

AMENDED BY-LAWS
OF
STARFISH III, IV & V CONDOMINIUM

ARTICLE I

Section 1. Name and Location: The name of this unincorporated association is Starfish IV & V Condominium Council of Unit Owners, and it is sometimes referred to as "Council" or "Association" in this document. Its principal office is located in Ocean City, Maryland.

ARTICLE II

Definitions

Section 1. **Declaration:** "Declaration" as used herein means Condominium Declaration made the 3rd day of April, 1975, by Yorkridge-Graham Joint Venture No. 2 pursuant to Title 11 of the Real Property Article of the Annotated Code of Maryland (known as the Maryland Condominium Act and hereinafter referred to as "the Act") by which certain described premises (including land) are submitted to a condominium property regime and which Declaration is recorded among the Land Records for Worcester County, Maryland, in Liber 470, folio 383, et seq.

Section 2. **Other Definitions:** Unless it is plainly evident from the context that a different meaning is intended all other terms used herein shall have the definition in the Declaration or in the Act.

ARTICLE III

Membership

Section 1. **Members:** Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, which owns a condominium unit within the condominium, shall be a member of the Association provided, however, that any person, group of persons, corporation, trust or other legal entity, or any combination thereof, which holds such interest solely as security for the performance of any obligation shall not be a member.

Section 2. **Roster:** The Association shall maintain a current roster of names and addresses of each unit owner. It shall be the duty of each unit owner to provide this information to the Association, and no unit owner may vote at a meeting of the Council of Unit Owners until such information is provided.

Section 3. **Membership Certificates:** In the event the Board of Directors considers it necessary or appropriate to issue membership certificates or the like, then each such membership certificate shall state the Association is organized under the laws of the

State of Maryland, the name of the registered holder or holders of the membership represented thereby, and shall be in such form as shall be approved by the Board of Directors.

Section 4. **Liquidation Rights:** In the event of any voluntary or involuntary dissolution of the Association, each member of the Association shall be entitled to receive out of the assets of the Association available for distribution to the members an amount equal to that proportion of such assets which his percentage interest of ownership bears to all percentage interests.

ARTICLE IV

Meeting of Members

Section 1. **Place of Meetings:** Meetings of the membership shall be held at the principal office or place of business of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. **Annual Meetings:** The annual meetings of the members of the Association shall be held on a Saturday or Sunday by the end of June as selected by the Board of Directors. At such meeting there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of Section 5 of Article V of these By-Laws. The members may also transact such other business of the Association as may properly come before them.

Section 3. **Special Meetings:** It shall be the duty of the President to call a special meeting, with in 30 calendar days, of the members as directed by resolution of the Board of Directors or upon a petition signed by members representing at least twenty five percent (25%) of the total value of the project having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of members representing a majority of the percentage interest, present either in person or by proxy.

Section 4. **Notice of Meeting:** It shall be the duty of the Secretary to mail a notice of each Annual or special meeting stating the purpose thereof as well as the time and place where it is to be held, to each member of record, at his address as it appears on the membership book of the Association, or if no address appears, at his last known place of address, at least ten (10) but not more than ninety (90) days prior to such meeting. Service may also be accomplished by the delivery of such notice to the member in person or the mailing address given to the Association by the owners. Notice by either such method shall be considered as notice served. Attendance by a member at any meeting of the members shall be a waiver of notice by him of the time, place and purpose thereof.

Section 5. **Quorum:** The presence, either in person or by proxy, of members representing at least twenty-five percent (25%) of the total votes shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of members. If the number of members at a meeting drops below the quorum and the question of a lack of a quorum is raised, no business may thereafter be transacted.

Section 6. **Adjourned Meetings:** If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than fifteen (15) days from the time the original meeting was called, upon proper notice to all members.

Section 7. **Voting:** At any meeting of the members, each unit owner shall have the right, on each question, to cast the number of votes established in the Declaration for his unit. The vote of the members representing at least fifty-one percent (51%) of the votes, in person or by proxy, shall decide any question brought before such meeting, unless the question is one upon which, by express provision of statute, or the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership that is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. If the owners of a unit cannot agree on how that unit's vote should be cast, that unit's vote shall not be counted. No member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors if the Council of Unit Owners has recorded a lien for nonpayment of condominium fees or assessments against that owner's unit, and the amount necessary to release the lien has not been paid at the time of the meeting.

