreement may be terminated for cause by either party upon thirty (30) days prior written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1)-year periods.

ARTICLE 7 OFFICERS AND THEIR DUTIES

Section 7.1. Enumeration of Officers. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to be elected by the Board of Directors. The President and the Vice President shall at all times be members of the Board of Directors; the other officers may, but need not, be members of the Board of Directors.

Section 7.2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 7.3. Term. Each officer of the Association shall be elected annually by the Board and each officer shall hold office for one (1) year or until his or her successor is duly elected and qualified, unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 7.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 7.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 7.7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person and the offices of Vice President and assistant secretary may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law or the Declaration, the Articles of Incorporation, or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 7.4 of this Article and except as otherwise provided in this Section 7.7.

Section 7.8. Duties. The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Board of Directors to the Management Agent):

(a) **President:** The President shall be the chief executive officer of the Association and shall preside at all meetings of the Board of Directors. The President shall see that orders and resolutions of the Board of Directors are carried out and may sign and execute, on behalf of the Board of Directors, all authorized instruments and shall co-sign all checks and promissory notes. The President shall perform such other duties as are from time to time assigned to the President by the Board of Directors.

(b) **Vice President:** The Vice President, at the request of the President, or in the absence of the President or during the President's inability or refusal to act, shall perform the duties and exercise the functions of the President, and when so acting shall have the powers of the President. The Vice President shall have such other powers and perform such other duties as are from time to time assigned to the Vice President by the Board of Directors or the President.

(c) **Secretary:** The Secretary shall keep the minutes of the meetings and proceedings of the Board of Directors and of any subcommittees thereto. The Secretary (i) shall see that all notices by the Association are duly given in accordance with the provisions of these Bylaws or as required by law; (ii) shall be custodian of the records of the Association; (iii) may witness any document on behalf of the Association, the execution of which is duly authorized; and (iv) shall perform all such other duties as are from time to time assigned to the Secretary by the Board of Directors or the President.

(d) **Treasurer:** The Treasurer (i) shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; (ii) shall sign all checks and promissory notes authorized by the Board of Directors; (iii) shall keep proper books of account of the Board of Directors and the Association; (iv) shall cause to be prepared an annual statement of income and expenditures for the Association to be presented to the Board of Directors; and (v) shall perform such other duties as are from time to time assigned to the Treasurer by the Board of Directors or the President.

Section 7.9. Compensation. No officer shall receive compensation for any service rendered to the Association. However, any officer may be reimbursed for actual expenses incurred in the performance of such officer's duties.

ARTICLE 8
LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS:
INSURANCE

Section 8.1. Liability and Indemnification. The Association shall indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which such officer or Director may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

Section 8.2. Insurance. The Association shall maintain liability insurance for Directors, officers and committee members of the Association with coverages not less than those provided for under Section 5-406 of the Courts and Judicial Proceedings Article of the Annotated Code of Maryland, or any successor statute, as the same may be amended from time to time. The Board of Directors shall require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall be covered by adequate fidelity insurance or equivalent coverage against acts of dishonesty. The premiums on the insurance under this Section 8.2 shall be paid by the Association.

ARTICLE 9
COMMITTEES

The Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Section 3.9 and Section 5.1 of these Bylaws.

ARTICLE 10
INSURANCE

Section 10.1. Insurance. In addition to the insurance coverage required to be maintained pursuant to the Declaration, the Board of Directors of the Association may obtain and maintain, to the extent reasonably available, the following:

(a) workmen's compensation insurance for employees of the Association to the extent necessary to comply with any applicable law; and

(b) a "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and

(c) such other policies of insurance, including director and officer liability insurance and insurance for other risks of a similar or dissimilar nature and fidelity insurance as required by these Bylaws, as are or shall hereafter be considered appropriate by the Board of Directors.

Section 10.2. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of "B/III" or better (or its equivalent) in the current edition of Best's Insurance Guide.

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, or its authorized representative.

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of the Living Units or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) All policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to any and all insureds named thereon, including any mortgagee of any Living Unit who requests such notice in writing.

(e) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the Members of the Association and their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

ARTICLE 11
BOOKS AND RECORDS/FISCAL MANAGEMENT

Section 11.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin on the date of recordation of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 11.2. Principal Office - Change of Same. The initial principal office of the Association shall be as set forth in the Articles of Incorporation, but meetings of Members and Directors may be held at such places within or outside the State of Maryland as may be designated by the Board of Directors. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

Section 11.3. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the Common Areas and facilities, services required or provided with respect to the same and any other expenses incurred by the Association.

Section 11.4. Auditing. At the close of each fiscal year and at the election of the Board of Directors, the books and records of the Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, if any, the Association shall furnish the Members and any Mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 11.5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys, and to the institutional holder of any First Mortgage on any Living Unit and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice. The Declaration, the Articles of Incorporation, or these Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE 12
ASSESSMENTS

Each Member is obligated to pay to the Association the assessments levied by the Association pursuant to the governing documents of the Association. Assessments are secured by a continuing lien upon the property against which the assessment is made.

ARTICLE 13
CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: THE FAIRMONT COMMUNITY ASSOCIATION, INC., a Maryland corporation.

ARTICLE 14
AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of one-quarter (1/4) of the Members and with the consent of the Declarant during such time that the Declarant shall own any Living Unit.

ARTICLE 15
INTERPRETATION/MISCELLANEOUS

Section 15.1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 15.2. Notices. Unless another type of notice is specifically provided for in these Bylaws, any and all notices called for in these Bylaws shall be given in writing.

Section 15.3. Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions of these Bylaws which can be given effect.

Section 15.4. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 15.5. Captions and Gender. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

IN WITNESS WHEREOF, we, being all of the Directors of THE FAIRMONT
COMMUNITY ASSOCIATION, INC., have hereunto set our hands this ____ day of
_____, 200__.

WITNESS:

Director

Director

Director

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of THE FAIRMONT COMMUNITY ASSOCIATION, INC., a Maryland nonstock corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors hereof, held on the ____ day of _____, 200__.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 200__.

, Secretary

[CORPORATE SEAL]

Exhibit "D"

Estimated Community Association Budgets

HOA

BUDGET DOCUMENTS

- I. Ten (10) Year Operating Budget
- II. Initial Year Operating Budget - 2006
- III. Replacement Reserve Schedule
- IV. Working Capital Budget
- V. Footnotes to Operating Budget

HCA

BUDGET DOCUMENTS

1. Ten (10) Year Operating Budget

HOMEOWNERS'S ASSOCIATION

OPERATING BUDGET ASSUMED FINANCING SCHEDULE PROVIDED BY DEVELOPER BASED ON PROJECTED SETTLEMENT SCHEDULE

	TOTAL 2006	TOTAL 2007	TOTAL 2008	TOTAL 2009	TOTAL 2010	TOTAL 2011	TOTAL 2012	TOTAL 2013	TOTAL 2014	TOTAL 2016
INCOME										
ASSESSMENTS										
30130 Assessments	\$219,236	\$231,455	\$242,848	\$254,401	\$266,742	\$279,700	\$293,206	\$307,592	\$322,593	\$338,344
Total Assessments	\$219,236	\$231,455	\$242,848	\$254,401	\$266,742	\$279,700	\$293,206	\$307,592	\$322,593	\$338,344
OTHER INCOME										
35900 Interest Income	\$0	\$400	\$401	\$402	\$403	\$404	\$405	\$406	\$407	\$408
35900 Miscellaneous Income	\$300	\$318	\$335	\$347	\$356	\$363	\$369	\$375	\$380	\$385
Total Other Income	\$300	\$718	\$736	\$749	\$759	\$767	\$774	\$781	\$787	\$793
TOTAL INCOME	\$219,536	\$232,173	\$243,584	\$255,150	\$267,501	\$280,467	\$293,980	\$307,373	\$323,380	\$339,137
COMMON EXPENSES										
ADMINISTRATIVE										
42200 Annual Meeting Expense	\$200	\$210	\$221	\$232	\$243	\$255	\$268	\$281	\$295	\$310
42200 Office Supplies	\$1,400	\$1,470	\$1,544	\$1,621	\$1,702	\$1,787	\$1,876	\$1,970	\$2,068	\$2,172
42300 Postage	\$475	\$499	\$524	\$550	\$577	\$606	\$637	\$670	\$705	\$743
43000 Printing / Stationery	\$425	\$448	\$472	\$497	\$524	\$552	\$581	\$611	\$643	\$677
43000 Administrative Miscellaneous	\$0	\$2,500	\$2,425	\$2,748	\$2,984	\$3,039	\$3,191	\$3,350	\$3,519	\$3,698
44000 Auditors	\$1,500	\$1,680	\$1,764	\$1,852	\$1,945	\$2,042	\$2,144	\$2,251	\$2,364	\$2,482
44200 Legal	\$5,000	\$4,200	\$4,500	\$4,846	\$5,235	\$5,668	\$6,147	\$6,674	\$7,250	\$7,878
44400 Management Fees	\$12,000	\$12,220	\$12,492	\$12,816	\$13,195	\$13,629	\$14,118	\$14,663	\$15,265	\$15,927
44800 Insurance	\$100	\$100	\$110	\$110	\$122	\$122	\$134	\$141	\$148	\$156
45800 Board and Committee Expenses	\$100	\$100	\$110	\$110	\$122	\$122	\$134	\$141	\$148	\$156
Total Administrative	\$23,385	\$27,004	\$28,407	\$29,827	\$31,319	\$32,855	\$34,452	\$36,113	\$37,843	\$39,646
UTILITIES										
51000 Electricity	\$12,000	\$12,500	\$13,030	\$13,582	\$14,155	\$14,758	\$15,391	\$16,054	\$16,748	\$17,474
51800 Water & Sewer	\$4,880	\$5,093	\$5,347	\$5,647	\$5,994	\$6,389	\$6,824	\$7,301	\$7,821	\$8,385
52200 Telephone	\$2,400	\$2,520	\$2,648	\$2,784	\$2,927	\$3,076	\$3,231	\$3,392	\$3,559	\$3,732
Total Utilities	\$19,280	\$20,113	\$21,025	\$22,013	\$23,076	\$24,222	\$25,454	\$26,776	\$28,190	\$29,791
PAYROLL										
48170 On-Site Manager (including overhead)	\$68,400	\$74,820	\$78,414	\$79,182	\$83,141	\$87,298	\$91,663	\$96,246	\$101,058	\$106,114
00000 Cell Phone	\$720	\$738	\$794	\$833	\$876	\$919	\$965	\$1,013	\$1,064	\$1,117
49050 Maintenance (including Overhead)	\$37,500	\$39,570	\$41,344	\$43,411	\$46,081	\$48,916	\$52,024	\$55,756	\$59,408	\$63,175
Total Payroll	\$108,620	\$115,928	\$120,552	\$123,426	\$129,097	\$136,223	\$143,903	\$152,026	\$160,526	\$169,403
REPAIRS & MAINTENANCE										
54800 General Supplies	\$1,800	\$1,890	\$1,985	\$2,084	\$2,188	\$2,297	\$2,412	\$2,533	\$2,659	\$2,792
54900 Janitorial Supplies	\$1,200	\$1,280	\$1,365	\$1,456	\$1,552	\$1,654	\$1,762	\$1,876	\$1,996	\$2,122
55000 Grounds Non-Contract	\$2,250	\$2,385	\$2,481	\$2,605	\$2,735	\$2,871	\$3,015	\$3,166	\$3,324	\$3,489
55000 Common Area Maintenance	\$3,000	\$3,150	\$3,308	\$3,473	\$3,647	\$3,829	\$4,020	\$4,221	\$4,432	\$4,654
Total Repair & Maintenance	\$8,250	\$8,663	\$8,939	\$9,250	\$9,628	\$10,029	\$10,508	\$11,000	\$11,516	\$12,057
SHIMMING POOL / RECREATION										
63000 Pool Contract	\$14,000	\$14,700	\$15,430	\$16,207	\$17,017	\$17,868	\$18,761	\$19,699	\$20,684	\$21,716
63100 Pool Repairs & Maintenance	\$1,700	\$1,785	\$1,874	\$1,968	\$2,068	\$2,174	\$2,276	\$2,382	\$2,492	\$2,607

HOMEOWNERS ASSOCIATION

OPERATING BUDGET
ASSUMES PHASING SCHEDULE PROVIDED BY DEVELOPER
BASED ON PROJECTED SETTLEMENT SCHEDULE

	TOTAL 2006	TOTAL 2007	TOTAL 2008	TOTAL 2009	TOTAL 2010	TOTAL 2011	TOTAL 2012	TOTAL 2013	TOTAL 2014	TOTAL 2015
63200 Pool Supplies	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216	\$1,276	\$1,340	\$1,407	\$1,477	\$1,551
64100 Pool House	\$1,250	\$1,260	\$1,273	\$1,289	\$1,309	\$1,332	\$1,358	\$1,388	\$1,423	\$1,462
64400 Fitness Room Equipment	\$1,200	\$1,260	\$1,323	\$1,389	\$1,459	\$1,532	\$1,608	\$1,689	\$1,773	\$1,862
Total Swimming Pool / Recreation	\$34,100	\$30,065	\$32,108	\$32,111	\$33,216	\$34,317	\$35,596	\$36,976	\$38,458	\$39,930
MAINTENANCE SERVICE AGREEMENT										
64235 Cleaning Contract	\$1,266	\$1,329	\$1,396	\$1,468	\$1,539	\$1,616	\$1,697	\$1,781	\$1,870	\$1,964
70000 Grounds Maintenance Contract (Common Area)	\$24,998	\$26,249	\$27,562	\$28,940	\$30,387	\$31,906	\$33,504	\$35,177	\$36,935	\$38,782
70400 Snow Removal	\$7,800	\$7,875	\$8,289	\$8,882	\$9,516	\$10,192	\$10,911	\$11,673	\$12,478	\$13,326
Total Service Agreement	\$33,766	\$35,454	\$37,258	\$38,888	\$41,042	\$43,084	\$45,249	\$47,511	\$49,887	\$52,316
TAXES & LICENSES										
71000 Taxes	\$0	\$400	\$826	\$891	\$970	\$1,066	\$1,169	\$1,279	\$1,394	\$1,515
71500 License, Permit, & Fees	\$300	\$316	\$331	\$347	\$365	\$383	\$402	\$422	\$443	\$465
71550 Pool Permit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Taxes & Licenses	\$300	\$816	\$1,157	\$1,238	\$1,335	\$1,469	\$1,571	\$1,699	\$1,837	\$1,980
SUB-TOTAL Operating Expenses										
	\$30,400	\$32,120	\$33,614	\$34,788	\$36,044	\$37,251	\$38,547	\$39,848	\$41,157	\$42,466
74000 Replacement Reserve Contributions	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988	\$7,988
TOTAL EXPENSES	\$383,636	\$392,170	\$423,360	\$425,181	\$438,610	\$449,497	\$461,113	\$473,420	\$485,443	\$498,217
NET SURPLUS/(DEFICIT)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

HCA

BUDGET DOCUMENTS

II. Initial Year Operating Budget - 2006

Operating Budget 2008

HOMESOWNERS ASSOCIATION

ERATING BUDGET
SUMIES PHASING SCHEDULE PROVIDED BY DEVELOPER
SED ON PROJECTED SETTLEMENT SCHEDULE

	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	TOTAL 2008
INCOME													
ASSESSMENTS	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$218,335
Assessments	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$218,335
Total Assessments	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$18,195	\$218,335
30120													
OTHER INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Income	\$0	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
Miscellaneous Income	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
Total Other Income	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$300
TOTAL INCOME	\$18,220	\$18,220	\$18,220	\$18,220	\$18,220	\$18,220	\$18,220	\$18,220	\$18,220	\$18,220	\$18,220	\$18,220	\$218,635
COMMON EXPENSES													
ADMINISTRATIVE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Meeting Expense	\$100	\$400	\$400	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,400
Office Supplies	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$180
Postage	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$240
Printing / Stationery	\$16	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$180
Administrative Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Auditor	\$0	\$400	\$400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$800
Legal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Management Fees	\$0	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$1,050	\$12,600
Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Board and Committee Expenses	\$0	\$2,100	\$2,100	\$1,770	\$1,770	\$2,170	\$1,770	\$1,885	\$2,285	\$1,885	\$1,885	\$1,885	\$22,385
Total Administrative	\$1,770	\$2,100	\$2,100	\$1,770	\$1,770	\$2,170	\$1,770	\$1,885	\$2,285	\$1,885	\$1,885	\$1,885	\$22,385
UTILITIES													
Electricity	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$12,000
Water & Sewer	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Telephone	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Total Utilities	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$1,650	\$19,800
PAYROLL													
On-site Manager (including overhead)	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700	\$68,400
Call Phone	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$80	\$960
Maintenance (including Overhead)	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$37,500
Total Payroll	\$9,605	\$9,605	\$9,605	\$9,605	\$9,605	\$9,605	\$9,605	\$9,605	\$9,605	\$9,605	\$9,605	\$9,605	\$115,860
REPAIRS & MAINTENANCE													
General Supplies	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$160	\$1,920
Janitorial Supplies	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Grounds Non-Contract	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Common Area Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Repair & Maintenance	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$260	\$3,120
SPRINGING POOL / RECREATION													
Pool Contract	\$0	\$0	\$0	\$0	\$1,000	\$2,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$14,000
Pool Repairs & Maintenance	\$0	\$0	\$0	\$0	\$1750	\$6000	\$9000	\$9000	\$9000	\$9000	\$9000	\$9000	\$71,700

Operating Budget 2008

HOMEOWNERS ASSOCIATION

OPERATING BUDGET
IS PHASING SCHEDULE PROVIDED BY DEVELOPER
ON PROJECTED SETTLEMENT SCHEDULE

	January 2008	February 2008	March 2008	April 2008	May 2008	June 2008	July 2008	August 2008	September 2008	October 2008	November 2008	December 2008	TOTAL 2008
Pool Supplies	\$0	\$0	\$0	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000
Pool House	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Fitness Room Equipment	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Total Swimming Pool / Recreation	\$200	\$200	\$200	\$2,850	\$2,700	\$3,200	\$3,200	\$3,200	\$2,850	\$200	\$200	\$200	\$18,100
MAINTENANCE SERVICE AGREEMENT													
Cleaning Contract	\$100	\$101	\$102	\$103	\$104	\$105	\$106	\$107	\$108	\$109	\$110	\$111	\$1,246
Grounds Maintenance Contract (Common Areas)	\$2,083	\$2,093	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$2,083	\$24,989
Snow Removal	\$2,000	\$2,000	\$1,606	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,606
Total Service Agreements	\$4,183	\$4,194	\$3,689	\$2,188	\$2,197	\$2,188	\$2,189	\$2,190	\$2,191	\$2,192	\$2,193	\$2,194	\$33,768
TAXES & LICENSES													
Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Licenses, Permits, & Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$300	\$0	\$0	\$0	\$0	\$0	\$300
Pool Permit	\$0	\$0	\$0	\$0	\$0	\$0	\$300	\$0	\$0	\$0	\$0	\$0	\$300
Total Taxes & Licenses	\$0	\$0	\$0	\$0	\$0	\$0	\$300	\$0	\$0	\$0	\$0	\$0	\$300
SUB-TOTAL Operating Expenses	\$17,018	\$17,410	\$18,890	\$18,341	\$18,642	\$18,683	\$18,608	\$18,610	\$18,411	\$16,227	\$18,188	\$18,568	\$210,670
Replacement Reserve Contributions	\$884	\$884	\$884	\$884	\$884	\$884	\$884	\$884	\$884	\$884	\$884	\$884	\$10,608
TOTAL EXPENSES	\$17,902	\$18,294	\$19,774	\$19,225	\$19,526	\$19,567	\$19,492	\$19,494	\$19,295	\$17,111	\$19,072	\$19,452	\$221,278
NET SURPLUS/DEFICIT	\$588	\$137	\$838	(\$1,788)	(\$1,089)	(\$537)	(\$833)	(\$1,054)	(\$855)	\$2,328	\$1,368	\$657	\$0

