

(k) No outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission, shall be maintained upon any condominium unit or upon any limited or general common elements without the prior written consent of the Board of Directors.

(l) There shall be no violation of any rules or regulations for the use of the units or common elements which may from time to time be adopted by the Board of Directors and promulgated among the membership by them in writing.

Section 4. First Refusal. The right of any unit owner to sell, transfer, or otherwise convey his unit shall not be subject to any right of first refusal or any similar restriction in favor of the Council. Should a unit owner reserve to himself the right of first refusal or similar restriction in the sale of his unit, any mortgagee who obtains title to the unit pursuant to the remedies provided in the mortgage, or foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, shall be exempt from any such right of first refusal or similar restriction.

ARTICLE XI

Architectural Control

Section 1. Architectural Control. Except for the original construction of the condominium units situate within the project and any improvements to any limited or general common elements accomplished concurrently with said construction, and except for purposes of proper maintenance and repair or as otherwise in these By-Laws provided, it shall be prohibited to install, erect, attach, apply, paste, hinge, screw, nail, build, alter, remove or construct any lighting, shades, screens, awnings, patio covers, decorations, aeriels, antennas, radio or television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, porches, driveways, fences, walls, or to make any change or otherwise alter (including any alteration in color) in any manner whatsoever to the exterior of any condominium unit or upon any of the limited or general common elements within the project, or to make any change or alteration within any unit which will alter the structural integrity of the building or otherwise affect the property, interest or welfare of any other unit owner, or materially increase the cost of operating or insuring the project, without the written consent of the Board of Directors.

ARTICLE XII

Insurance

Section 1. Insurance. The Board of Directors shall obtain and maintain, to the extent reasonably available, at least the following:

(a) casualty or physical damage insurance in an amount equal to the full replacement value (i.e. 100% of "replacement cost" exclusive of land, foundation and excavation) of the condominium project (including all building service equipment and the like) with an "Agreed Amount" endorsement, a "Condominium Replacement Cost" endorsement and a "Contingent Liability from Operating of Building Laws" endorsement,

without deduction or allowance for depreciation (as determined annually by the Board of Directors with the assistance of the insurance company affording such coverage), such coverage to afford protection against at least the following:

- (i) loss or damage by fire or other hazards covered by the standard extended coverage endorsement together with coverage for common expenses with respect to condominium units during any period of repair or reconstruction;
- (ii) such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including, but not limited to, cost of demolition, vandalism, malicious mischief, windstorm, water damage, machinery explosion or damage, and such other insurance as the Board of Directors may from time to time determine; and

(b) public liability insurance with a "Severability of Interest" endorsement in such amounts and in such forms as may be considered appropriate by the Board of Directors (but not less than One Million and No/100 Dollars (\$1,000,000.00) covering all claims for bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, water damage, legal liability, hired automobile, non-owned automobile, liability for property of others, and any and all other liability incident to the ownership and/or use of the condominium project or any portion thereof;

(c) workmen's compensation insurance to the extent necessary to comply with any applicable law;

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

(e) Fidelity Bonds in an amount not less than 150% of the estimated annual operating expenses, including reserves, for all directors, officers and employees of the Corporation regularly handling or otherwise responsible for the funds of the Corporation. Such other policies of insurance as are or shall hereafter be considered appropriate by the Board of Directors.

Section 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 where the condominium project is located and holding a rating of "A+AAAA" or better 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, as a trustee for the owners of the condominium units, or its authorized representative, including any trustee with which the Corporation may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be hereinelsewhere referred to as the "Insurance Trustee";

(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 condominium units or their mortgagees, as herein permitted and any "no other insurance" or similar clause in any policy obtained by the Corporation pursuant to the requirements of this Article shall exclude such policies from consideration;

(d) such policies shall contain no provision relieving the insurer from liability because of loss occurring while the hazard is increased in the building, whether or not within the control or knowledge of the Board of Directors and shall contain no provision relieving the insurer from liability by reason of any breach of warranty or condition caused by the Board of Directors or any owner of any condominium unit, and/or their respective agents, employees, tenants, mortgagees or invitees or by reason of any act of neglect or negligence on the part of any of them;

(e) 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 and all mortgagees of the condominium units;

(f) all policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors (or any Insurance Trustee);

(g) all policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Corporation, the Board of Directors, the owner of any condominium unit and/or their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured;

(h) all policies of casualty insurance shall contain the standard mortgage clause except that any loss or losses payable to named mortgagees shall be payable in the manner set forth in Article XIII of these By-Laws. Such mortgagee clause shall provide for notice in writing to the mortgagee of any loss paid as aforesaid; and

(i) any other insurance required by Title 11 of the Real Property Article of the Annotated Code of Maryland.

Section 3. Individual Policies. The owner of any condominium unit (including the holder of any mortgage thereon) may obtain additional insurance (including a "Condominium Unit-Owner's Endorsement" for improvements and betterments to the condominium unit made or acquired at the expenses of the owner) at his own expense. Such insurance shall

be written by the same carrier as that purchased by the Board of Directors pursuant to this Article or shall provide that it shall be without contribution as against the same. Such insurance shall contain the same waiver of subrogation provision as that set forth in Section 2(g) of this Article.

The owner of any condominium unit shall notify the Board of Directors in writing of any and all improvements and betterments made to the condominium unit at the expense of such owner, the value of which is in excess of Two Thousand and No/100 Dollars (\$2,000.00).