Section 8. **Elections:** (a) A unit owner may nominate himself or any other unit owner to be a member of the Board of Directors. A call for nominations shall be sent to all unit owners not less than 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. Candidates shall be listed on the Ballot in alphabetical order. Nominations may be made from the floor at the meeting at which the election to the Board is held.

(b) Election materials prepared with funds of the Council of Unit Owners shall list candidates in alphabetical order and may not indicate a candidate preference.

Section 9. **Proxies:** A member may appoint any person as his proxy. Any proxy designation shall be in writing and filed with the Secretary in form approved by the Board of Directors by the appointed time of each meeting. A proxy who is not appointed to vote as directed may be used for purposes of meeting quorums and to vote for matters of business before the Council of Unit Owners, other than an election of the Board of Directors. Only a unit owner voting in person or a proxy voting for candidates designated by a unit owner may vote for members of the Board of Directors.

Unless limited by its terms, or granted to a lessee or mortgagee, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or for a period of one hundred eighty (180) days, whichever shall first occur.

Section 10. **Order of Business:** The order of business at all regularly scheduled meetings of the regular members shall be as follows:

(a) Roll call and certification of proxies.

- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers, if any.
- (e) Reports of committees, if any.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

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

Section 11. **Electronic Notice and Voting**: In accordance with Section 11-139.1 and Section 11-139.2 of the Act, notices of meetings (Association and Board meetings), delivery of information, voting and submission of proxies may be by electronic transmission provided (a) the unit owner gives the Association prior written authorization to communicate by electronic transmission, and (b) the electronic transmission for a vote or proxy contains information that verifies the vote or proxy is authorized by the unit owner or the unit owner's proxy. An officer or agent of the Association shall certify in writing that a notice or delivery of information was provided by electronic transmission.

ARTICLE V

Directors

Section 1. **Number and Qualification**: The affairs of the Association shall be governed by the Board of Directors composed of up to nine (9) natural persons, all of whom shall be members of the Association. The number of directors shall be established by vote of the members.

Section 2. **Current Directors**: The current directors and their terms of office are as stated in the minutes of the most recent Council of Unit Owners meeting.

Section 3. **Powers and Duties**: The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and the condominium project and may do all such acts and things as are not by law or by these By-Laws required to be exercised and done by the members. The powers and duties of the Board of Directors shall include, but are not limited to, the following:

- (a) To provide for the care, upkeep and surveillance of the condominium project and its general and limited common elements and services in a manner consistent with law and the provisions of these By-Laws and the Declaration.
- (b) To establish and provide for the collection of assessments and/or carrying charges from the members and for the establishment and/or enforcement of liens there for in a manner consistent with law and the provisions of these By-Laws and the Declaration.
- (c) To designate, hire and/or dismiss the personnel necessary for the good working order of the condominium project and for the proper care of the general or limited common elements and to provide services for the project in a manner consistent with law and the provisions of these By-Laws and the Declaration.

(d) To promulgate and enforce such rules and regulations and such restrictions or requirements as may be deemed proper respecting the use, occupancy and maintenance of the project and the use of the general and limited common elements by the members, all of which shall be consistent with law and the provisions of these By-Laws and the Declaration, and shall be adopted in accordance with Section 11-111 of the Act.

(e) To authorize, in their discretion, refunds of surplus condominium fees collected.

(f) To grant easements, rights-of-way, licenses, leases in excess of one (1) year, or similar interests for the provision of utility services or communication systems for the exclusive benefit of units within the condominium regime subject to the requirements of Section 11-125(f) of the Act.

Section 4. **Management Agent:** The Board of Directors may employ for the Association a management agent (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, which may include, but not necessarily be limited to, the duties set out in subsections (a) through (d) of Section 3 of this Article.

Section 5. **Election and Term of Office:** The Directors shall be elected to serve three (3) year terms on a 1 year staggered rotating basis. Up to three (3) directors will be elected per year. The Directors shall hold office until their successors have been elected.

Section 6. **Vacancies:** Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members at the next annual meeting to serve out the unexpired portion of the term. The successor term shall fall into alignment and term length with respects to the vacated position.