HOA

BUDGET DOCUMENTS

III. Replacement Reserve Schedule

HOA
REPLACEMENT RESERVE SCHEDULE

ITEM	AREA OR QUANTITY	UNIT DESCRIP.	UNIT COST	TOTAL COST	CURRENT BALANCE	ESTIMATED REMAIN LIFE	PROJECTED REPLACEMENT	BALANCE NEEDED	ANNUAL CONTRIB.	PERCENT OF CONTRIB.
JANUARY, 2008	HOA									
JANUARY, 2008	Crack Seal, Seal Coat, Re-Stripe Pavement	1 unit	\$376	\$1,500	\$0	7	28	\$8,000	\$214.28	2.98%
JANUARY, 2008	Signposts	1 unit	\$16,000	\$16,000	\$0	22	22	\$15,000	\$681.82	8.55%
JANUARY, 2008	Fencing	1 unit	\$78,800	\$78,800	\$0	25	25	\$78,600	\$3,144.00	39.47%
JANUARY, 2008	Dampstat Endoscurea	1 unit	\$16,000	\$16,000	\$0	10	30	\$45,000	\$1,500.00	18.85%
JANUARY, 2008	Finest Equipment	6 unit	\$1,600	\$7,600	\$0	7	28	\$30,000	\$1,071.43	13.45%
JANUARY, 2008	Pool Sand Filter	1 unit	\$2,000	\$2,000	\$0	5	30	\$12,000	\$400.00	5.02%
JANUARY, 2008	Poolhouse Bathroom Fixtures	16 unit	\$86	\$1,380	\$0	10	30	\$4,080	\$138.00	1.71%
JANUARY, 2008	Paint Poolhouse Exterior Features	1 unit	\$3,000	\$3,000	\$0	7	28	\$12,000	\$428.57	5.35%
JANUARY, 2008	Paint Poolhouse Interior Features	1 unit	\$2,000	\$2,000	\$0	7	28	\$8,000	\$285.71	3.58%
JANUARY, 2008	Exterior Lighting (Common Areas)	1 unit	\$1,040	\$1,040	\$0	10	10	\$1,040	\$104.00	1.31%
TOTAL ANNUAL REPLACEMENT RESERVE CONTRIBUTION - HOA									\$7,985.82	100.00%
TOTAL MONTHLY REPLACEMENT RESERVE CONTRIBUTION - HOA									\$665.48	100.00%

HOA

BUDGET DOCUMENTS

IV. Working Capital Budget

L & N LEGUM & NORMAN, INC.

Commercial, Residential, & Industrial Real Estate
Property Management, Construction & General Contracting

HOA WORKING CAPITAL BUDGET

Purpose:

The purpose of a Working Capital Budget is to allocate certain expenses to be charged against the Initial Working Capital Contribution, which is paid by each initial purchaser at the time of settlement. In the case of the Parker House Home Owners Association, it is anticipated that this contribution will be equal to two (2) times the purchaser's monthly Homeowners Association Contribution.

The items charged against this budget traditionally are viewed as "start up" items, or items necessary to beginning the business of running the association. Since each community association is somewhat unique in certain aspects, charges that are not reflected in this budget may occur which are justifiably expenses against the working capital.

WORKING CAPITAL EXPENSES

Organizational Expenses

Interim Management	\$ 3,500
Owners' Manual	2,500
Book of Resolutions	2,000
Transition Program	4,000
Printing, Binders, Custom Presentation Materials	1,000
Non-contract Management Consulting	5,000
Total Organizational Expenses	\$18,000

Office Accessories

Miscellaneous Items	2,000
Total Office Accessories	\$ 2,000

.. HOA
Working Capital Budget
Page 2

<u>Initial Maintenance Supplies</u>	
Electrical & Mechanical	\$ 2,500
Lock/Hardware/Tools	\$ 2,500
Total Initial Maintenance Supplies	\$ 5,000
Total Working Capital Expenses	\$25,000

<u>Working Capital Fund</u>	
2006 Contributions	\$ 36,390
Total Working Capital Income	\$ 36,390
Net Surplus/(Deficit)	\$ 11,390

WORKING CAPITAL INCOME

At closing, an amount anticipated to be equal to at least two (2) times the monthly Homeowners Association Contribution will be collected from each initial purchaser as initial working capital for the Association. The total income into this account is projected to be approximately Thirty-Six Thousand, Three Hundred and Ninety Dollars (\$36,390) BEFORE any adjustment or allowance for expenditures. This figure is calculated on the basis of the anticipated fees and the phasing schedule provided by Federal Capital Partners.



The State of Maryland

Executive Department

OFFICE OF THE SECRETARY OF STATE ORDER OF REGISTRATION

WHEREAS; The Maryland Condominium Act provides that a public offering statement for a proposed condominium regime be registered with the Secretary of State;

WHEREAS; AG-FCP CHILLUM ROAD OWNER, LLC

has submitted an application and required application fee for the registration of the public offering statement for the proposed condominium regime known as:

The Fairmont 1005 Condominium
(Located in Prince George's County);

WHEREAS; said application has been reviewed and found to be complete and acceptable for registration under Title 11 Real Property Article, Annotated Code of Maryland, 2003 Replacement Volume;

NOW THEREFORE BE IT ORDERED that the public offering statement for the proposed condominium regime known as:

The Fairmont 1005 Condominium

is hereby registered with the Secretary of State of Maryland.

PROVIDED HOWEVER, that this **ORDER OF REGISTRATION** is subject to suspension or termination for failure of the registrant to comply with the Maryland Condominium Act or any regulation that the Secretary of State has adopted pursuant to Section 11-127 (e) of the Maryland Condominium Act.

IN TESTIMONY WHEREOF I have hereunto set my hand and caused to be affixed the Seal of the Secretary of State of Maryland, in Annapolis, Maryland on November 28, 2005.



SECRETARY OF STATE

Condominium Declaration
The Fairmont 5601 Condominium Association

24961 669

2006 APR 28 P 1:22

CLERK OF THE
CIRCUIT COURT

DECLARATION OF CONDOMINIUM
THE FAIRMONT 5601 CONDOMINIUM

When recorded return to:
Linowes and Blocher LLP
7200 Wisconsin Avenue, Suite 800
Bethesda, Maryland 20814
Attn: Renee M. Finley, Esq.

IMP FD DUKE \$	20.00
RECORDING FEE	75.00
TOTAL	95.00
Rest PG03	Rest # 66947
REP LJJ	BR # 7101
Apr 28, 2006	01:22 PM

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Exhibits

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

24961 672

**DECLARATION OF CONDOMINIUM
FAIRMONT 5601 CONDOMINIUM**

THIS DECLARATION OF CONDOMINIUM ("Declaration"), made and entered into this 28 day of April, 2006, by AG-FCP 1001 CHILLUM ROAD OWNER, L.L.C., a Delaware limited liability company ("Declarant").

Explanatory Statement

The Declarant is the fee simple owner of the Property, as defined in Section 1.22 of this Declaration, which is located in Prince George's County, Maryland. The Property is a portion of the residential development known as the Fairmont Community (the "Overall Development"). It is intended that the Overall Development shall contain four (4) buildings containing residential condominium units (each, a "Building"). It is anticipated that each Building will be subjected to a separate condominium regime. It is also anticipated that the Overall Development will include an entrance area, sidewalks, roadways, parking areas, recreational facilities (including, without limitation, a clubhouse, fitness center and swimming pool), landscaped areas, walkways, and other amenities and improvements that will serve the residents of the Overall Development (the "Community Facilities") to be owned, operated and/or maintained by a Community Association for the Overall Development. The Community Association shall be responsible for the operation, maintenance, repair and replacement of all Community Facilities. The cost of operation, maintenance, repair and replacement of the Community Facilities shall be assessed by the Community Association against its members in accordance with the Community Association Declaration.

The Declarant subjected the Overall Development to a land condominium regime known as The Fairmont Land Condominium pursuant to the Maryland Condominium Act (the "Land Condominium") for the purposes of dividing the Overall Development of which the Property is a part into "Land Units" as shown on the plat for the Land Condominium and to facilitate the creation of separate land units for the development and operation of the four (4) separate condominium regimes and the Community Facilities. Each Land Unit is a discrete three-dimensional space and constitutes a legally transferable parcel or unit of real property.

In the event of any conflict between the foregoing Explanatory Statement and any other provision of this Declaration, such other provision shall supersede and control over the Explanatory Statement.

Declaration of Condominium

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,

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

WHEREAS, prior to the recordation hereof the Declarant has filed for record in the Office of the Clerk of the Circuit Court of Prince George's County, Maryland, a certain condominium plat entitled "The Fairmont 5601 Condominium" (hereinafter referred to as the "Condominium Plat"), which Condominium Plat (consisting of three (3) sheets) is recorded in Condominium Plat Book REP 212, at page(s) 21 et seq.

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

ARTICLE 1 DEFINITIONS

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

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

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

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

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

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

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

Section 1.7. "Common Expenses" means any expenses associated with the maintenance, operation, inspection, administration, repair, or replacement (including, without limitation, any reasonable reserves) of the General Common Elements, except to the extent

specifically provided otherwise in this Declaration or the Bylaws, or of the Limited Common Elements that are intended to benefit less than all of the Units and Unit Owners and which may be assessed by the Board of Directors against the Unit or Units to which such Limited Common Elements are appurtenant. The Common Expenses shall also include expenses which may be assessed against a particular Unit as provided in this Declaration and the Bylaws and all expenses designated as such by resolution of the Board of Directors, or by this Declaration or the Bylaws.

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

Section 1.9. "Community Association" means the Fairmont Community Association, Inc. and its Board of Directors.

Section 1.10. "Community Association Governing Documents" means the Declaration of Covenants, Conditions, Easements and Restrictions, Bylaws, Articles of Incorporation and rules of Fairmont Community Association, Inc., as amended from time to time.

Section 1.11. "Condominium" means the Property having the status of a "Condominium" pursuant to and as defined in the Act.

Section 1.12. "Condominium Plat" means a certain condominium plat entitled "The Fairmont 5601 Condominium" filed by the Declarant for record in the Office of the Clerk of the Circuit Court for Prince George's County, Maryland.

Section 1.13. "Council of Unit Owners" means the entity comprised of all Unit Owners, sometimes hereinafter referred to as the "Association".

Section 1.14. "Covenants and Restrictions" means the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens set forth in this Declaration and the Bylaws for the Condominium.

Section 1.15. "Declarant" shall mean and refer to AG-FCP 1001 Chillum Road Owner, L.L.C., a Delaware limited liability company, and its successors and assigns to whom any of the rights, reservations, easements, interests, exemptions, privileges or powers of the Declarant are specifically assigned or transferred in writing.

Section 1.16. "Declaration" shall refer to this document and all exhibits attached hereto, as amended from time to time.

Section 1.17. "Eligible Mortgage Holder" means a holder, insurer, or guarantor of a first mortgage on a Unit who has submitted a written request for notice from the Council of Unit Owners of amendments to the Condominium documents or other significant matters which would affect the interests of the mortgagee.

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Section 1.18. "Extraordinary Actions" refers to actions taken by or on behalf of the Council of Unit Owners as more particularly described in Article 8, Section 8.9 hereof.

Section 1.19. "General Common Elements" means all of the "Common Elements" except "Limited Common Elements".

Section 1.20. "Limited Common Elements" include those Common Elements designated as such in this Declaration or on the Condominium Plat as described in Article 3, Section 3.2, hereof.

Section 1.21. "Percentage Interest" means the undivided interest of each Unit Owner, as set forth in Exhibit "D", with respect to Common Elements of the Condominium and the Common Profits and Common Expenses of the Council of Unit Owners.

Section 1.22. "Property" means the land and premises and the buildings constructed or to be constructed thereon and all appurtenances thereto, located in Prince George's County, State of Maryland, and more particularly described in Exhibit "A" of this Declaration.

Section 1.23. "Rules" means the written rules and regulations adopted from time to time by the Board of Directors of the Council of Unit Owners in accordance with the Act, the Declaration and the Bylaws.

Section 1.24. "Unit" means a three-dimensional area, as described below and as shown on the Condominium Plat, and includes all improvements contained within such area except such improvements as are expressly excluded in this Declaration or on the Condominium Plat. Unless otherwise designated on the Condominium Plat: (a) the lower boundary of any Unit located upon a concrete slab or slabs on the ground floor of the Condominium building is a horizontal plane (or planes), the elevation of which coincides with the elevation of the lower exposed surface of such concrete slab or slabs extended to intersect the lateral or perimetrical boundaries thereof; (b) the lower boundary of any Unit located above the ground floor of the Condominium building is a horizontal plane (or planes), the elevation of which coincides with the centerline of the horizontal plane shared with neighboring Unit(s) below extended to intersect the lateral or perimetrical boundaries thereof; (c) except for Units on the top floor of the building, the upper boundary of each Unit is a horizontal plane (or planes), the elevation of which coincides with the centerline of the horizontal plane shared with neighboring Unit(s) above extended to intersect the lateral or perimetrical boundaries thereof; (d) the upper boundary of each Unit on the top floor of the building is a horizontal (or in some cases inclined) plane (or planes), the elevation of which coincides with the outermost exposed surface of the roof, extended to intersect the lateral or perimetrical boundaries thereof; (e) the lateral or perimetrical boundaries of those portions of each Unit which do not abut another Unit is a vertical plane (or planes) which coincides with the outermost exposed surfaces of the exterior walls thereof, including the windows and doors thereof, extended to intersect the upper and lower horizontal boundaries thereof and to intersect the other lateral or perimetrical boundaries of the Unit; and (f) the lateral or perimetrical boundary of a Unit designed or intended to constitute the boundary between two separate contiguous Units shall coincide with the center line of the party wall(s) between such Units.

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Unless otherwise designated on the Condominium Plat, all portions of a wall, floor, ceiling, door, window or other improvement that constitute the boundary between a Unit and any Common Element area (whether interior or exterior) shall be part of the Unit. Unless otherwise designated in this Declaration or on the Condominium Plat as a Common Element, (i) any mechanical equipment, fixtures and appurtenances located within or outside of any Unit and designated to serve only that Unit, such as pipes, wires, cables, conduits, electrical receptacles and outlets, ducts, flues (including, without limitation, fireplace flues), chutes, appliances and the like, and (ii) any patios, terraces, decks and balconies which are designated to serve only that Unit, shall be considered a part of the Unit. Notwithstanding the boundaries of the Units as defined in this Section, the Association shall have the exclusive control over and the right and obligation to maintain the building exteriors, roof, foundation and other components of the Condominium, which are deemed by the Board of Directors to be of benefit to multiple Unit Owners.

Section 1.25. "Unit Owner" means any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, which owns a Unit; provided, however, that any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation shall not be a Unit Owner solely by reason of such interest.

ARTICLE 2

CREATION OF CONDOMINIUM REGIME

Section 2.1. Submission of Property to Act.

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

(b) By the recordation of this Declaration, the Council of Unit Owners hereby assumes all liability, responsibility and duty for the care, operation and maintenance of the Common Elements except as otherwise provided herein, and each Unit Owner hereby assumes or agrees to assume all liability and duty for the care, operation and maintenance of his or her respective Unit, subject, however, to any rights and/or obligations the Council of Unit Owners or each Unit Owner may have pursuant to this Declaration and the Bylaws. Further, the Council of Unit Owners and each Unit Owner, on their own behalf, and on behalf of their successors and

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assigns, hereby agrees to indemnify and hold Declarant, its successors and assigns harmless from any loss, liability or damage (including attorneys' fees and court costs) arising out of or resulting from the failure of the Council of Unit Owners or each Unit Owner to care for, maintain or properly operate the Common Elements or Units, as applicable.

Section 2.2. Description of the Units. The general description and number of each Unit, including its area, location and such other data as may be necessary or appropriate for its identification, is set forth on the Condominium Plat, a copy of which Condominium Plat is annexed hereto as Exhibit "C" (and by this reference is made a part hereof).

Section 2.3. Name of Condominium. The name by which the Condominium shall be known is "Fairmont 5601 Condominium".

ARTICLE 3 COMMON ELEMENTS

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

- (a) The Property, other than the Units, including, without limitation, foundation, telephone, electric meter, fire pump and other common utility rooms, trash rooms and chutes, mail rooms, elevators, elevator rooms, lobby area, stairs and/or hallways or corridors (not located within any Unit), and communication ways; and,
- (b) All areas, improvements and facilities specifically identified on the Condominium Plat as Common Elements; and
- (c) Any facilities within the Property designated for common use by Unit Owners, such as the pool and clubhouse; and
- (d) All other elements within the Property of common use or necessary to the Condominium's existence, upkeep and/or safety.

Section 3.2. Limited Common Elements. All areas designated as Limited Common Elements are reserved for the exclusive use of the Unit Owner(s) of the Unit(s) to which they are declared to be appurtenant by appropriate designation in this Declaration or on the Condominium Plat. If no such designation is made in this Declaration or on the Condominium Plat, then the Limited Common Elements shall be deemed to be appurtenant to Unit(s) to which they are adjacent or which they are rationally intended to serve and benefit. The right of the Unit Owner(s) to whose Unit(s) the Limited Common Elements are appurtenant to use and enjoy the same shall be subject to the Rules as the Board of Directors of the Council of Unit Owners may from time to time enact, and are further subject to each Unit Owner's responsibility to pay any charges imposed by the Board of Directors for the use and maintenance of such Limited Common Elements. Pursuant to the Act, the Council of Unit Owners may assess the costs

incurred in maintaining any Limited Common Elements against the Unit(s) to which such Limited Common Elements are appurtenant. The Limited Common Elements shall include, but are not limited to, Limited Common Element parking spaces.