Section 4. Endorsements, etc. The Board of Directors, at the request of any owner of any condominium unit in the project or at the request of the mortgagee of any such condominium unit, shall promptly obtain and forward to such owner or mortgagee (a) an endorsement to any of the policies aforementioned in this Article showing the interest of such owner or mortgagee as it may appear; (b) certificates of insurance relating to any of such policies; and (c) copies of such policies, duly certified by the insurer or its duly authorized agent.

Section 5. Inspection of Insurance Policies. The Corporation shall maintain and make available for inspection a copy of all insurance policies maintained by the Corporation.

Article XIII

Casualty Damage - Reconstruction or Repair

Section 1. Use of Insurance Proceeds. In the event of damage or destruction by fire or other casualty the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications with the proceeds of insurance available for that purpose, if any, unless the council of unit owners elects to use one option contained in subsection 11-114(g) of the Real Property Article of the Annotated Code of Maryland.

Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction by fire or other casualty, or in the event such damage or destruction is caused by any casualty not herein required to be insured against, then the repair or reconstruction of the damaged common elements shall be accomplished promptly by the Corporation at its common expense (pursuant to such conditions and subject to such controls as the mortgagee, as defined in Section 4 of this Article, may require) and the repair or reconstruction of any condominium unit shall be accomplished promptly by the Corporation at the expense of the owner of the affected condominium unit. The ratable share of the expense of such repairs or reconstruction may be assessed and the lien for the same shall have all the priorities provided for in Article IX of these By-Laws. In the event that the proceeds of casualty insurance are paid to any Insurance Trustee pursuant to the requirements of Section 4 of this Article, then all funds collected from the owners of the condominium units pursuant to this Section 2 shall likewise be paid over to such Insurance Trustee and shall be disbursed by such Insurance Trustee in accordance with the provisions of Section 4 of this Article.

Section 3. Restoration Not Required. The condominium need not be restored in the event the condominium is terminated, or repair or replacement of the condominium would be illegal under any state or local health or safety statute or ordinance, or eighty percent (80%) of the unit owners, including every owner of a unit or assigned limited common element, which will not be rebuilt, vote not to rebuild or replace. If the entire condominium is not repaired or replaced, then the insurance proceeds attributable to the damaged common elements shall be used to restore the damaged area to a condition compatible with the remainder of the condominium; and the insurance proceeds attributable to units and limited common elements, which are not rebuilt, shall be distributed to the owners of those units to which those limited common elements were assigned; and the remainder of the proceeds shall be distributed to all unit owners in proportion to their common elements interest. If the unit owners vote not to rebuild any unit, that unit's entire common element interest, votes in the council of unit owners, and common expense liability are automatically reallocated upon the vote, as if the unit had been condemned under Section 11-112 of the Real Property Article of the Annotated Code of Maryland, and the council of unit owners promptly shall prepare, execute and record an amendment to the Declaration reflecting the reallocations.

Section 4. Insurance Trustee. Except for losses involving the damage or destruction of more than two-thirds (2/3) of the condominium project, where the members do not resolve to proceed with the repair or reconstruction, as in Section 3 of this Article provided for, in the event the cost of reconstruction or repair (as estimated by the Board of Directors) shall exceed an amount equal to two and one-half percent (2 1/2%) of the full replacement value of the condominium project, as estimated by the Board of Directors and the insurer pursuant to the requirements of Section 1(a) of Article XII of these By-Laws for the period during which such loss was sustained, and the institutional holder of any mortgages or other obligations secured by any condominium unit or units in the aggregate principal sum of more than \$150,000.00 (hereinafter in this Section 4 called the "mortgagee") shall so require all proceeds of insurance shall be paid over to a trust company or bank (the "Insurance Trustee") having trust powers and authorized to engage in trust business in the jurisdiction wherein the condominium project is located, selected by the Board of Directors with the approval of the mortgagee, and shall be paid out from time to time as the reconstruction or repair progresses in accordance with the provisions of an Insurance Trust Agreement satisfactory in form and substance to the mortgagee and which contains, inter alia, the following provisions:

(a) the reconstruction or repair shall be in charge of an architect or engineer, who may be an employee of the Corporation, satisfactory to the mortgagee, and hereinafter in this Section 4 called the "architect".

(b) prior to the commencement of the reconstruction or repair, other than such work as may be necessary to protect the condominium project from further damage, the mortgagee shall have approved the plans and specifications for such reconstruction or repair, which approval shall not be unreasonably withheld or delayed.

(c) unless otherwise required by the mortgagee, each request for an advance of the proceeds of insurance shall be made to the mortgagee at least ten (10) days prior to delivery to the Insurance Trustee and shall be accompanied by a certificate from the architect to the effect that (i) all work then completed has been performed in accordance with the plans and specifications and all building codes or similar governmental requirements; and (ii) the amount requested to be advanced is required to reimburse the Board of Directors for payments previously made by the Board of Directors or is due to the contractor responsible for the restoration or repair, or to subcontractors, materialmen, laborers, engineers, architects or to other persons responsible for services or materials in connection with such restoration or repair, or for fees of the like necessarily incurred in connection with the same; and (iii) when added to amounts previously advanced by the Insurance Trustee, the amount requested to be advanced does not unreasonably exceed the value of the work done and materials delivered to the date of such request; and (iv) funds remaining available to the Insurance Trustee for the purpose are sufficient to complete the reconstruction or repair.

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

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

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

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

ARTICLE XIV

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January every year, except that the first fiscal year of the Corporation shall begin at the date of