Section 7. **Removal of Directors:** Subject to Section 6 above, at a regular or special meeting duly called, any Director may be removed with or without cause by the affirmative vote of the majority of the entire regular membership` of record and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director who becomes more than sixty (60) days delinquent in payment of any assessments due the Association shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 6 of this Article.

Section 8. **Compensation:** No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to any Director who is also a member of the Association for services performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before the services are undertaken, without the vote of the Director offering said service.

Section 9. **Organization Meetings:** The first meeting of a newly elected Board of Directors shall be held immediately following the annual meeting. At this meeting, a

President and Vice President shall be elected from the current Board Members. A Treasurer and Secretary will be selected and may be either Board or Association Members. The Board of Directors shall elect the officers of the Association for two (2) year terms.

Section 10. **Regular Meetings:** Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year, and all such meetings shall be open to the members of the Association except as provided in Section 11-109.1 of the Condominium Act. Notice of regular meetings of the Board of Directors shall be mailed to each Director and to each owner as required by the Condominium Act at least ten (10) days but not more than ninety (90) days prior to the day named for such meeting. Subject to reasonable rules adopted by the Board, the Board shall provide a designated period of time during the meeting to allow unit owners an opportunity to comment on any matter related to the Condominium.

Section 11. **Special Meetings:** Special meetings of the Board of Directors may be called by the President on five (5) days but not more than ninety (90) days' notice to each Director and the conspicuous posting of said notice on the condominium premises, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. The President or Secretary shall call special meetings of the Board of Directors in like manner, and on like notice on the written request of at least one director. Meetings shall not be held unless this notice is given and meetings shall be open to the owners, unless such notice is not required to be given and the meeting not required to be open pursuant to Section 11-109.1 of the Act. Subject to reasonable rules adopted by the Board, the Board shall provide a designated period of time during the meeting to allow unit owners an opportunity to comment on the topics listed on the meeting agenda, provided the meeting is open.

Section 12. **Waiver of Notice:** Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting, provided there was proper notice to the unit owners.

Section 13. **Quorum:** At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Board of Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting, any business, which might have been transacted at the meeting as originally called, may be transacted without further notice.

Section 14. **Electronic Attendance at Board Meeting:** When unable to physically attend, Board Members may participate in the meeting by conference call or by speakerphone. This method will avail the individual of all rights and responsibilities, as if physically attending, set forth in these By-Laws.

ARTICLE VI

Officers

Section 1. **Designation:** The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, the Board of Directors shall elect all of whom. The Directors may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be necessary. The same person may fill the offices of Secretary and Treasurer.

Section 2. **Election of Officers:** The officers of the Association shall be elected for two (2) year terms by the Board of Directors at the first organizational meeting of the Board as directed in Article V Section 9 and shall hold office at the pleasure of the Board of Directors.

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

Section 4. **President:** The President shall be a current Board Member elected by the Council of Unit Owners. The President shall be the chief executive officer of the Association. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including, but not limited to, the power to appoint committees from among the membership from time to time as he may, in his discretion, decide it appropriate to assist in the conduct of the affairs of the Association. The President shall preside at all meetings of the Council of Unit Owners.

Section 5. **Vice President:** The Vice President shall be a current Board Member elected by the Council of Unit Owners. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated to him by the Board of Directors.

Section 6. **Secretary:** The Secretary may be a current Board Member or Association Member. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have charge of the membership transfer books and of such other books and papers as the Board of directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary. The Secretary shall count the votes at all meetings of the Council of Unit Owners.

Section 7. **Treasurer:** The Treasurer may be a current Board Member or Association Member. The Treasurer shall have the responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association, in accordance with the Maryland Condominium Act. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such

depositories as may from time to time be designated by the Board of Directors. Access to all funds shall be limited to the Treasure, President and Manager or other Board designee.

ARTICLE VII

Liability and Indemnification of Officers and Directors

Section 1. **Liability and Indemnification of Officers and Directors:** As set forth in Section 2-418 of the Corporations and Associations Article of the Annotated Code of Maryland, the Association may indemnify every officer and director of the Association against any and all expenses.

Section 2. **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 condominium project. No contract or other transaction between the Association and any corporation, firm or association (including the Declarant) in which one or more of the Directors of this Association are directors or officers or are pecuniarily or otherwise interested, is 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, if any of the conditions specified in any of the following subparagraphs exist:

- (a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote of disinterested Directors sufficient for the purpose; or
- (b) The fact of the common directorate or interest is disclosed or known to the members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote of disinterested members sufficient for the purpose; or (c) The contract or transaction is commercially reasonable and fair to the Association at the time it is authorized, ratified, approved or executed.