ARTICLE 4
PERCENTAGE INTEREST AND VOTING RIGHTS

Each Unit shall have the same incidents as real property, and the Unit Owner shall hold the same in fee simple and shall have a common right to a share with the other Unit Owners of an undivided fee simple interest in the Common Elements, which shall be known as the Unit Owner's Percentage Interest in the Common Elements. The Percentage Interest in the Common Elements appertaining to each Unit is set forth in Exhibit "D". This percentage is also the Percentage Interest of each Unit Owner in the Common Profits and Common Expenses of the Council of Unit Owners. Each owner of a Unit shall be entitled to one (1) vote in the Council of Unit Owners; however, each Unit owned by the Declarant shall have three (3) votes for so long as such Unit is owned by the Declarant. Except as otherwise specifically provided in this Declaration, the Percentage Interests heretofore described and votes herein established shall not be changed without the unanimous written consent of all of the Unit Owners and the mortgagees (as defined in the Act) evidenced by an appropriate amendment to this Declaration recorded among the Land Records of 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 or her Unit to another Unit Owner and the part of the Unit conveyed may be incorporated as part of such other Unit, whereupon the Unit Owner shall reallocate a portion of his or her Percentage Interest in the Common Elements of the Condominium and Percentage Interest in the Common Profits and Common Expenses of the Council of Unit Owners in accordance with the Act.

ARTICLE 5
COVENANT AGAINST PARTITION; ENCROACHMENTS; EASEMENTS

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

Section 5.2. Encroachments. If any portion of the Common Elements now encroaches upon any Unit, or if any Unit now encroaches upon any other Unit or upon any portion of the Common Elements, as a result of the construction, reconstruction, repair, shifting, settlement or movement of the Units and/or Common Elements, or if any such encroachment shall occur hereafter as a result of construction, reconstruction, repair, shifting, movement or settlement, or otherwise, a valid easement for the encroachment and for the maintenance of the same exists so long as the encroaching Unit and/or Common Elements shall stand. In the event any Unit, any

adjoining Unit, or any adjoining Common Elements shall be partially or totally destroyed as a result of fire or other casualty or as a result of condemnation or eminent domain proceedings, and then constructed, reconstructed or repaired, encroachment of parts of the Common Elements upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Elements resulting from such construction, reconstruction or repair shall be permitted, and valid easements for such encroachment and the maintenance thereof shall exist so long as the encroaching improvements shall stand.

Section 5.3. General Easements.

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

(i) An irrevocable right and exclusive easement to enter those portions of the Units for which the Association has exclusive control and the right and obligation to maintain, including, without limitation, the building exteriors, roof, foundation, Common Elements of the Condominium and other components which are deemed by the Board of Directors to be of benefit to multiple Unit Owners.

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

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

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

(d) There is hereby reserved unto the Declarant (and its successors and assigns to whom such easement has been specifically assigned in writing), for the benefit of the real property described in Exhibit "A" attached hereto and made a part hereof and for the benefit of the Declarant, its agents and any person or entity at any time owning any portion of the real property described in Exhibit "A", a non-exclusive perpetual blanket easement and right of passage on, through, over, under, and across all of the Property and Common Elements for ingress, egress, installation, replacement, repair, maintenance and use of all utilities, including, but not limited to, water, sewer, drainage, gas, cable television and internet service, telephones and electricity, and further including the right to connect to and use any such utilities which may exist or be located upon the Property from time to time. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles and other equipment on the Property, to affix and maintain electrical or telephone wires and conduits, sewer and water drainage lines, on, above, or below any portion of the Property, including any improvements constructed thereon and to have construction vehicles, personnel, equipment and the like exercise the aforesaid right of ingress and egress over the Property. There is further reserved unto the Declarant (and its successors and assigns to whom such right has been specifically assigned in writing), the right to grant specific easements, both temporary and permanent, to any person or entity, including all public authorities and utility companies, over any part of the Property in furtherance of the blanket easement created by this Section 5.3(d). In the exercise of any rights under this Section 5.3(d), there shall be no unreasonable interference with the use of the Property or any Unit for residential purposes, or with Common Elements for the purposes for which each is reasonably intended. Any person or entity exercising any rights under this Section 5.3(d) shall be obligated to promptly repair, at their own expense, any damage caused by the exercise of such rights and to restore, to the extent practicable, any damaged real or personal property to the condition of such property prior to the exercise of such rights.

(e) There is hereby reserved unto the Declarant (and its successors and assigns to whom such easement has been specifically assigned in writing) for the benefit of the Declarant and its agents a nonexclusive easement and right of access to the Common Elements and Units for the purpose of making necessary inspections of the Units and/or Common Elements relative to its responsibilities as Declarant, and for the purpose of performing installations, alterations and/or repairs to the Units and/or the mechanical and electrical services and other Common Elements in the Units or elsewhere in the Condominium relative to its responsibilities as Declarant, and to correct any condition which violates the provisions of any warranty regarding the Units and/or Common Elements, provided that requests for entry to a

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Unit are made in advance and that such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency such right of entry to a Unit shall be immediate, whether the Unit Owner is present at the time or not.

(f) The Property and Common Elements shall be subject to a non-exclusive, perpetual easement and right of passage, for the benefit of the Community Association membership, for ordinary and reasonable pedestrian ingress and egress over, across and upon any sidewalk, road or pathway (and any replacement thereof) constructed within the Property that may reasonably be deemed to have been constructed or intended for pedestrian use.

(g) There is hereby reserved unto the Board of the Community Association and its agents, employees and independent contractors, a non-exclusive perpetual easement and right of passage on, through, over, under and across the Property to perform such functions and operations as the Board of Directors of the Community Association may be empowered, authorized or directed to carry out within the Property pursuant to the Community Association Governing Documents, this Declaration, and/or the Bylaws, including, without limitation, any maintenance responsibilities as may now or hereafter be assumed by the Board of Directors of the Community Association with respect to any exteriors of any structures located within the Property; provided, however, that this easement shall not authorize or empower the Board of Directors of the Community Association to assume any maintenance responsibilities with respect to the interior of any Unit. The Board of Directors of the Community Association shall have all rights and privileges reasonably necessary to the exercise of the foregoing easement which shall not be inconsistent with the rights and privileges granted to the Board of Directors of the Condominium herein, including, without limitation a reasonable right of ingress and egress on, over and through the Property and any structure located therein; provided, however, that the Board of Directors of the Community Association shall take reasonable steps to minimize any damage to Units and Common Elements to their original condition if there is any damage to such Units or Common Elements as a result of the exercise of this easement.

ARTICLE 6 **DECLARANT'S RIGHT TO RENT OR SELL UNITS**

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

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management of other Units in the area for so long as the Declarant shall own any portion of the Property.

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

ARTICLE 7
WATER AND SEWER AND OTHER UTILITIES

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

ARTICLE 8
MISCELLANEOUS

Section 8.1. Construction and Enforcement.

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

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of enforcement against the Council of Unit Owners as the Council of Unit Owners has against the Unit Owners.

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

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

Section 8.2. 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 8.3. 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 8.4. 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 or the Bylaws must receive the prior written consent of the Department of Veteran's Affairs ("VA") if any Unit is subject to a mortgage guaranteed by the VA.

Section 8.5. Consents. Notwithstanding any other provision of this Declaration, unless otherwise provided by statute (or in case of condemnation or insurable loss to the Units and/or Common Elements of the Condominium), neither the Declarant, the Council of Unit Owners nor the Board of Directors shall take any of the following actions unless the approvals indicated have been obtained:

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

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

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

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

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

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

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

(h) unless the consent of the Unit Owners to which at least sixty-seven percent (67%) of the votes in the Council of Unit Owners are allocated (or such higher percentage as may otherwise be required by this Declaration or the Act) and the approval of Eligible Mortgage Holders holding mortgages on Units which have at least fifty-one percent (51%) of the votes of Units subject to mortgages or deeds of trust held by Eligible Mortgage Holders is obtained, amend any material provision of this Declaration, the Bylaws or Condominium Plats which establishes, provides for, governs or regulates any of the following:

- (i) Voting rights;
- (ii) Increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens or the priority of such liens;
- (iii) Reductions in reserves for maintenance, repair and replacement of the Common Elements;

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

An amendment shall not be considered material for purposes of this Section 8.5(h) if such amendment is for purposes of correcting typographical errors or omissions, or is for purposes of clarification only.

Section 8.6. Successors of Declarant. Any and all rights, reservations, easements, interests, exemptions, privileges and powers of the Declarant hereunder, or any part of them, may be assigned or transferred (exclusively or non-exclusively) by the Declarant to its successors and assigns (hereinafter referred to as an "Assignee") by an instrument in writing. Unless expressly otherwise agreed between the parties to any such assignment or transfer (i) the

Declarant shall not assume or be responsible for any liabilities, warranties or obligations which have or may accrue to any such Assignee under this Declaration or pursuant to law in connection with such Assignee's development of any lot or parcel of land subject, or to be subjected, to this Declaration, including, but not limited to, any liabilities, warranties or obligations concerning any Units, Common Elements, buildings or other improvements constructed, or to be constructed, by or on behalf of any such Assignee, and (ii) such Assignee shall not assume or be responsible for any liabilities, warranties or obligations which have or may accrue to the Declarant under this Declaration or pursuant to law in connection with the development of any lot or parcel of land subject, or to be subjected, to this Declaration, including, but not limited to, any liabilities, warranties or obligations concerning any Units, Common Elements, buildings or other improvements constructed, or to be constructed, by or on behalf of the Declarant. Any such written assignment or transfer shall specify that the Assignee has the obligation to meet the registration and disclosure requirements of the Act regarding any Units, Common Elements, buildings or other improvements constructed, or to be constructed, by or on behalf of such Assignee.

Section 8.7. Declarant Reserved Rights. No amendment to this Declaration or the Bylaws may remove, revoke, modify or amend any of the rights, reservations, easements, interests, exemptions, privileges or powers of the Declarant under this Declaration or the Bylaws, or any provision of this Declaration or the Bylaws that otherwise inures to the benefit of the Declarant, without the prior written consent of the Declarant (collectively, the "Declarant's Rights"). The Declarant's Rights may be exercised by the Declarant for so long as the Declarant owns any Units or other portion of the Property or any property adjacent to the Property and for so long as the Declarant has any obligations with respect to the development or repair of the Property. In no event shall any of the Declarant's Rights be deemed terminated, waived, transferred or assigned to the Unit Owners or the Council of Unit Owners merely on account of the Declarant ceding control of the Board of Directors to the Unit Owners.

Section 8.8. Declarant's Power of Attorney. The Declarant hereby reserves for itself, its successors, transferees and assigns, for a period of ten (10) years from the date the first Unit is conveyed to an individual purchaser, or until it conveys title to the last Unit, whichever occurs first, the right to execute on behalf of all contract purchasers, Unit Owners, Eligible Mortgage Holders, mortgagees, and other lienholders or parties claiming a legal or equitable interest in the Condominium, any such agreements, documents, amendments or supplements to this Declaration, the Bylaws or the Condominium Plat which may be so required by FNMA, FHA, VA, the Federal Home Loan Mortgage Corporation ("FIILMC"), the Government National Mortgage Association ("GNMA") or by any governmental or quasi-governmental agency having regulatory jurisdiction over the Condominium, or institutional lender or title insurance company designated by the Declarant.

(a) By acceptance of a deed to any Unit or by the acceptance of any other legal or equitable interest in the Condominium, each and every such contract purchaser, Unit Owner, Eligible Mortgage Holder, mortgagee or other lienholder or party having a legal or equitable interest in the Condominium does automatically and irrevocably name, constitute, appoint and confirm the Declarant, its successors, transferees and assigns, as attorney-in-fact for

24961 687

the purpose of executing such agreement, document, amendment, supplement and other instrument(s) necessary to effect the foregoing subject to the limitations set forth herein.

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

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

Section 8.9. Extraordinary Actions. Although the Board of Directors shall generally have broad powers to regulate, govern and manage the Condominium, the power to approve certain Extraordinary Actions (as defined below) shall remain vested in the Council of Unit Owners. Any provision of this Declaration or the Bylaws to the contrary notwithstanding, the Board of Directors shall not be authorized to take any Extraordinary Actions without the affirmative vote of Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners present, in person or by proxy, and voting at any meeting of the Association. As used herein, the term "Extraordinary Actions" shall mean any and all actions taken by or on behalf of the Council of Unit Owners, including, without limitation, commencing or maintaining any litigation, arbitration or similar proceeding (except for routine common expense collection matters, or actions required to enforce the restrictions on the use of Units, Rules or architectural controls set forth in Article 5 of the Bylaws) which would reasonably require the expenditure of funds in excess of Ten Thousand Dollars (\$10,000.00) in the aggregate during any fiscal year of the Association. However, Extraordinary Actions shall not be deemed to include actions by the Council of Unit Owners in connection with the normal care, upkeep, repair, maintenance or replacement of any of the existing Common Elements, including the establishment and utilization of reserves for the repair or replacement of existing Common Elements. Such actions with respect to the normal care, upkeep, repair, maintenance or replacement of any of the existing Common Elements shall be subject to Article 5, Sections 5.2, 5.3 and 5.4 of the Bylaws. Each planned expenditure of more than Ten Thousand Dollars (\$10,000.00) shall require the aforesaid consent of Unit Owners representing not less than sixty-seven percent (67%) of the Unit Owners present, in person or by proxy, and voting at any meeting of the Association.

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Section 8.10. Non Merger. Notwithstanding that all or portions of the Property may be owned by the same entity, all of the rights, easements and other provisions of this Declaration shall not be deemed to be extinguished by merger.

(SIGNATURE PAGE FOLLOWS)

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

ATTEST/WITNESS:

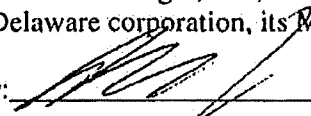
DECLARANT:

AG-FCP 1001 Chillum Road Owner, L.L.C.,
a Delaware limited liability company

By: AG-FCP 1001 Chillum Road
Holdings, L.L.C.,
a Delaware limited liability company,
its Sole Member

By: AG Asset Manager, Inc.,
a Delaware corporation, its Manager



By: 

Name: ADAM SCHWARTZ
Title: VICE PRESIDENT

* * *

STATE OF

*

COUNTY OF

* to wit:

*

I HEREBY CERTIFY that on this 26th day of April, 2006, before me, a Notary Public in and for the aforesaid jurisdiction, personally appeared ADAM SCHWARTZ, known to me (or satisfactorily proven) to be the VICE PRESIDENT of AG Asset Manager, Inc., a Delaware corporation, which is the Manager of AG-FCP 1001 Chillum Road Holdings, LLC, a Delaware limited liability company, which is the Sole Member of AG-FCP 1001 Chillum Road Owner, L.L.C., a Delaware limited liability company and that such person, being authorized to do so, executed the foregoing and annexed instrument for the purposes therein contained.

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



Notary Public

My Commission Expires: _____

[NOTARIAL SEAL]

WYNNE FONG
Notary Public, State of New York
No. 01FO6019224
Qualified in Richmond County
Certificate Filed in New York County
Commission Expires February 01, 2007

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DECLARANT'S CERTIFICATION

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


ATTEST/WITNESS:

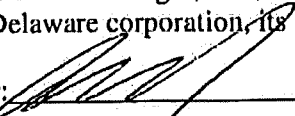
DECLARANT: ^W

AG-FCP 1001 Chillum Road Owner, L.L.C.,
a Delaware limited liability company

By: AG-FCP 1001 Chillum Road
Holdings, L.L.C.,
a Delaware limited liability company,
its Sole Member

By: AG Asset Manager, Inc.,
a Delaware corporation, its Manager

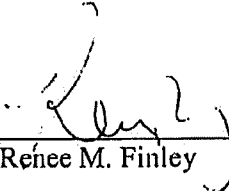


By: 
Name: ADAM SCHWARTZ
Title: VICE PRESIDENT

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ATTORNEY'S CERTIFICATE

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



Renee M. Finley

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Exhibit "A"

Description of the Property

Land Unit 4 as shown on a plat of condominium entitled "The Fairmont Land Condominium" recorded among the Land Records of Prince George's County, Maryland on April 28, 2006 in Plat Book Rep. 212, at page(s) 20 and as described in that Declaration for The Fairmont Land Condominium recorded among the Land Records of Prince George's County, Maryland concurrently therewith.

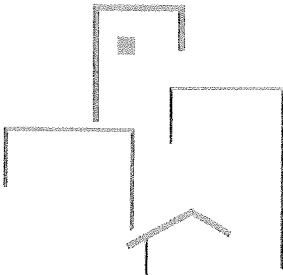
A-1

**Current Unaudited Financial Documents
The Fairmont 5601 Condominium Association**

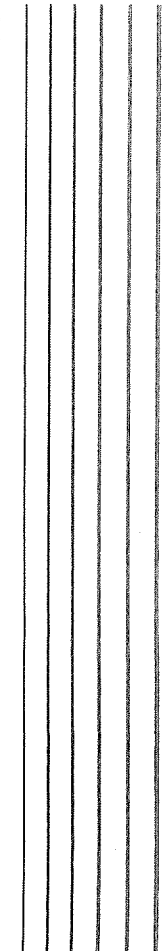


FAIRMONT 5601 CONDOMINIUM

FINANCIAL REPORTS OCTOBER 2017



BARKAN



Account Supervisor:	<i>Michael Feltenberger, CMCA® , AMS® , PCAM®</i>
Portfolio Manager	<i>Jen Ann Santiago, CMCA® , AMS® , PCAM®</i>
Property Manager:	<i>Natasha Douglas</i>

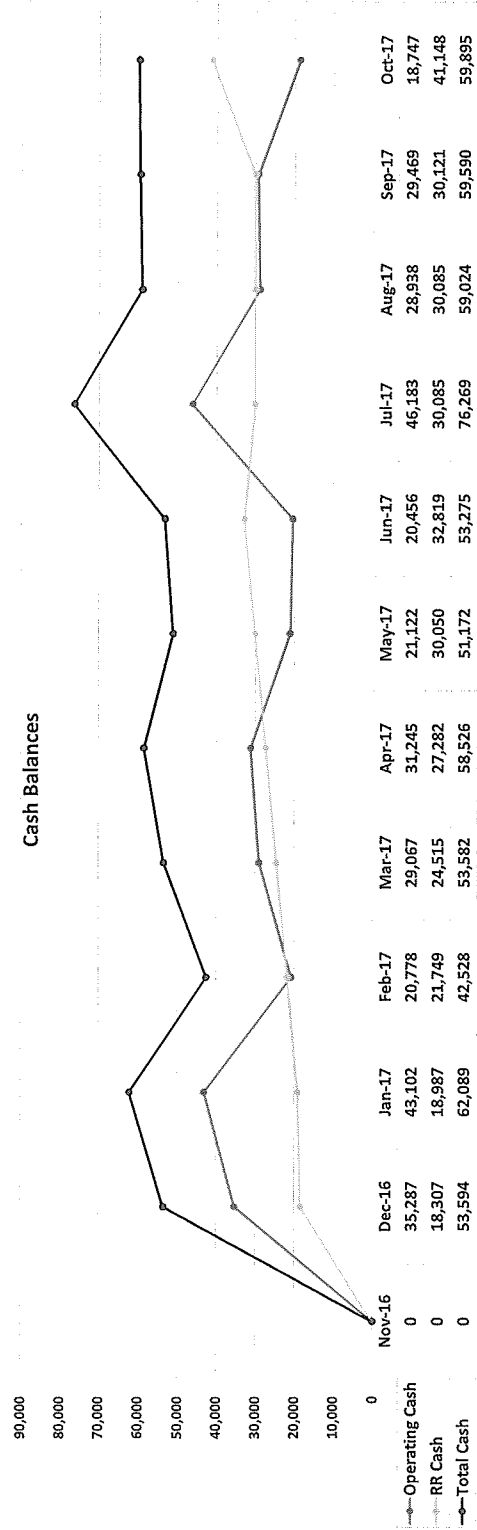
BARKAN MANAGEMENT COMPANY, INC. AMO®

The Fairmont 5601 Condominium
Financial Statement Summary



Cash Accounts - Operating					Cash Accounts - Reserve				
GL	NAME	BEG	END	Chg	GL	NAME	BEG	END	Chg
1110000	Petty Cash	0.00	0.00	0.00	1314000	Real Estate Tax Escrow	0.00	0.00	0.00
1120000	Operating Cash	0.00	0.00	0.00	1316000	Escrow Cash	0.00	0.00	0.00
1120001	Operating Cash 1	24,436.96	13,714.70	(10,722.26)	1316020	Debt Service Reserve	0.00	0.00	0.00
1120002	Operating Cash 2	0.00	0.00	0.00	1320000	Replacement Reserve-Cash	0.00	0.00	0.00
1120003	Operating Cash 3	5,032.00	5,032.00	0.00	1320001	Replacement Reserve-Cash2	0.00	0.00	0.00
1120004	Operating Cash 4	0.00	0.00	0.00	1320100	Replacement Reserve-MM	0.00	0.00	0.00
1120005	Operating Cash 5	0.00	0.00	0.00	1320101	Replacement Reserve-MM1	30,120.63	41,148.02	11,027.39
1120006	Construction Checking Accou	0.00	0.00	0.00	1320102	Replacement Reserve-MM2	0.00	0.00	0.00
1120007	Operating Fund II	0.00	0.00	0.00	1320103	Replacement Reserve-MM3	0.00	0.00	0.00
1120010	Deposits-Other	0.00	0.00	0.00	1320104	Replacement Reserve-MM4	0.00	0.00	0.00
1120020	Operating Cash-Partners Acc	0.00	0.00	0.00	1320200	Replacement Reserve-CD	0.00	0.00	0.00
1121000	Money Market	0.00	0.00	0.00	1320201	Replacement Reserve-CD1	0.00	0.00	0.00
1122000	Operating Reserve	0.00	0.00	0.00	1320202	Replacement Reserve-CD2	0.00	0.00	0.00
1123000	Insurance Cash	0.00	0.00	0.00	1320203	Replacement Reserve-CD3	0.00	0.00	0.00
1124000	Working Capital	0.00	0.00	0.00	1320204	Replacement Reserve-CD4	0.00	0.00	0.00
1124001	Working Capital-Investment	0.00	0.00	0.00	1321000	Replacement Reserve-Invest	0.00	0.00	0.00
1124002	Working Capital 2	0.00	0.00	0.00	1321100	Remediation Funds	0.00	0.00	0.00
1129000	Special Purpose	0.00	0.00	0.00	1321200	Remediation Funds-CD	0.00	0.00	0.00
		29,468.96	18,746.70	(10,722.26)	1395000	Working Capital	0.00	0.00	0.00
					1395001	Working Capital-St Investment	30,120.63	41,148.02	11,027.39

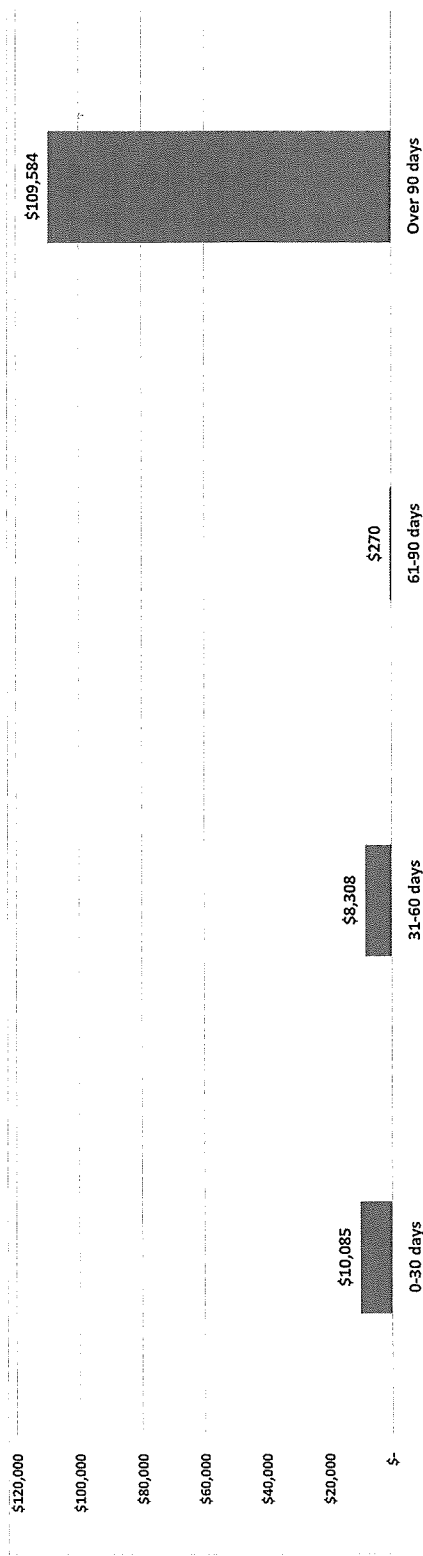
Cash Balances



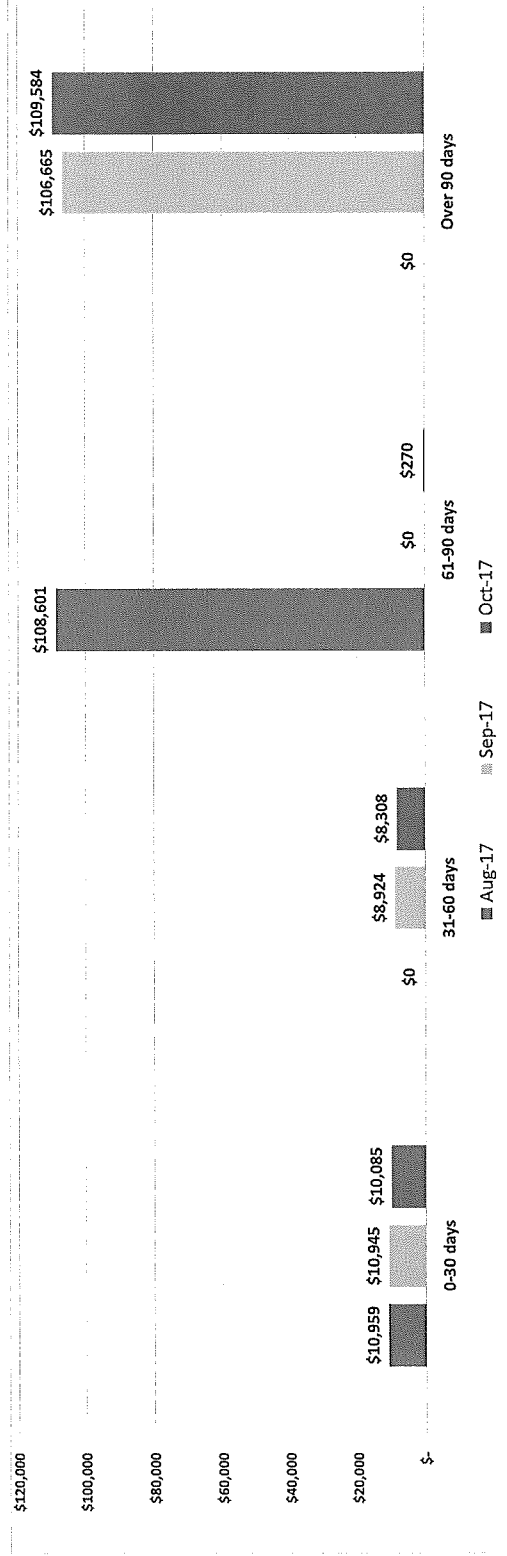


The Fairmont 5601 Condominium
Financial Statement Summary

Receivables



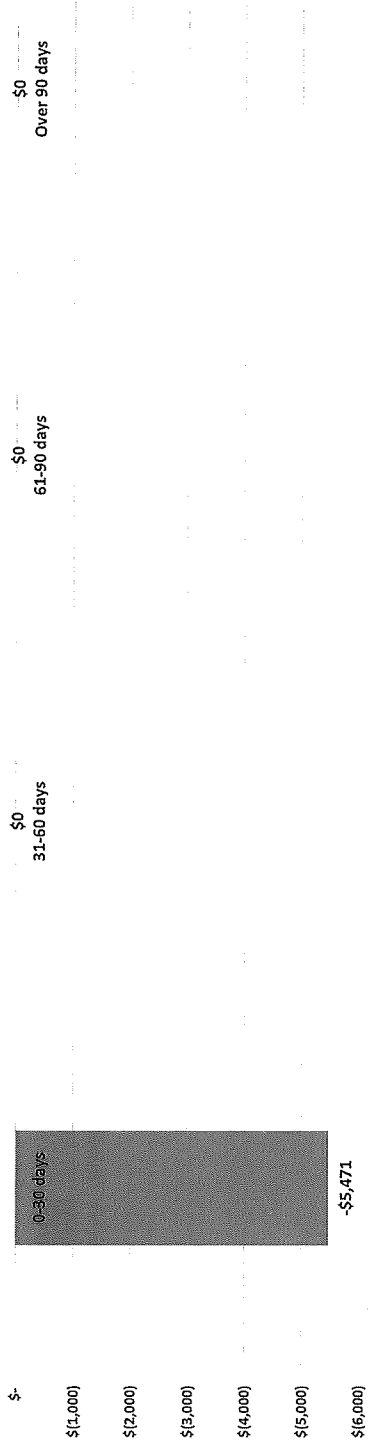
Receivables History



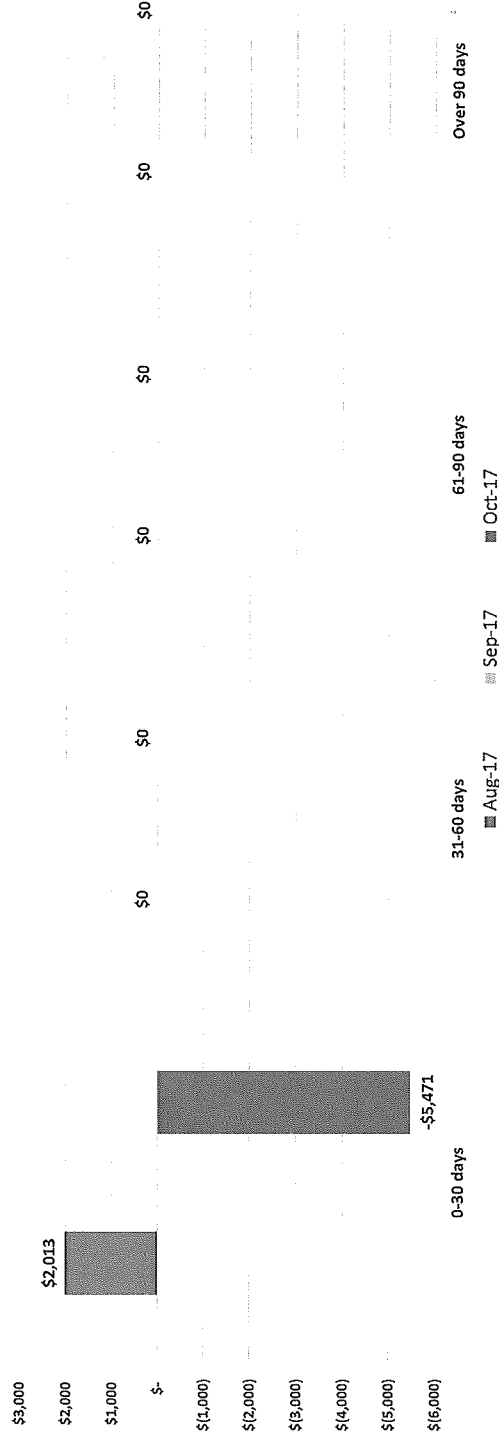


The Fairmont 5601 Condominium
Financial Statement Summary

Payables



Payables History





**The Fairmont 5601 Condominium
Executive Summary
For The Period
October, 2017**

Current Actual	Current Budget	Current Variance		YTD Actual	YTD Budget	YTD Variance	Annual Budget
30,885	32,813	(1,928)	Total Operating Income	306,106	328,131	(22,025)	393,757
(5,395)	3,984	9,379	Total Utilities	39,505	39,835	330	47,802
2,047	2,938	891	Total Contracts	29,394	20,002	(9,391)	22,753
5,460	7,477	2,017	Total Repair & Maintenance	30,061	78,153	48,092	93,141
5,287	5,337	50	Total Professional Services	66,288	56,875	(9,413)	67,550
7,960	8,568	608	Total Administrative Expenses	94,075	85,808	(8,267)	102,970
2,645	2,418	(227)	Total Taxes & Insurance	27,036	24,795	(2,241)	26,520
<u>18,004</u>	<u>30,722</u>	<u>12,717</u>	Total Operating Expenses	<u>286,358</u>	<u>305,468</u>	<u>19,110</u>	<u>360,736</u>
<u>12,880</u>	<u>2,091</u>	<u>10,789</u>	Net Operating Budget	<u>19,748</u>	<u>22,663</u>	<u>(2,915)</u>	<u>33,021</u>
RESERVES BUDGET							
(2,752)	(2,752)	0	Total Reserve Expenses	(25,435)	(27,518)	2,083	(33,021)
<u>(2,752)</u>	<u>(2,752)</u>	<u>0</u>	Net Reserve Budget	<u>(25,435)</u>	<u>(27,518)</u>	<u>2,083</u>	<u>(33,021)</u>
<u>10,129</u>	<u>(660)</u>	<u>10,789</u>	Net Operating Profit/(Loss)	<u>(5,687)</u>	<u>(4,855)</u>	<u>(832)</u>	<u>0</u>
6,268	0	6,268	Insurance Loss Recovery	6,268	0	6,268	0
(13,100)	0	(13,100)	Insurance Loss Paid Out	(15,075)	0	(15,075)	0
<u>3,297</u>	<u>(660)</u>	<u>3,957</u>	NET CASH FLOW	<u>(14,494)</u>	<u>(4,855)</u>	<u>(9,639)</u>	<u>0</u>



**The Fairmont 5601 Condominium
Budget Variance
For The Period
October, 2017**

Current Actual	Current Budget	Current Variance		YTD Actual	YTD Budget	YTD Variance	Annual Budget
Assessments							
27,162	27,162	0	5110.001 Condo Assessments	261,864	271,620	(9,756)	325,944
2,752	2,752	0	5500.000 Reserve Assessments	27,518	27,518	0	33,021
0	0	0	5110.020 Special Assessment Operating	722	0	722	0
29,914	29,914	0	Total Assessments	290,104	299,138	(9,033)	358,965
Other Income							
0	97	(97)	5113.000 Other Assessment	0	970	(970)	1,164
566	374	192	5910.000 Laundry and Vending Revenue	5,316	3,744	1,572	4,492
405	603	(198)	5920.000 NSF and Late Charges	2,737	6,030	(3,293)	7,236
0	0	(0)	5990.000 Miscellaneous Inc	0	0	0	0
0	751	(751)	5990.010 Expense Reimbursement	903	7,509	(6,606)	9,011
0	1,047	(1,047)	5990.210 Legal - Collection	6,896	10,471	(3,574)	12,565
0	27	(27)	5990.600 Key Income	150	270	(120)	324
971	2,899	(1,928)	Total Other Income	16,002	28,993	(12,991)	34,792
30,885	32,813	(1,928)	Total Operating Income	306,106	328,131	(22,025)	393,757
Utilities							
2,381	2,425	44	6450.000 Electricity	19,689	24,251	4,563	29,102
(7,776)	1,558	9,335	6452.000 Gas	19,816	15,584	(4,232)	18,701
(5,395)	3,984	9,379	Total Utilities	39,505	39,835	330	47,802
Contracts							
767	724	(43)	6517.000 Janitor and Cleaning Contract	8,439	7,238	(1,201)	8,685
189	182	(7)	6519.000 Exterminating Contract	1,888	1,820	(68)	2,184
0	27	27	6531.000 Fire Prevention/Contract	0	265	265	318
352	1,563	1,211	6541.570 HVAC Contract	10,349	6,250	(4,099)	6,250
0	0	0	6542.100 Repairs Contract-Extraordinary	3,560	0	(3,560)	0
444	148	(296)	6542.310 Water Treatment	1,480	1,480	0	1,776
295	295	0	6545.000 Elevator Maintenance/Contract	3,678	2,950	(728)	3,540
2,047	2,938	891	Total Contracts	29,394	20,002	(9,391)	22,753
Repair & Maintenance							
106	0	(106)	6520.000 Exterminating Supplies	106	0	(106)	0
0	0	0	6531.031 Fire Extinguisher Inspection	0	322	322	322
0	667	667	6541.003 Repairs-HVAC	398	6,667	6,269	8,000
0	400	400	6541.006 Repairs-Electric	666	4,000	3,334	4,800
4,377	1,000	(3,377)	6541.050 Repairs-Plumbing	11,813	10,000	(1,813)	12,000
0	200	200	6541.059 Repairs - Roof	250	2,000	1,750	2,400
0	0	0	6541.090 Repairs-Fire Alarm	0	318	318	318
0	0	0	6541.260 HVAC Materials	0	100	100	100
303	250	(53)	6541.320 Repairs-Elevator	1,155	2,500	1,345	3,000
0	3,864	3,864	6541.410 Repairs Building Residential	3,853	38,643	34,790	46,372



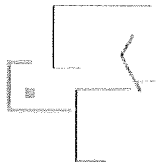
**The Fairmont 5601 Condominium
Budget Variance
For The Period
October, 2017**