Common or interested Directors may not be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves, or ratifies any contract or transaction, and may not vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such other corporation or not so interested.

ARTICLE VIII

Management

Section 1. **Management and Common Expenses:** The Association, acting by and through its Board of Directors, shall manage, operate and maintain the condominium project, and, for the benefit of the condominium units and the owners thereof, shall enforce the provisions hereof and shall pay out of the common expense fund herein elsewhere provided for, the following:

- (a) The cost of providing water, sewer, trash collection, electrical, and other necessary utility services for the common elements, and, to the extent that same are not separately metered or billed to each condominium unit, for the condominium units.
- (b) The cost of property and liability insurance on the condominium project and the cost of such other insurance as the Association may obtain, as provided by Section 11-114 of the Act.
- (c) The cost of the services of a person or firm to manage the project to the extent deemed advisable by the Association together with the services of such other personnel as the Board of Directors of the Association shall consider necessary for the operation of the condominium project.
- (d) The cost of providing such legal and accounting services as may be considered necessary to the operation of the condominium project.
- (e) The cost of painting, maintaining, replacing, repairing or landscaping the common elements and such furnishings and equipment for the common elements as the Board of Directors shall have the exclusive right and duty to acquire the same; provided, however, that nothing herein contained shall require the Association to paint, repair or otherwise maintain the interior of any condominium unit or any fixtures, appliances or equipment located therein, except for damage resulting from a casualty insured as required by Section 11-114 of the Act.
- (f) The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like which the Association is required to secure or pay for by law, or otherwise, or which, in the discretion of the Board of Directors shall be necessary or proper for the operation of the common elements; provided, however, that if any of the aforementioned are provided or paid for the benefit of a particular condominium unit or units, the cost thereof shall be specially assessed to the owner or owners thereof in the manner provided in subsection (g) of Section 1 of this Article.
- (g) The cost of the maintenance or repair of any condominium unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the common elements or to preserve the appearance or value of the condominium project or is otherwise in the interest of the general welfare of all owners of the condominium units; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the owner of the condominium unit proposed to be repaired, and provided further that the cost thereof shall be assessed against the condominium unit on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered within seven (7) days to the then owner of said condominium unit, at which time the assessment shall become due and payable and upon recordation, shall become a continuing lien and obligation of said owner in all respects as provided in Article IX of these By-Laws.
- (h) Any amount necessary to discharge any lien or encumbrance levied against the condominium project, or any portion thereof, including taxes, which may, in the opinion of the Board of Directors, constitute a lien against the common elements rather than the interest therein of the owner of any individual condominium unit.

Section 2. **Management Agent:** The Association may, by contract in writing, delegate any of its duties, power or functions to the Management Agent, except those that are specifically reserved to the Association or Board of Directors by the Maryland Condominium Act or these By-Laws; provided that such delegation shall be revocable upon thirty (30) days written notice without cause shown. The Association and the Board of Directors shall not be liable for any omission or improper exercise by the Management Agent of any such duty, power or function so delegated.

Section 3. **Duty to Maintain:** Except for maintenance requirements herein imposed upon the Association, if any, the owner of each condominium unit shall, at his own expense, be responsible for the maintenance, repair and replacement of his condominium unit, including interior walls, ceiling and floor coverings, equipment, appliances, fixtures, and its other appurtenances, (such as any balcony, deck, terrace or patio appurtenant to such condominium unit and designated on the Plat as a limited common element reserved for exclusive use by the owner of a particular condominium unit, this shall include, but not limited to, the painting of the walls and ceilings of the balcony and deck area.), and shall do all cleaning, redecorating, painting, repairs, maintenance and replacement that may at any time be necessary to maintain the good appearance and condition of his condominium unit and such appurtenances, with the exception of structural repairs or replacement.

Section 4. **Windows and Doors:** The owner of each condominium unit shall, at his own expense, clean, maintain, and replace all windows and doors (including frames for both) of the condominium unit. Any replacements must match the existing and meet the current building codes. Colors of doors, windows and frames must match the existing used.