Current Actual	Current Budget	Current Variance		YTD Actual	YTD Budget	YTD Variance	Annual Budget
674	63	(612)	6542.211 Locks & Keys	5,245	625	(4,620)	750
0	0	0	6545.040 Elevator Inspections	145	145	0	179
0	0	0	6562.020 Painting	1,122	2,500	1,378	2,500
0	833	833	6590.000 Misc Operating and Maintenance Expenses	668	8,333	7,665	10,000
0	200	200	6590.020 Utility Poles and Wires	4,640	2,000	(2,640)	2,400
5,460	7,477	2,017	Total Repair & Maintenance	30,061	78,153	48,092	93,141
Professional Services							
2,000	2,337	337	6320.000 Management Fee	20,455	23,375	2,920	28,050
0	500	500	6320.030 Management Other Fees	1,038	5,000	3,963	6,000
3,287	3,000	(287)	6340.100 Legal Fees - Collections	42,433	30,000	(12,433)	36,000
0	0	0	6350.000 Audit Expense	3,400	3,500	100	3,500
5,287	5,837	550	Total Professional Services	67,325	61,875	(5,450)	73,550
Administrative Expenses							
2	42	40	6311.010 Printing	528	417	(111)	500
5	17	12	6311.050 Postage	200	291	91	350
7,762	7,762	0	6352.070 Master Assoc Fee	90,940	77,620	(13,320)	93,144
171	248	77	6360.000 Telephone and Answering Service	1,349	2,480	1,131	2,976
21	0	(21)	6390.000 Misc Administrative Expenses	21	0	(21)	0
7,960	8,068	108	Total Administrative Expenses	93,037	80,808	(12,230)	96,970
Taxes & Insurance							
2,645	2,418	(227)	6720.000 Property & Liability Insurance (Hazard)	27,036	24,180	(2,856)	24,731
0	0	0	6720.050 D&O Liability Insurance	0	0	0	1,175
0	0	0	6721.000 Fidelity Bond Insurance	0	615	615	615
2,645	2,418	(227)	Total Taxes & Insurance	27,036	24,795	(2,241)	26,520
18,004	30,722	12,717	Total Operating Expenses	286,358	305,468	19,110	360,736
12,880	2,091	10,789	Net Operating Budget	19,748	22,663	(2,915)	33,021
RESERVES BUDGET							
(2,752)	(2,752)	0	9901.015 Reserve Contributions	(25,435)	(27,518)	2,083	(33,021)
(2,752)	(2,752)	0	Total Reserve Contribution	(25,435)	(27,518)	2,083	(33,021)
10,129	(660)	10,789	Net Operating Profit/(Loss)	(5,687)	(4,855)	(832)	0
Extraordinary Items							
6,268	0	6,268	5935.000 Insurance Loss Recovery	6,268	0	6,268	0
(13,100)	0	(13,100)	9900.000 Insurance Loss Paid Out	(15,075)	0	(15,075)	0
3,297	(660)	3,957	NET CASH FLOW	(14,494)	(4,855)	(9,639)	0



**The Fairmont 5601 Condominium
Statement of Revenue and Expense Reserve Fund
For The Period
October, 2017**

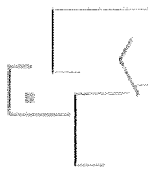
<u>Current Actual</u>	<u>Current Budget</u>	<u>Current Variance</u>		<u>YTD Actual</u>	<u>YTD Budget</u>	<u>YTD Variance</u>	<u>Annual Budget</u>
Revenues							
20	0	20	3130.063 Current Year RR Interest	73	0	73	0
2,752	2,752	0	5500.000 Current Year RR Deposits	27,518	27,518	0	33,021
<u>2,772</u>	<u>2,752</u>	<u>20</u>	Total Revenues	<u>27,591</u>	<u>27,518</u>	<u>73</u>	<u>33,021</u>
<u>2,772</u>	<u>2,752</u>	<u>20</u>	Current Year Reserves Activity	<u>27,591</u>	<u>27,518</u>	<u>73</u>	<u>33,021</u>



BARKAN

**The Fairmont 5601 Condominium
Statement of Income & Forecast
For the Period
October 2017**

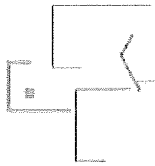
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Annual Budget
Assessments														
5110.001 Condo Assessments	28,262	28,654	28,528	30,898	29,567	7,306	27,162	27,162	27,162	27,162	27,162	27,162	316,188	325,944
5500.000 Reserve Assessments	0	0	0	0	0	16,511	2,752	2,752	2,752	2,752	2,752	2,752	33,021	33,021
5110.020 Special Assessment Operating	290	(21)	140	33	33	246	0	0	0	0	0	0	722	0
Total Assessments	28,552	28,634	28,668	30,932	29,601	24,063	29,914	29,914	29,914	29,914	29,914	29,914	349,932	358,965
Other Income														
5113.000 Other Assessment	0	0	0	0	0	0	0	0	0	0	0	0	194	1,164
5910.000 Laundry and Vending Revenue	628	643	507	483	682	266	441	1,100	441	566	374	374	6,065	4,492
5920.000 NSF and Late Charges	420	270	300	269	91	127	0	450	405	405	603	603	3,943	7,236
5990.000 Miscellaneous Inc	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5990.010 Expense Reimbursement	115	0	585	0	16	186	0	0	0	0	751	751	2,405	9,011
5990.210 Legal - Collection	87	(3)	(62)	76	50	6,748	0	0	0	0	1,047	1,047	8,990	12,565
5990.600 Key Income	0	150	0	0	0	0	0	0	0	0	27	27	204	324
Total Other Income	1,251	1,060	1,330	828	838	7,327	0	1,550	846	971	2,899	2,899	21,800	34,792
Total Operating Income	29,803	29,694	29,999	31,760	30,439	31,390	29,914	31,464	30,760	30,885	32,813	32,813	371,732	393,757
Utilities														
6450.000 Electricity	0	0	0	0	4,586	0	2,570	8,217	1,934	2,381	2,425	2,425	24,539	29,102
6452.000 Gas	0	0	0	0	0	5,897	19,698	1,015	982	(7,776)	1,558	1,558	22,933	18,701
Total Utilities	0	0	0	0	4,586	5,897	22,268	9,232	2,916	(5,395)	3,984	3,984	47,472	47,802
Contracts														
6517.000 Janitor and Cleaning Contract	1,534	1,534	0	767	0	0	2,302	767	767	767	724	724	9,886	8,685
6519.000 Exterminating Contract	189	189	189	189	189	189	189	189	189	189	182	182	2,252	2,184
6531.000 Fire Prevention/Contract	0	0	0	0	0	0	0	0	0	0	27	27	53	318
6541.570 HVAC Contract	1,372	7,063	0	0	1,563	0	0	0	0	352	0	0	10,349	6,250



BARKAN

**The Fairmont 5601 Condominium
Statement of Income & Forecast
For the Period
October 2017**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Annual Budget	
6542.100 Repairs Contract-Extraordinary	0	1,200	0	0	1,520	840	0	0	0	0	0	0	0	3,560	0
6542.310 Water Treatment	148	148	148	148	148	148	0	0	148	444	148	148	1,776	1,776	
6545.000 Elevator Maintenance/Contract	295	295	295	728	590	295	295	295	295	295	295	295	4,268	3,540	
Total Contracts	3,539	10,429	632	1,832	4,009	1,472	2,785	1,251	1,399	2,047	1,375	1,375	32,144	22,753	
Repair & Maintenance	0	0	0	0	0	0	0	0	0	106	0	0	106	0	
6520.000 Exterminating Supplies	240	0	0	0	158	0	0	0	0	0	667	667	1,731	8,000	
6541.003 Repairs-HVAC	0	0	496	0	0	0	170	0	0	0	400	400	1,466	4,800	
6541.006 Repairs-Electric	625	2,020	0	0	1,897	1,624	0	0	1,271	4,377	1,000	1,000	13,813	12,000	
6541.050 Repairs-Plumbing	0	0	0	0	250	0	0	0	0	0	200	200	650	2,400	
6541.059 Repairs - Roof	0	500	0	0	0	0	0	0	352	303	250	250	1,655	3,000	
6541.320 Repairs-Elevator	0	1,003	0	1,236	1,076	537	0	0	0	0	3,864	3,864	11,582	46,372	
6541.410 Repairs Building Residential	0	792	921	0	1,945	644	0	0	270	674	63	63	5,370	750	
6542.211 Locks & Keys	0	0	0	145	0	0	0	0	0	0	34	0	179	179	
6545.040 Elevator Inspections	0	689	433	0	0	0	0	0	0	0	0	0	1,122	2,500	
6562.020 Painting	0	0	0	0	0	668	0	0	0	0	833	833	2,335	10,000	
6590.000 Misc Operating and Maintenance Expenses	489	470	416	1,435	1,458	373	0	0	0	0	200	200	5,040	2,400	
6590.020 Utility Poles and Wires	1,354	5,474	2,267	2,816	6,783	3,845	0	170	1,893	5,460	7,511	7,477	45,049	93,141	
Total Repair & Maintenance	2,479	2,521	2,449	2,486	2,448	71	2,000	2,000	2,000	2,000	2,337	2,337	25,130	28,050	
Professional Services	(541)	(927)	(601)	(373)	(461)	2,903	0	0	0	0	0	0	0	0	
6320.000 Management Fee	7,036	7,291	4,326	0	18,490	3,076	3,058	(4,651)	519	3,287	3,000	3,000	48,433	36,000	
6340.001 Legal Expense Reimbursement	0	0	0	0	0	0	3,400	0	0	0	0	0	3,400	3,500	
6340.100 Legal Fees - Collections	8,974	8,885	6,175	2,113	20,477	6,050	8,458	(2,651)	2,519	5,287	5,337	5,337	76,963	67,550	
Total Professional Services															
Administrative Expenses															



BARKAN

**The Fairmont 5601 Condominium
Statement of Income & Forecast
For the Period
October 2017**

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Budget	Budget	Annual Budget
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
6311.010 Printing	5	0	0	59	63	0	181	2	216	2	42	42	611
6311.050 Postage	4	12	6	55	32	6	51	2	27	5	43	17	259
6320.030 Management Other Fees	30	150	0	198	20	640	0	0	0	0	500	500	6,000
6352.070 Master Assoc Fee	7,027	21,817	7,762	15,524	0	7,762	7,762	7,762	7,762	7,762	7,762	7,762	106,464
6360.000 Telephone and Answering Service	148	83	139	137	134	177	43	269	49	171	248	248	1,845
6390.000 Misc Administrative Expenses	0	0	0	0	0	0	0	0	0	21	0	0	21
Total Administrative	7,214	22,061	7,907	15,972	249	8,585	8,037	8,035	8,054	7,960	8,594	8,568	111,237
Expenses													
Taxes & Insurance													
6720.000 Property & Liability Insurance (Hazard)	2,649	3,227	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645	0	551	27,587
6720.050 D&O Liability Insurance	0	0	0	0	0	0	0	0	0	0	0	1,175	1,175
Total Taxes & Insurance	2,649	3,227	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,645	0	1,725	28,761
Total Operating Expenses	23,729	50,076	19,625	25,378	38,749	28,495	44,194	18,682	19,426	18,004	26,801	28,466	341,626
Net Operating Budget	6,073	(20,382)	10,374	6,382	(8,310)	2,895	(14,280)	12,782	11,334	12,880	6,012	4,347	30,106
RESERVES BUDGET													
9901.015 Reserve Contributions	(668)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(33,021)
Total Reserve Contribution	(668)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(33,021)
Net Operating Profit/(Loss)	5,405	(23,134)	7,622	3,630	(11,062)	143	(17,032)	10,030	8,582	10,129	3,260	1,595	(832)
Extraordinary Items													
5935.000 Insurance Loss Recovery	0	0	0	0	0	0	0	0	0	6,268	0	0	6,268
9900.000 Insurance Loss Paid Out	0	0	0	0	0	0	0	0	(1,975)	(13,100)	0	0	(15,075)
NET CASH FLOW	5,405	(23,134)	7,622	3,630	(11,062)	143	(17,032)	10,030	6,607	3,297	3,260	1,595	(9,639)
													0



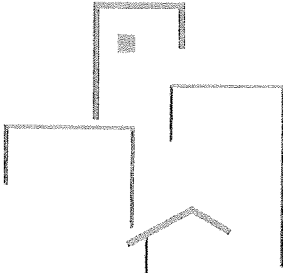
The Fairmont 5601 Condominium
Balance Sheet
For the period ending
October, 2017

	Current Balance
ASSETS	
Current Assets	
1120.001 Operating Cash 1	13,715
1120.003 Operating Cash 3	5,032
1130.000 Accounts Receivable	128,246
4200.000 Allowance For Bad Debt	(119,754)
1140.000 AR-other	56,986
1142.300 Due to/from Operating	(3,200)
1142.310 Due to/from Reserve	3,200
1160.000 Accrued Receivables	20
	84,245
Restricted Deposits & Funded Reserves	
1320.101 Replacement Reserve-MM1	41,148
	41,148
Prepaid Expenses	
1240.000 Prepaid Property & Liability Insurance	3,704
	3,704
	129,097
Total Assets	
LIABILITIES & EQUITY	
Current Liabilities	
2110.000 Accounts Payable	(5,471)
2110.020 Insurance Claim Payable	18,207
2123.000 Accrued Expense	18,466
2210.001 Prepaid Assessment	16,843
	48,046
	48,046
Total Liabilities	
EQUITY	
	Net Profit or (Loss)-current (168,959)
Owners Appropriated Equity-prior years	
3130.060 Capital Reserve Fund Balance	197,937
3130.090 Working Capital	2,456
	200,393
Owners Appropriated Equity-current	
3130.061 Current Year RR Contributions	49,544
3130.063 Current Year RR Interest	73
	49,617
	81,051
	Total Equity 81,051
	Total Liabilities & Equity 129,097

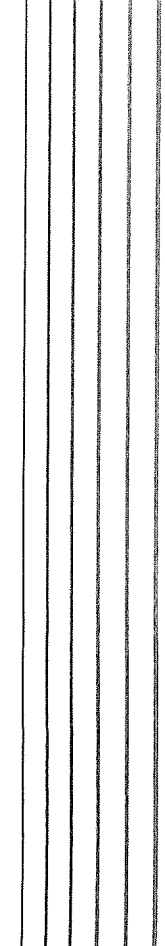


FAIRMONT 5601 CONDOMINIUM

FINANCIAL REPORTS SEPTEMBER 2017



BARKAN



Account Supervisor:	<i>Michael Feltenberger, CMCA®, AMS®, PCAM®</i>
Portfolio Manager	<i>Jen Ann Santiago, CMCA®, AMS®, PCAM®</i>
Property Manager:	<i>Natasha Douglas</i>

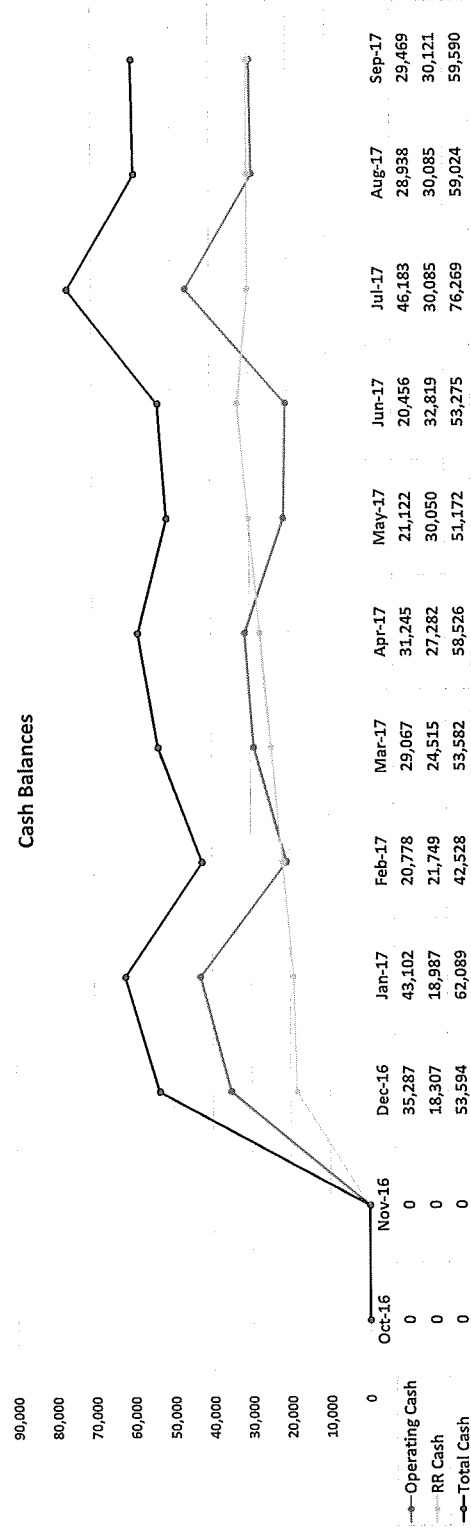
BARKAN MANAGEMENT COMPANY, INC. AMO®

The Fairmont 5601 Condominium
Financial Statement Summary



Cash Accounts - Operating					Cash Accounts - Reserve				
GL	NAME	BEG	END	Chg	GL	NAME	BEG	END	Chg
1110000	Petty Cash	0.00	0.00	0.00	1314000	Real Estate Tax Escrow	0.00	0.00	0.00
1120000	Operating Cash	0.00	0.00	0.00	1316000	Escrow Cash	0.00	0.00	0.00
1120001	Operating Cash 1	24,757.12	24,436.96	(320.16)	1316020	Debt Service Reserve	0.00	0.00	0.00
1120002	Operating Cash 2	(850.88)	0.00	850.88	1320000	Replacement Reserve-Cash	0.00	0.00	0.00
1120003	Operating Cash 3	5,032.00	5,032.00	0.00	1320001	Replacement Reserve-Cash2	0.00	0.00	0.00
1120004	Operating Cash 4	0.00	0.00	0.00	1320100	Replacement Reserve-MM	0.00	0.00	0.00
1120005	Operating Cash 5	0.00	0.00	0.00	1320101	Replacement Reserve-MM1	30,085.42	30,120.63	35.21
1120006	Construction Checking Accou	0.00	0.00	0.00	1320102	Replacement Reserve-MM2	0.00	0.00	0.00
1120007	Operating Fund II	0.00	0.00	0.00	1320103	Replacement Reserve-MM3	0.00	0.00	0.00
1120010	Deposits-Other	0.00	0.00	0.00	1320104	Replacement Reserve-MM4	0.00	0.00	0.00
1120020	Operating Cash-Partners Acc	0.00	0.00	0.00	1320200	Replacement Reserve-CD	0.00	0.00	0.00
1121000	Money Market	0.00	0.00	0.00	1320201	Replacement Reserve-CD1	0.00	0.00	0.00
1122000	Operating Reserve	0.00	0.00	0.00	1320202	Replacement Reserve-CD2	0.00	0.00	0.00
1123000	Insurance Cash	0.00	0.00	0.00	1320203	Replacement Reserve-CD3	0.00	0.00	0.00
1124000	Working Capital	0.00	0.00	0.00	1320204	Replacement Reserve-CD4	0.00	0.00	0.00
1124001	Working Capital-Investment	0.00	0.00	0.00	1321000	Remediation Funds	0.00	0.00	0.00
1124002	Working Capital 2	0.00	0.00	0.00	1321100	Remediation Funds-CD	0.00	0.00	0.00
1129000	Special Purpose	0.00	0.00	0.00	1321200	Remediation Funds-CD	0.00	0.00	0.00
		28,938.24	29,468.96	530.72	1395000	Working Capital	0.00	0.00	0.00
					1395001	Working Capital-St Investment	0.00	0.00	0.00
							30,085.42	30,120.63	35.21

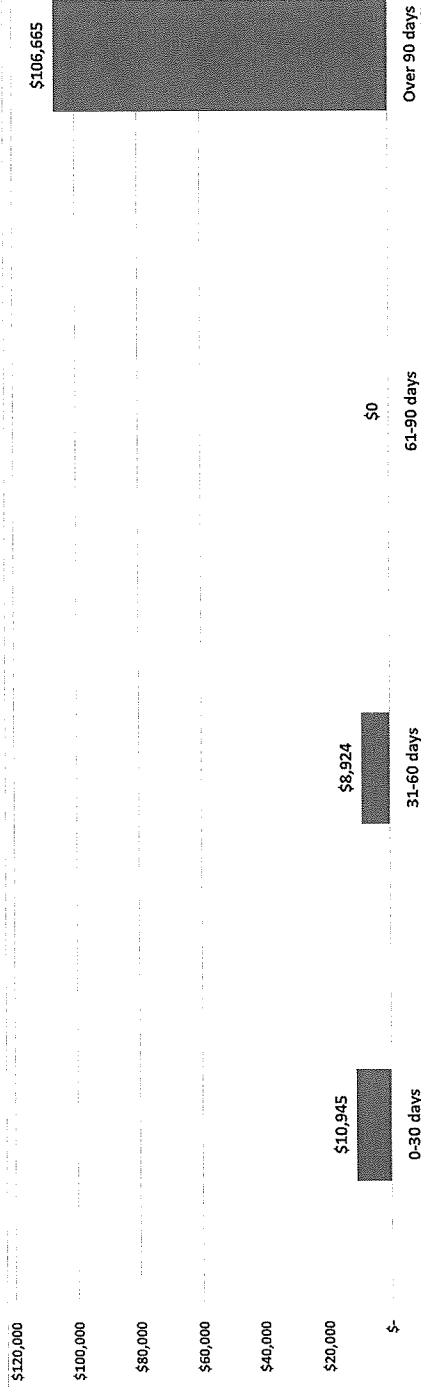
Cash Balances



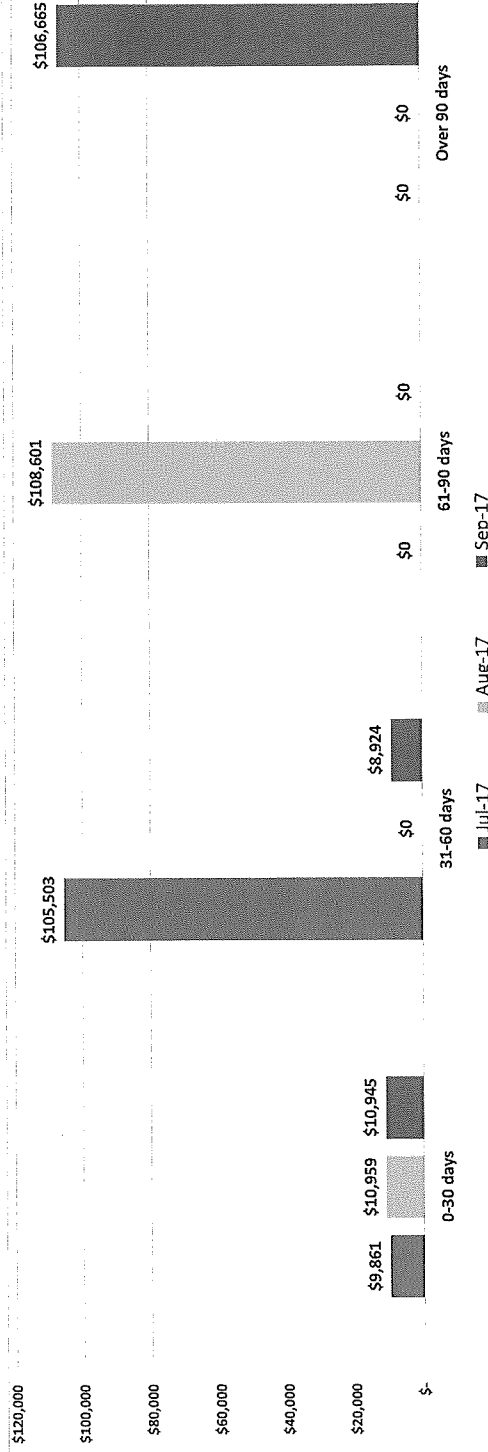


The Fairmont 5601 Condominium
Financial Statement Summary

Receivables



Receivables History



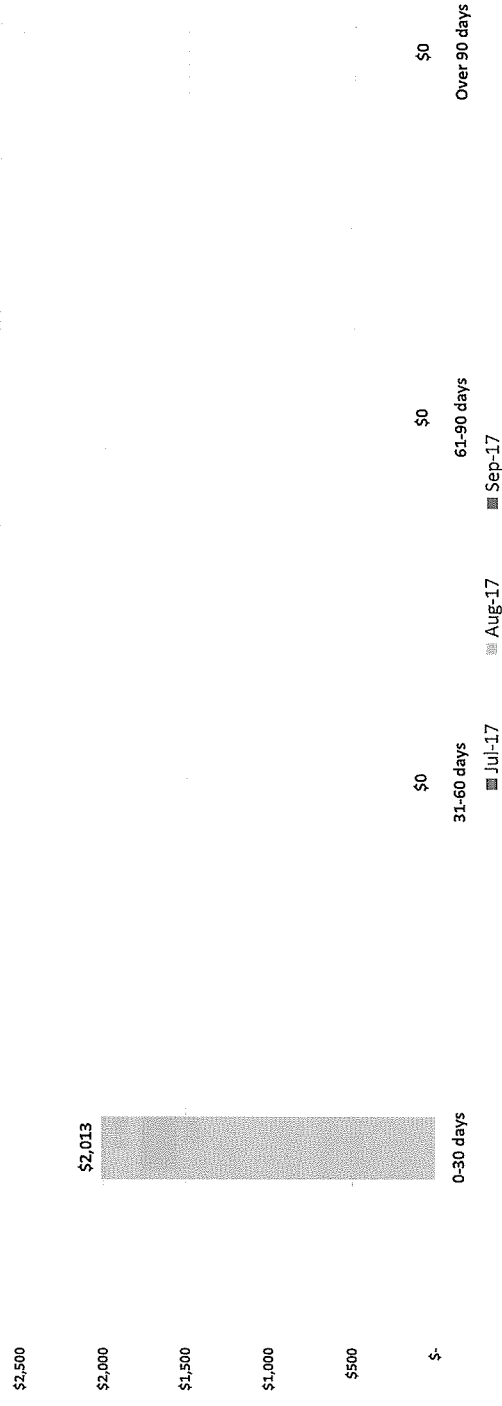


The Fairmont 5601 Condominium
Financial Statement Summary

Payables

	0-30 days	31-60 days	61-90 days	Over 90 days
\$1				
\$1				
\$1				
\$1				
\$0				
\$0				
\$-				

Payables History





**The Fairmont 5601 Condominium
Executive Summary
For The Period
September, 2017**

Current Actual	Current Budget	Current Variance		YTD Actual	YTD Budget	YTD Variance	Annual Budget
30,760	31,971	(1,211)	Total Operating Income	268,473	287,735	(19,262)	383,646
2,916	3,984	1,067	Total Utilities	44,900	35,852	(9,048)	47,802
1,399	1,375	(24)	Total Contracts	27,347	17,065	(10,282)	22,753
1,893	7,477	5,584	Total Repair & Maintenance	24,601	70,677	46,075	93,141
2,519	4,495	1,976	Total Professional Services	54,252	43,954	(10,298)	57,439
8,054	8,618	564	Total Administrative Expenses	86,115	77,239	(8,875)	102,970
2,645	2,418	(227)	Total Taxes & Insurance	24,391	22,377	(2,014)	26,520
19,426	28,367	8,941	Total Operating Expenses	261,606	267,164	5,558	350,625
11,334	3,604	7,730	Net Operating Budget	6,867	20,571	(13,704)	33,021
RESERVES BUDGET							
(2,752)	(2,752)	0	Total Reserve Expenses	(22,683)	(24,766)	2,083	(33,021)
(2,752)	(2,752)	0	Net Reserve Budget	(22,683)	(24,766)	2,083	(33,021)
8,582	852	7,730	Net Operating Profit/(Loss)	(15,816)	(4,195)	(11,621)	0
(1,975)	0	(1,975)	Insurance Loss Paid Out	(1,975)	0	(1,975)	0
6,607	852	5,755	NET CASH FLOW	(17,791)	(4,195)	(13,596)	0



**The Fairmont 5601 Condominium
Budget Variance
For The Period
September, 2017**

Current Actual	Current Budget	Current Variance		YTD Actual	YTD Budget	YTD Variance	Annual Budget
Assessments							
27,162	27,162	0	Condo Assessments	234,702	244,458	(9,756)	325,944
2,752	2,752	0	Reserve Assessments	24,766	24,766	0	33,021
0	0	0	Special Assessment Operating	722	0	722	0
29,914	29,914	0	Total Assessments	260,190	269,224	(9,033)	358,965
Other Income							
0	97	(97)	Other Assessment	0	873	(873)	1,164
441	374	66	Laundry and Vending Revenue	4,750	3,369	1,381	4,492
405	603	(198)	NSF and Late Charges	2,332	5,427	(3,095)	7,236
0	0	0	Miscellaneous Inc	0	0	0	0
0	751	(751)	Expense Reimbursement	903	6,758	(5,855)	9,011
0	1,047	(1,047)	Legal - Collection	6,896	9,423	(2,527)	12,565
0	27	(27)	Key Income	150	243	(93)	324
846	2,899	(2,053)	Total Other Income	15,031	26,094	(11,063)	34,792
30,760	32,813	(2,053)	Total Operating Income	275,221	295,318	(20,097)	393,757
Utilities							
1,934	2,425	491	Electricity	17,307	21,826	4,519	29,102
982	1,558	576	Gas	27,593	14,026	(13,567)	18,701
2,916	3,984	1,067	Total Utilities	44,900	35,852	(9,048)	47,802
Contracts							
767	724	(43)	Janitor and Cleaning Contract	7,672	6,514	(1,158)	8,685
189	182	(7)	Exterminating Contract	1,699	1,638	(61)	2,184
0	27	27	Fire Prevention/Contract	0	239	239	318
0	0	0	HVAC Contract	9,997	4,688	(5,310)	6,250
0	0	0	Repairs Contract-Extraordinary	3,560	0	(3,560)	0
148	148	0	Water Treatment	1,036	1,332	296	1,776
295	295	0	Elevator Maintenance/Contract	3,383	2,655	(728)	3,540
1,399	1,375	(24)	Total Contracts	27,347	17,065	(10,282)	22,753
Repair & Maintenance							
0	0	0	Fire Extinguisher Inspection	0	322	322	322
0	667	667	Repairs-HVAC	398	6,000	5,602	8,000
0	400	400	Repairs-Electric	666	3,600	2,934	4,800
1,271	1,000	(271)	Repairs-Plumbing	7,436	9,000	1,564	12,000
0	200	200	Repairs - Roof	250	1,800	1,550	2,400
0	0	0	Repairs-Fire Alarm	0	318	318	318
0	0	0	HVAC Materials	0	100	100	100
352	250	(102)	Repairs-Elevator	852	2,250	1,398	3,000
0	3,864	3,864	Repairs Building Residential	3,853	34,779	30,926	46,372
270	63	(207)	Locks & Keys	4,571	563	(4,009)	750



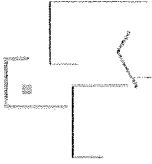
**The Fairmont 5601 Condominium
Budget Variance
For The Period
September, 2017**

Current Actual	Current Budget	Current Variance		YTD Actual	YTD Budget	YTD Variance	Annual Budget
0	0	0	Elevator Inspections	145	145	0	179
0	0	0	Painting	1,122	2,500	1,378	2,500
0	833	833	Misc Operating and Maintenance Expenses	668	7,500	6,832	10,000
0	200	200	Utility Poles and Wires	4,640	1,800	(2,840)	2,400
1,893	7,477	5,584	Total Repair & Maintenance	24,601	70,677	46,075	93,141
			Professional Services				
2,000	2,337	337	Management Fee	18,455	21,037	2,582	28,050
0	500	500	Management Other Fees	1,038	4,500	3,463	6,000
519	3,000	2,481	Legal Fees - Collections	39,146	27,000	(12,146)	36,000
0	0	0	Audit Expense	3,400	3,500	100	3,500
2,519	5,837	3,318	Total Professional Services	62,038	56,037	(6,001)	73,550
			Administrative Expenses				
216	42	(175)	Printing	526	375	(150)	500
27	67	40	Postage	196	275	79	350
7,762	7,762	0	Master Assoc Fee	83,178	69,858	(13,320)	93,144
49	248	199	Telephone and Answering Service	1,178	2,232	1,054	2,976
8,054	8,118	64	Total Administrative Expenses	85,077	72,739	(12,338)	96,970
			Taxes & Insurance				
2,645	2,418	(227)	Property & Liability Insurance (Hazard)	24,391	21,762	(2,629)	24,731
0	0	0	D&O Liability Insurance	0	0	0	1,175
0	0	0	Fidelity Bond Insurance	0	615	615	615
2,645	2,418	(227)	Total Taxes & Insurance	24,391	22,377	(2,014)	26,520
19,426	29,209	9,783	Total Operating Expenses	268,354	274,747	6,393	360,736
11,334	3,604	7,730	Net Operating Budget	6,867	20,571	(13,704)	33,021
			RESERVES BUDGET				
(2,752)	(2,752)	0	Reserve Contributions	(22,683)	(24,766)	2,083	(33,021)
(2,752)	(2,752)	0	Total Reserve Contribution	(22,683)	(24,766)	2,083	(33,021)
8,582	852	7,730	Net Operating Profit/(Loss)	(15,816)	(4,195)	(11,621)	0
			Extraordinary Items				
(1,975)	0	(1,975)	Insurance Loss Paid Out	(1,975)	0	(1,975)	0
6,607	852	5,755	NET CASH FLOW	(17,791)	(4,195)	(13,596)	0



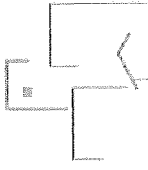
**The Fairmont 5601 Condominium
Statement of Revenue and Expense Reserve Fund
For The Period
September, 2017**

<u>Current Actual</u>	<u>Current Budget</u>	<u>Current Variance</u>		<u>YTD Actual</u>	<u>YTD Budget</u>	<u>YTD Variance</u>	<u>Annual Budget</u>
Revenues							
35	0	35	3130.063	53	0	53	0
2,752	2,752	0	5500.000	24,766	24,766	0	33,021
<u>2,787</u>	<u>2,752</u>	<u>35</u>	Total Revenues	<u>24,819</u>	<u>24,766</u>	<u>53</u>	<u>33,021</u>
<u>2,787</u>	<u>2,752</u>	<u>35</u>	Current Year Reserves Activity	<u>24,819</u>	<u>24,766</u>	<u>53</u>	<u>33,021</u>



**The Fairmont 5601 Condominium
Statement of Income & Forecast
For the Period
September 2017**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Annual Budget
Assessments														
5110.001 Condo Assessments	28,262	28,654	28,528	30,898	29,567	7,306	27,162	27,162	27,162	27,162	27,162	27,162	316,188	325,944
5500.000 Reserve Assessments	0	0	0	0	0	16,511	2,752	2,752	2,752	2,752	2,752	2,752	33,021	33,021
5110.020 Special Assessment Operating	290	(21)	140	33	33	246	0	0	0	0	0	0	722	0
Total Assessments	28,552	28,634	28,668	30,932	29,601	24,063	29,914	29,914	29,914	29,914	29,914	29,914	349,932	358,965
Other Income														
5113.000 Other Assessment	0	0	0	0	0	0	0	0	0	0	97	97	291	1,164
5910.000 Laundry and Vending Revenue	628	643	507	483	682	266	0	1,100	441	374	374	374	5,873	4,492
5920.000 NSF and Late Charges	420	270	300	269	91	127	0	450	405	603	603	603	4,141	7,236
5990.000 Miscellaneous Inc	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5990.010 Expense Reimbursement	115	0	585	0	16	186	0	0	0	751	751	751	3,156	9,011
5990.210 Legal - Collection	87	(3)	(62)	76	50	6,748	0	0	0	1,047	1,047	1,047	10,037	12,565
5990.600 Key Income	0	150	0	0	0	0	0	0	0	27	27	27	231	324
Total Other Income	1,251	1,060	1,330	828	838	7,327	0	1,550	846	2,899	2,899	2,899	23,729	34,792
Total Operating Income	29,803	29,694	29,999	31,760	30,439	31,390	29,914	31,464	30,760	32,813	32,813	32,813	373,660	393,757
Utilities														
6450.000 Electricity	0	0	0	0	4,586	0	2,570	8,217	1,934	2,425	2,425	2,425	24,583	29,102
6452.000 Gas	0	0	0	0	0	5,897	19,698	1,015	982	1,558	1,558	1,558	32,268	18,701
Total Utilities	0	0	0	0	4,586	5,897	22,268	9,232	2,916	3,984	3,984	3,984	56,850	47,802
Contracts														
6517.000 Janitor and Cleaning Contract	1,534	1,534	0	767	0	0	2,302	767	767	724	724	724	9,843	8,685
6519.000 Exterminating Contract	189	189	189	189	189	189	189	189	189	182	182	182	2,245	2,184
6531.000 Fire Prevention/Contract	0	0	0	0	0	0	0	0	0	27	27	27	80	318
6541.570 HVAC Contract	1,372	7,063	0	1,563	0	0	0	0	0	1,563	0	0	11,560	6,250

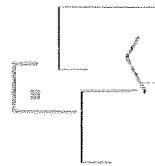


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**The Fairmont 5601 Condominium
Statement of Income & Forecast
For the Period
September 2017**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Annual Budget	
6542.100 Repairs Contract-Extraordinary	0	1,200	0	0	1,520	840	0	0	0	0	0	0	0	3,560	0
6542.310 Water Treatment	148	148	148	148	148	148	0	0	148	148	148	148	148	1,480	1,776
6545.000 Elevator Maintenance/Contract	295	295	295	728	590	295	295	295	295	295	295	295	295	4,268	3,540
Total Contracts	3,539	10,429	632	1,832	4,009	1,472	2,785	1,251	1,399	2,938	1,375	1,375	1,375	33,035	22,753
Repair & Maintenance															
6541.003 Repairs-HVAC	240	0	0	0	158	0	0	0	0	667	667	667	667	2,398	8,000
6541.006 Repairs-Electric	0	0	496	0	0	0	0	170	0	400	400	400	400	1,866	4,800
6541.050 Repairs-Plumbing	625	2,020	0	0	1,897	1,624	0	0	1,271	1,000	1,000	1,000	1,000	10,436	12,000
6541.059 Repairs - Roof	0	0	0	0	250	0	0	0	0	200	200	200	200	850	2,400
6541.320 Repairs-Elevator	0	500	0	0	0	0	0	0	352	250	250	250	250	1,602	3,000
6541.410 Repairs Building Residential	0	1,003	0	1,236	1,076	537	0	0	0	3,864	3,864	3,864	3,864	15,446	46,372
6542.211 Locks & Keys	0	792	921	0	1,945	644	0	0	270	63	63	63	63	4,759	750
6545.040 Elevator Inspections	0	0	0	145	0	0	0	0	0	0	34	0	0	179	179
6562.020 Painting	0	689	433	0	0	0	0	0	0	0	0	0	0	1,122	2,500
6590.000 Misc Operating and Maintenance Expenses	0	0	0	0	0	668	0	0	0	833	833	833	833	3,168	10,000
6590.020 Utility Poles and Wires	489	470	416	1,435	1,458	373	0	0	0	200	200	200	200	5,240	2,400
Total Repair & Maintenance	1,354	5,474	2,267	2,816	6,783	3,845	0	170	1,893	7,477	7,511	7,477	7,477	47,066	93,141
Professional Services															
6320.000 Management Fee	2,479	2,521	2,449	2,486	2,448	71	2,000	2,000	2,000	2,337	2,337	2,337	2,337	25,467	28,050
6340.001 Legal Expense Reimbursement	(541)	(927)	(601)	(373)	(461)	2,903	0	0	0	0	0	0	0	0	0
6340.100 Legal Fees - Collections	7,036	7,291	4,326	0	18,490	3,076	3,058	(4,651)	519	3,000	3,000	3,000	3,000	48,146	36,000
6350.000 Audit Expense	0	0	0	0	0	0	3,400	0	0	0	0	0	0	3,400	3,500
Total Professional Services	8,974	8,885	6,175	2,113	20,477	6,050	8,458	(2,651)	2,519	5,337	5,337	5,337	5,337	77,013	67,550
Administrative Expenses															
6311.010 Printing	5	0	0	59	63	0	181	2	216	42	42	42	42	650	500

**The Fairmont 5601 Condominium
Statement of Income & Forecast
For the Period
September 2017**



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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Annual Budget
6311.050 Postage	4	12	6	6	55	32	51	2	27	17	43	17	271	350
6320.030 Management Other Fees	30	150	0	198	20	640	0	0	0	500	500	500	2,538	6,000
6352.070 Master Assoc Fee	7,027	21,817	7,762	15,524	0	7,762	7,762	7,762	7,762	7,762	7,762	7,762	106,464	93,144
6360.000 Telephone and Answering Service	148	83	139	137	134	177	43	269	49	248	248	248	1,922	2,976
Total Administrative Expenses	7,214	22,061	7,907	15,972	249	8,585	8,037	8,035	8,054	8,568	8,594	8,568	111,845	102,970
Taxes & Insurance														
6720.000 Property & Liability Insurance (Hazard)	2,649	3,227	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,418	0	551	27,360	24,731
6720.050 D&O Liability Insurance	0	0	0	0	0	0	0	0	0	0	0	1,175	1,175	1,175
Total Taxes & Insurance	2,649	3,227	2,645	2,645	2,645	2,645	2,645	2,645	2,645	2,418	0	1,725	28,534	26,520
Total Operating Expenses	23,729	50,076	19,625	25,378	38,749	28,495	44,194	18,682	19,426	30,722	26,801	28,466	354,343	360,736
Net Operating Budget	6,073	(20,382)	10,374	6,382	(8,310)	2,895	(14,280)	12,782	11,334	2,091	6,012	4,347	19,317	33,021
RESERVES BUDGET														
9901.015 Reserve Contributions	(668)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(30,938)	(33,021)
Total Reserve Contribution	(668)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(30,938)	(33,021)
Net Operating Profit/(Loss)	5,405	(23,134)	7,622	3,630	(11,062)	143	(17,032)	10,030	8,582	(660)	3,260	1,595	(11,621)	0
Extraordinary Items														
9900.000 Insurance Loss Paid Out	0	0	0	0	0	0	0	0	(1,975)	0	0	0	(1,975)	0
NET CASH FLOW	5,405	(23,134)	7,622	3,630	(11,062)	143	(17,032)	10,030	6,607	(660)	3,260	1,595	(13,596)	0



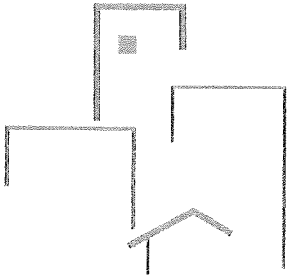
**The Fairmont 5601 Condominium
Balance Sheet
For the period ending
September, 2017**

	Current Balance
ASSETS	
Current Assets	
1120.001 Operating Cash 1	24,437
1120.003 Operating Cash 3	5,032
1130.000 Accounts Receivable	126,533
4200.000 Allowance For Bad Debt	(119,754)
1140.000 AR-other	57,270
1142.300 Due to/from Operating	(3,200)
1142.310 Due to/from Reserve	3,200
1160.000 Accrued Receivables	20
	93,539
Restricted Deposits & Funded Reserves	
1320.101 Replacement Reserve-MM1	30,121
	30,121
Prepaid Expenses	
1240.000 Prepaid Property & Liability Insurance	3,704
	3,704
	127,363
LIABILITIES & EQUITY	
Current Liabilities	
2110.020 Insurance Claim Payable	18,207
2123.000 Accrued Expense	25,639
2210.001 Prepaid Assessment	16,791
	60,637
	60,637
EQUITY	
	(172,256)
Net Profit or (Loss)-current	
Owners Appropriated Equity-prior years	
3130.060 Capital Reserve Fund Balance	197,937
3130.090 Working Capital	2,456
	200,393
Total Owners Appropriated Equity-prior years	
Owners Appropriated Equity-current	
3130.061 Current Year RR Contributions	38,537
3130.063 Current Year RR Interest	53
	38,590
	66,727
	127,363

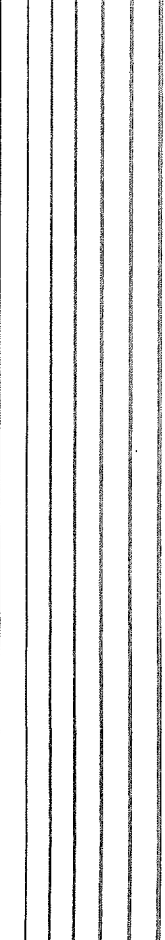


FAIRMONT 5601 CONDOMINIUM

FINANCIAL REPORTS AUGUST 2017



BARKAN



Account Supervisor:

*Michael Feltenberger, CMCA®, AMS®,
PCAM®*

Portfolio Manager

*Jen Ann Santiago, CMCA®, AMS®,
PCAM®*

Property Manager:

Natasha Douglas

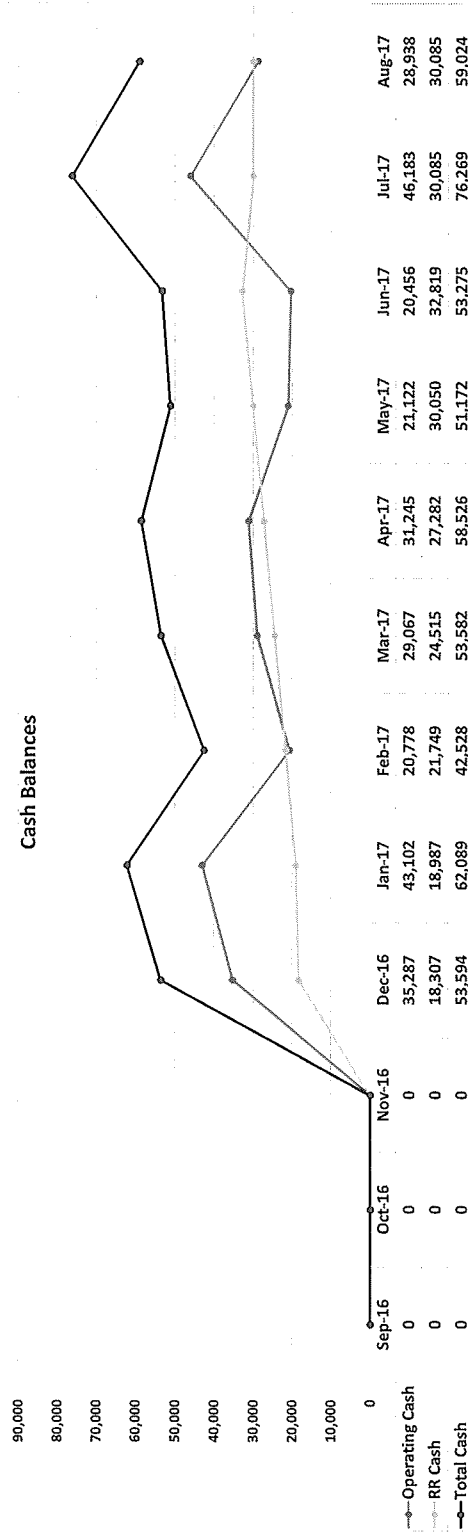
BARKAN MANAGEMENT COMPANY, INC. AMO®

The Fairmont 5601 Condominium
Financial Statement Summary



Cash Accounts - Operating					Cash Accounts - Reserve				
GL	NAME	BEG	END	Chg	GL	NAME	BEG	END	Chg
1110000	Petty Cash	0.00	0.00	0.00	1314000	Real Estate Tax Escrow	0.00	0.00	0.00
1120000	Operating Cash	0.00	0.00	0.00	1316000	Escrow Cash	0.00	0.00	0.00
1120001	Operating Cash 1	18,249.29	24,757.12	6,507.83	1316020	Debt Service Reserve	0.00	0.00	0.00
1120002	Operating Cash 2	22,901.86	(850.88)	(23,752.74)	1320000	Replacement Reserve-Cash	0.00	0.00	0.00
1120003	Operating Cash 3	5,032.00	5,032.00	0.00	1320001	Replacement Reserve-Cash2	0.00	0.00	0.00
1120004	Operating Cash 4	0.00	0.00	0.00	1320100	Replacement Reserve-MM	0.00	0.00	0.00
1120005	Operating Cash 5	0.00	0.00	0.00	1320101	Replacement Reserve-MM1	30,085.42	30,085.42	0.00
1120006	Construction Checking Accou	0.00	0.00	0.00	1320102	Replacement Reserve-MM2	0.00	0.00	0.00
1120007	Operating Fund II	0.00	0.00	0.00	1320103	Replacement Reserve-MM3	0.00	0.00	0.00
1120010	Deposits-Other	0.00	0.00	0.00	1320104	Replacement Reserve-MM4	0.00	0.00	0.00
1120020	Operating Cash-Partners Acc	0.00	0.00	0.00	1320200	Replacement Reserve-CD	0.00	0.00	0.00
1121000	Money Market	0.00	0.00	0.00	1320201	Replacement Reserve-CD1	0.00	0.00	0.00
1122000	Operating Reserve	0.00	0.00	0.00	1320202	Replacement Reserve-CD2	0.00	0.00	0.00
1123000	Insurance Cash	0.00	0.00	0.00	1320203	Replacement Reserve-CD3	0.00	0.00	0.00
1124000	Working Capital	0.00	0.00	0.00	1320204	Replacement Reserve-CD4	0.00	0.00	0.00
1124001	Working Capital-Investment	0.00	0.00	0.00	1321000	Replacement Reserve-Invest	0.00	0.00	0.00
1124002	Working Capital 2	0.00	0.00	0.00	1321100	Remediation Funds	0.00	0.00	0.00
1129000	Special Purpose	0.00	0.00	0.00	1321200	Remediation Funds-CD	0.00	0.00	0.00
		46,183.15	28,938.24	(17,244.91)	1395000	Working Capital	0.00	0.00	0.00
					1395001	Working Capital-St Investment	0.00	0.00	0.00
							30,085.42	30,085.42	0.00

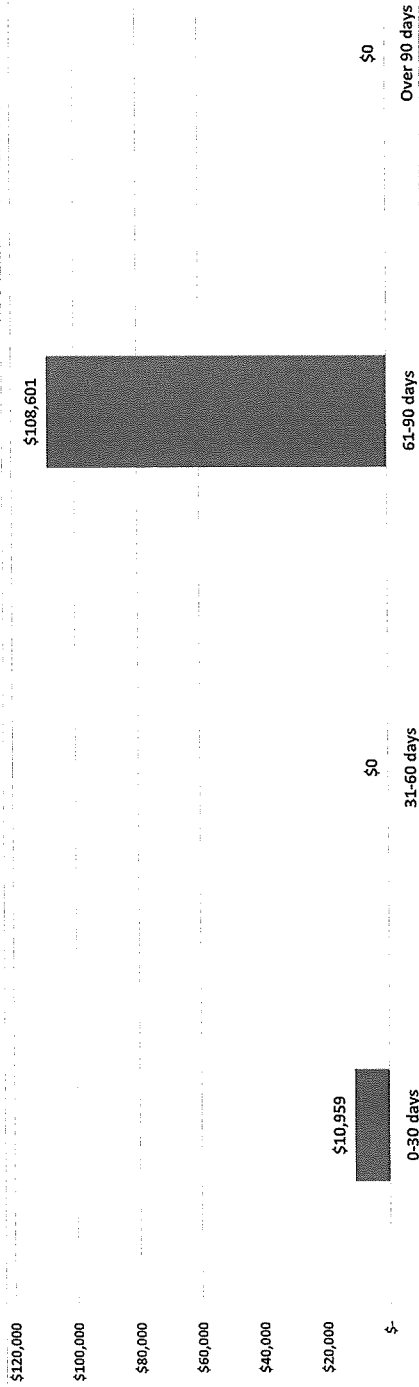
Cash Balances



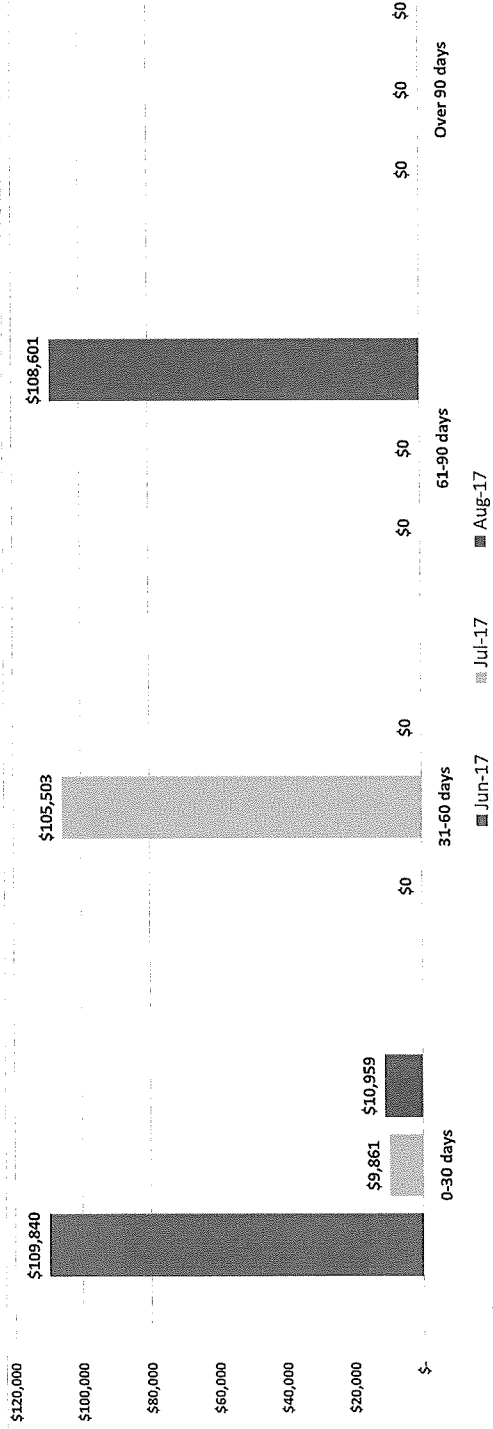


The Fairmont 5601 Condominium
Financial Statement Summary

Receivables



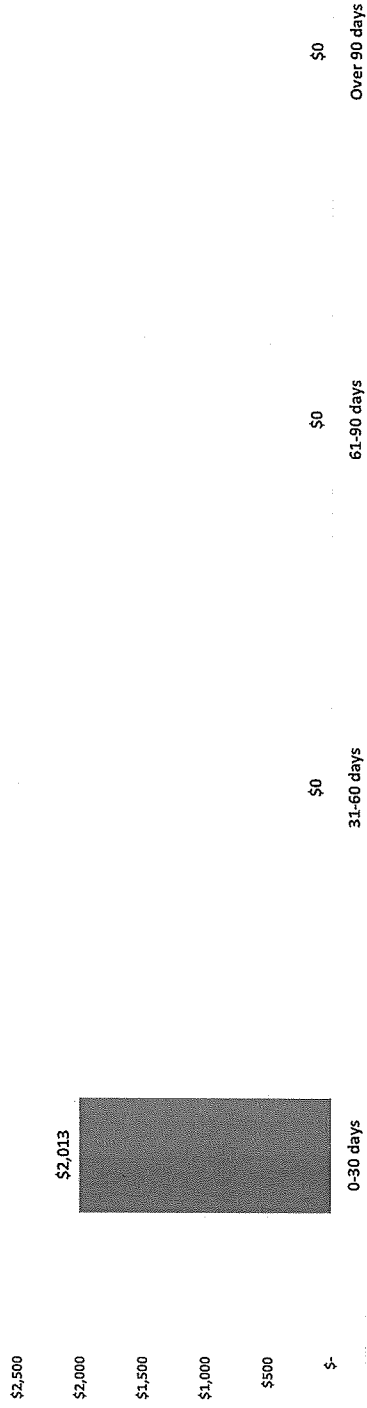
Receivables History



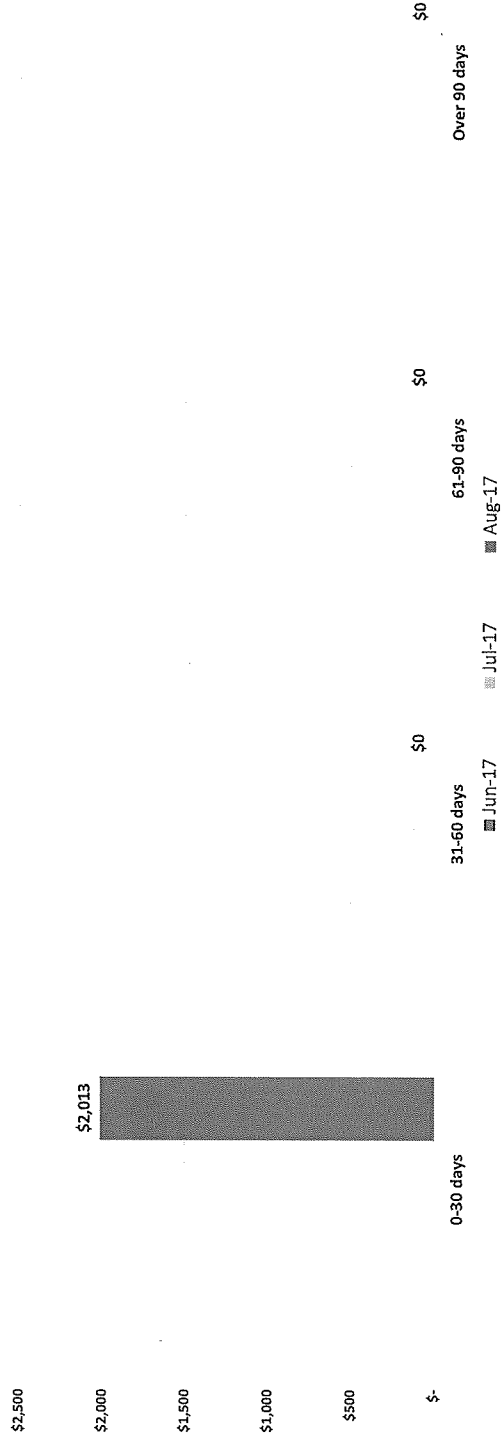


The Fairmont 5601 Condominium
Financial Statement Summary

Payables



Payables History





**The Fairmont 5601 Condominium
Executive Summary
For The Period
August, 2017**

Current Actual	Current Budget	Current Variance		YTD Actual	YTD Budget	YTD Variance	Annual Budget
31,464	31,971	(507)	Total Operating Income	237,713	255,764	(18,051)	383,646
9,232	3,984	(5,248)	Total Utilities	41,984	31,868	(10,116)	47,802
1,251	1,375	124	Total Contracts	25,948	15,689	(10,258)	22,753
170	7,477	7,307	Total Repair & Maintenance	22,709	63,200	40,491	93,141
(2,651)	4,495	7,146	Total Professional Services	51,733	39,459	(12,274)	57,439
8,035	8,568	533	Total Administrative Expenses	78,060	68,621	(9,439)	102,970
2,645	2,418	(227)	Total Taxes & Insurance	21,746	19,959	(1,787)	26,520
<u>18,682</u>	<u>28,317</u>	<u>9,635</u>	Total Operating Expenses	<u>242,180</u>	<u>238,797</u>	<u>(3,383)</u>	<u>350,625</u>
<u>12,782</u>	<u>3,654</u>	<u>9,128</u>	Net Operating Budget	<u>(4,466)</u>	<u>16,967</u>	<u>(21,434)</u>	<u>33,021</u>
RESERVES BUDGET							
<u>(2,752)</u>	<u>(2,752)</u>	<u>0</u>	Total Reserve Expenses	<u>(19,931)</u>	<u>(22,014)</u>	<u>2,083</u>	<u>(33,021)</u>
<u>(2,752)</u>	<u>(2,752)</u>	<u>0</u>	Net Reserve Budget	<u>(19,931)</u>	<u>(22,014)</u>	<u>2,083</u>	<u>(33,021)</u>
<u>10,030</u>	<u>902</u>	<u>9,128</u>	Net Operating Profit/(Loss)	<u>(24,397)</u>	<u>(5,047)</u>	<u>(19,350)</u>	<u>0</u>
<u>10,030</u>	<u>902</u>	<u>9,128</u>	NET CASH FLOW	<u>(24,397)</u>	<u>(5,047)</u>	<u>(19,350)</u>	<u>0</u>



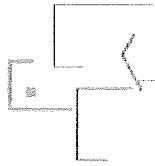
**The Fairmont 5601 Condominium
Budget Variance
For The Period
August, 2017**

Current Actual	Current Budget	Current Variance		YTD Actual	YTD Budget	YTD Variance	Annual Budget
Assessments							
27,162	27,162	0	5110.001 Condo Assessments	207,540	217,296	(9,756)	325,944
2,752	2,752	0	5500.000 Reserve Assessments	22,014	22,014	0	33,021
0	0	0	5110.020 Special Assessment Operating	722	0	722	0
29,914	29,914	0	Total Assessments	230,277	239,310	(9,034)	358,965
Other Income							
0	97	(97)	5113.000 Other Assessment	0	776	(776)	1,164
1,100	374	726	5910.000 Laundry and Vending Revenue	4,309	2,995	1,314	4,492
450	603	(153)	5920.000 NSF and Late Charges	1,927	4,824	(2,897)	7,236
0	0	0	5990.000 Miscellaneous Inc	0	0	0	0
0	751	(751)	5990.010 Expense Reimbursement	903	6,007	(5,104)	9,011
0	205	(205)	5990.210 Legal - Collection	148	1,636	(1,488)	2,454
0	27	(27)	5990.600 Key Income	150	216	(66)	324
1,550	2,057	(507)	Total Other Income	7,437	16,454	(9,017)	24,681
31,464	31,971	(507)	Total Operating Income	237,713	255,764	(18,051)	383,646
Utilities							
8,217	2,425	(5,792)	6450.000 Electricity	15,373	19,401	4,028	29,102
1,015	1,558	543	6452.000 Gas	26,610	12,467	(14,143)	18,701
9,232	3,984	(5,248)	Total Utilities	41,984	31,868	(10,116)	47,802
Contracts							
767	724	(43)	6517.000 Janitor and Cleaning Contract	6,905	5,790	(1,115)	8,685
189	182	(7)	6519.000 Exterminating Contract	1,511	1,456	(55)	2,184
0	27	27	6531.000 Fire Prevention/Contract	0	212	212	318
0	0	0	6541.570 HVAC Contract	9,997	4,688	(5,310)	6,250
0	0	0	6542.100 Repairs Contract-Extraordinary	3,560	0	(3,560)	0
0	148	148	6542.310 Water Treatment	888	1,184	296	1,776
295	295	0	6545.000 Elevator Maintenance/Contract	3,088	2,360	(728)	3,540
1,251	1,375	124	Total Contracts	25,948	15,689	(10,258)	22,753
Repair & Maintenance							
0	0	0	6531.031 Fire Extinguisher Inspection	0	322	322	322
0	667	667	6541.003 Repairs-HVAC	398	5,333	4,935	8,000
170	400	230	6541.006 Repairs-Electric	666	3,200	2,534	4,800
0	1,000	1,000	6541.050 Repairs-Plumbing	6,165	8,000	1,835	12,000
0	200	200	6541.059 Repairs - Roof	250	1,600	1,350	2,400
0	0	0	6541.090 Repairs-Fire Alarm	0	318	318	318
0	0	0	6541.260 HVAC Materials	0	100	100	100
0	3,864	3,864	6541.410 Repairs Building Residential	3,853	30,915	27,062	46,372
0	63	63	6542.211 Locks & Keys	4,302	500	(3,802)	750
0	250	250	6545.030 Non - Contract Elevator Expense	500	2,000	1,500	3,000



**The Fairmont 5601 Condominium
Budget Variance
For The Period
August, 2017**

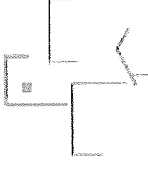
Current Actual	Current Budget	Current Variance		YTD Actual	YTD Budget	YTD Variance	Annual Budget
0	0	0	6545.040 Elevator Inspections	145	145	0	179
0	0	0	6562.020 Painting	1,122	2,500	1,378	2,500
0	833	833	6590.000 Misc Operating and Maintenance Expenses	668	6,667	5,999	10,000
0	200	200	6590.020 Utility Poles and Wires	4,640	1,600	(3,040)	2,400
170	7,477	7,307	Total Repair & Maintenance	22,709	63,200	40,491	93,141
Professional Services							
2,000	2,337	337	6320.000 Management Fee	16,455	18,700	2,245	28,050
0	500	500	6320.030 Management Other Fees	1,038	4,000	2,963	6,000
0	(843)	(843)	6340.001 Legal Expense Reimbursement	(6,748)	(6,740)	8	(10,111)
(4,651)	3,000	7,651	6340.100 Legal Fees - Collections	38,627	24,000	(14,627)	36,000
0	0	0	6350.000 Audit Expense	3,400	3,500	100	3,500
(2,651)	4,995	7,646	Total Professional Services	52,771	43,459	(9,311)	63,439
Administrative Expenses							
2	42	40	6311.010 Printing	309	333	24	500
2	17	14	6311.050 Postage	169	208	39	350
7,762	7,762	0	6352.070 Master Assoc Fee	75,416	62,096	(13,320)	93,144
269	248	(21)	6360.000 Telephone and Answering Service	1,129	1,984	855	2,976
8,035	8,068	33	Total Administrative Expenses	77,023	64,621	(12,402)	96,970
Taxes & Insurance							
2,645	2,418	(227)	6720.000 Property & Liability Insurance (Hazard)	21,746	19,344	(2,402)	24,731
0	0	0	6720.050 D&O Liability Insurance	0	0	0	1,175
0	0	0	6721.000 Fidelity Bond Insurance	0	615	615	615
2,645	2,418	(227)	Total Taxes & Insurance	21,746	19,959	(1,787)	26,520
18,682	28,317	9,635	Total Operating Expenses	242,180	238,797	(3,383)	350,625
12,782	3,654	9,128	Net Operating Budget	(4,466)	16,967	(21,434)	33,021
RESERVES BUDGET							
(2,752)	(2,752)	0	9901.015 Reserve Contributions	(19,931)	(22,014)	2,083	(33,021)
(2,752)	(2,752)	0	Total Reserve Contribution	(19,931)	(22,014)	2,083	(33,021)
10,030	902	9,128	Net Operating Profit/(Loss)	(24,397)	(5,047)	(19,350)	0
10,030	902	9,128	NET CASH FLOW	(24,397)	(5,047)	(19,350)	0



BARKAN

**The Fairmont 5601 Condominium
Statement of Income & Forecast
For the Period
August 2017**

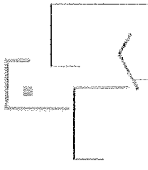
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Annual Budget	
Assessments															
5110.001 Condo Assessments	28,262	28,654	28,528	30,898	29,567	7,306	27,162	27,162	27,162	27,162	27,162	27,162	27,162	316,188	325,944
5500.000 Reserve Assessments	0	0	0	0	0	16,511	2,752	2,752	2,752	2,752	2,752	2,752	2,752	33,021	33,021
5110.020 Special Assessment Operating	290	(21)	140	33	33	246	0	0	0	0	0	0	0	722	0
Total Assessments	28,552	28,634	28,668	30,932	29,601	24,063	29,914	29,914	29,914	29,914	29,914	29,914	29,914	349,932	358,965
Other Income															
5113.000 Other Assessment	0	0	0	0	0	0	0	0	97	97	97	97	97	388	1,164
5910.000 Laundry and Vending Revenue	628	643	507	483	682	266	0	1,100	374	374	374	374	374	5,807	4,492
5920.000 NSF and Late Charges	420	270	300	269	91	127	0	450	603	603	603	603	603	4,339	7,236
5990.000 Miscellaneous Inc	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
5990.010 Expense Reimbursement	115	0	585	0	16	186	0	0	751	751	751	751	751	3,907	9,011
5990.210 Legal - Collection	87	(3)	(62)	76	50	0	0	0	205	205	205	205	205	966	2,454
5990.600 Key Income	0	150	0	0	0	0	0	0	27	27	27	27	27	258	324
Total Other Income	1,251	1,060	1,330	828	838	579	0	1,550	2,057	2,057	2,057	2,057	2,057	15,664	24,681
Total Operating Income	29,803	29,694	29,999	31,760	30,439	24,642	29,914	31,464	31,971	31,971	31,971	31,971	31,971	365,596	383,646
Utilities															
6450.000 Electricity	0	0	0	0	4,586	0	2,570	8,217	2,425	2,425	2,425	2,425	2,425	25,074	29,102
6452.000 Gas	0	0	0	0	0	5,897	19,698	1,015	1,558	1,558	1,558	1,558	1,558	32,844	18,701
Total Utilities	0	0	0	0	4,586	5,897	22,268	9,232	3,984	3,984	3,984	3,984	3,984	57,918	47,802
Contracts															
6517.000 Janitor and Cleaning Contract	1,534	1,534	0	767	0	0	2,302	767	724	724	724	724	724	9,800	8,685
6519.000 Exterminating Contract	189	189	189	189	189	189	189	189	182	182	182	182	182	2,239	2,184
6531.000 Fire Prevention/Contract	0	0	0	0	0	0	0	0	27	27	27	27	27	106	318
6541.570 HVAC Contract	1,372	7,063	0	0	1,563	0	0	0	0	1,563	0	0	0	11,560	6,250



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**The Fairmont 5601 Condominium
Statement of Income & Forecast
For the Period
August 2017**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Annual Budget	
6542.100 Repairs Contract-Extraordinary	0	1,200	0	0	1,520	840	0	0	0	0	0	0	0	3,560	0
6542.310 Water Treatment	148	148	148	148	148	148	0	0	148	148	148	148	148	1,480	1,776
6545.000 Elevator Maintenance/Contract	295	295	295	728	590	295	295	295	295	295	295	295	295	4,268	3,540
Total Contracts	3,539	10,429	632	1,832	4,009	1,472	2,785	1,251	1,375	2,938	1,375	1,375	33,011	22,753	
Repair & Maintenance															
6541.003 Repairs-HVAC	240	0	0	0	158	0	0	0	667	667	667	667	667	3,065	8,000
6541.006 Repairs-Electric	0	0	496	0	0	0	170	170	400	400	400	400	400	2,266	4,800
6541.050 Repairs-Plumbing	625	2,020	0	0	1,897	1,624	0	0	1,000	1,000	1,000	1,000	1,000	10,165	12,000
6541.059 Repairs - Roof	0	0	0	0	250	0	0	0	200	200	200	200	200	1,050	2,400
6541.410 Repairs Building Residential	0	1,003	0	1,236	1,076	537	0	0	3,864	3,864	3,864	3,864	3,864	19,310	46,372
6542.211 Locks & Keys	0	792	921	0	1,945	644	0	0	63	63	63	63	63	4,552	750
6545.030 Non - Contract Elevator Expense	0	500	0	0	0	0	0	0	250	250	250	250	250	1,500	3,000
6545.040 Elevator Inspections	0	0	0	145	0	0	0	0	0	0	34	0	0	179	179
6562.020 Painting	0	689	433	0	0	0	0	0	0	0	0	0	0	1,122	2,500
6590.000 Misc Operating and Maintenance Expenses	0	0	0	0	0	668	0	0	833	833	833	833	833	4,001	10,000
6590.020 Utility Poles and Wires	489	470	416	1,435	1,458	373	0	0	200	200	200	200	200	5,440	2,400
Total Repair & Maintenance	1,354	5,474	2,267	2,816	6,783	3,845	0	170	7,477	7,477	7,511	7,477	52,650	93,141	
Professional Services															
6320.000 Management Fee	2,479	2,521	2,449	2,486	2,448	71	2,000	2,000	2,337	2,337	2,337	2,337	25,805	28,050	
6340.001 Legal Expense Reimbursement	(541)	(927)	(601)	(373)	(461)	(3,846)	0	0	(843)	(843)	(843)	(843)	(10,118)	(10,111)	
6340.100 Legal Fees - Collections	7,036	7,291	4,326	0	18,490	3,076	3,058	(4,651)	3,000	3,000	3,000	3,000	50,627	36,000	
6350.000 Audit Expense	0	0	0	0	0	0	3,400	0	0	0	0	0	3,400	3,500	
Total Professional Services	8,974	8,885	6,175	2,113	20,477	(698)	8,458	(2,651)	4,495	4,495	4,495	4,495	69,713	57,439	
Administrative Expenses															
6311.010 Printing	5	0	0	59	63	0	181	2	42	42	42	42	476	500	



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**The Fairmont 5601 Condominium
Statement of Income & Forecast
For the Period
August 2017**

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Annual Budget
6311.050 Postage	4	12	6	55	32	6	51	2	67	17	43	17	311	350
6320.030 Management Other Fees	30	150	0	198	20	640	0	0	500	500	500	500	3,038	6,000
6352.070 Master Assoc Fee	7,027	21,817	7,762	15,524	0	7,762	7,762	7,762	7,762	7,762	7,762	7,762	106,464	93,144
6360.000 Telephone and Answering Service	148	83	139	137	134	177	43	269	248	248	248	248	2,121	2,976
Total Administrative Expenses	7,214	22,061	7,907	15,972	249	8,585	8,037	8,035	8,618	8,568	8,594	8,568	112,409	102,970
Taxes & Insurance														
6720.000 Property & Liability Insurance (Hazard)	2,649	3,227	2,645	2,645	2,645	2,645	2,645	2,645	2,418	2,418	0	551	27,133	24,731
6720.050 D&O Liability Insurance	0	0	0	0	0	0	0	0	0	0	0	1,175	1,175	1,175
Total Taxes & Insurance	2,649	3,227	2,645	2,645	2,645	2,645	2,645	2,645	2,418	2,418	0	1,725	28,307	26,520
Total Operating Expenses	23,729	50,076	19,625	25,378	38,749	21,747	44,194	18,682	28,367	29,879	25,958	27,624	354,008	350,625
Net Operating Budget	6,073	(20,382)	10,374	6,382	(8,310)	2,895	(14,280)	12,782	3,604	2,091	6,012	4,347	11,588	33,021
RESERVES BUDGET														
9901.015 Reserve Contributions	(668)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(30,938)	(33,021)
Total Reserve Contribution	(668)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(2,752)	(30,938)	(33,021)
Net Operating Profit/(Loss)	5,405	(23,134)	7,622	3,630	(11,062)	143	(17,032)	10,030	852	(660)	3,260	1,595	(19,350)	0
NET CASH FLOW	5,405	(23,134)	7,622	3,630	(11,062)	143	(17,032)	10,030	852	(660)	3,260	1,595	(19,350)	0



**The Fairmont 5601 Condominium
Statement of Revenue and Expense Reserve Fund
For The Period
August, 2017**

<u>Current Actual</u>	<u>Current Budget</u>	<u>Current Variance</u>		<u>YTD Actual</u>	<u>YTD Budget</u>	<u>YTD Variance</u>	<u>Annual Budget</u>
			Revenues				
0	0	0	3130.063 Current Year RR Interest	18	0	18	0
2,752	2,752	0	5500.000 Current Year RR Deposits	22,014	22,014	0	33,021
<u>2,752</u>	<u>2,752</u>	<u>0</u>	Total Revenues	<u>22,032</u>	<u>22,014</u>	<u>18</u>	<u>33,021</u>
<u>2,752</u>	<u>2,752</u>	<u>0</u>	Current Year Reserves Activity	<u>22,032</u>	<u>22,014</u>	<u>18</u>	<u>33,021</u>



**The Fairmont 5601 Condominium
Balance Sheet
For the period ending
August, 2017**

	Current Balance
ASSETS	
Current Assets	
1120.001 Operating Cash 1	24,757
1120.002 Operating Cash 2	(851)
1120.003 Operating Cash 3	5,032
1130.000 Accounts Receivable	119,560
4200.000 Allowance For Bad Debt	(119,754)
1140.000 AR-other	57,270
1142.300 Due to/from Operating	(3,200)
1142.310 Due to/from Reserve	3,200
1160.000 Accrued Receivables	20
	86,035
Restricted Deposits & Funded Reserves	
1320.101 Replacement Reserve-MM1	30,085
	30,085
Prepaid Expenses	
1240.000 Prepaid Property & Liability Insurance	3,704
	3,704
	119,824
LIABILITIES & EQUITY	
Current Liabilities	
2110.000 Accounts Payable	2,013
2110.020 Insurance Claim Payable	18,207
2123.000 Accrued Expense	20,246
2210.001 Prepaid Assessment	19,274
	59,740
	59,740
EQUITY	
	Net Profit or (Loss)-current (178,863)
Owners Appropriated Equity-prior years	
3130.060 Capital Reserve Fund Balance	197,937
3130.090 Working Capital	2,456
	200,393
Owners Appropriated Equity-current	
3130.061 Current Year RR Contributions	38,537
3130.063 Current Year RR Interest	18
	38,555
	Total Equity 60,085
	Total Liabilities & Equity 119,824

Insurance Dec Page
The Fairmont 5601 Condominium Association

This document is currently either not available or not applicable for this association.

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