Section 5. **Access at Reasonable Times:** For the purpose of performing any of the repairs or maintenance required or authorized by these By-Laws, or in the event of an emergency involving illness or potential danger to life or property, the Association, through its duly authorized agents or employees, shall have the right, after reasonable efforts to give notice to the owner or occupant, to enter any condominium unit at any hour considered to be reasonable under the circumstances. Any associated cost (i.e. locksmith) will be at the Owners expense.

Section 6. **Easements for Utilities and Related Purposes:** The Association is authorized and empowered, subject to the provisions of the Condominium Act, to grant such licenses, easements and/or rights of way for sewer lines, water lines, electrical cables, telephone cables, storm drains, underground conduits and/or such other purposes related to the provision of public utilities to the condominium project as may be considered necessary and 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 condominium units or the Declarant.

Section 7. **Limitation of Liability:** Except to the extent the Association has insurance coverage, the Association shall not be liable for (a) any failure of water supply, wastewater, electric or other utility services provided to the Condominium, regardless of whether the costs of such service is paid out of the common expense funds, or (b) any damage or destruction to a unit resulting from water that may leak or flow from any portion of the common elements. No diminution or abatement of common expense assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the general common elements by the Association or from any action taken by the Association to comply with any law or order or directive of any governmental authority.

ARTICLE IX

Assessments and Condo Fees

Section 1. **Annual Assessments and Condo Fees**: Each member shall pay to the Association a monthly sum (hereinsewhere sometimes referred to as "assessments" or "condo fees") equal to 1/12 of the member's proportionate share of the sum required by the Association, as estimated by its Board of Directors, to meet its annual expenses. The Member may pay their proportionate share in advance, but must maintain current monthly status. The annual expenses includes, but in no way limited to the following:

- (a) The cost of all operating expenses of the condominium project and services furnished, including charges by the Association for facilities and services furnished by it; and
- (b) The cost of necessary management and administration, including fees paid to any Management Agent; and
- (c) The amount of all taxes and assessments levied against the Association or upon any property which it may own or which it is required to pay; and
- (d) The cost of property and liability insurance on the project and the cost of such other insurance as the Association may effect; and
- (e) The cost of furnishing water, electricity, heat, gas, trash collection and/or other utilities, to the extent furnished by the Association for the condominium project; and
- (f) The cost of funding all reserves established by the Association including, when appropriate, a general operating reserve and/or a reserve for replacements; and
- (g) The estimated cost of repairs, maintenance, and replacements of the condominium project to be made by the Association. The Board of Directors shall determine the amount of the assessment annually, and shall submit a copy of the annual proposed budget to the unit owners at least thirty (30) days before its adoption at a regularly scheduled meeting of the Board of Directors. Assessments shall be made against the unit owners in proportion to their percentage interest in the common expenses and common profits.

The annual budget shall provide for at least the following items: 1) income; 2) administration; 3) maintenance; 4) utilities; 5) general expenses; 6) reserves; 7) capital items.

The omission of the Board of Directors, before the expiration of any assessment period, to fix the assessments hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article, or a release of any member from the obligation to pay the assessment, or any installation thereof, for that or any subsequent assessment period, but the assessment is fixed. No member may exempt himself from liability for assessments or carrying charges by a waiver of the use or enjoyment of any of the common elements or by abandonment of any condominium unit belonging to him.

Section 2. **Special Assessments**: In addition to the regular assessments authorized by this Article, the Association may levy in any assessment year a special assessment or assessments, applicable for a term determined at the time of the Assessment by the Board of Directors, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located upon the project related thereto, or for such other purposes as the

Board of Directors may consider appropriate, subject to the limitations imposed by Section 11-109.2(d) of the Act.

Section 3. **Reserve for Replacements:** The Association shall establish and maintain a reserve fund for replacements by the allocation and payment yearly to such reserve fund of an amount to be designated from time to time by the Board of Directors. Such fund shall be conclusively deemed to be a common expense. Such fund shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America. The reserve for replacements may be expended only for the purpose of effecting the replacement of the common elements and equipment of the project and for operating contingencies of a non-recurring nature. The proportionate interest of any owner in any reserve for replacements shall be considered an appurtenance of his condominium unit and shall not be separately withdrawn, assigned or transferred or otherwise separated from the condominium unit to which it appertains and shall be deemed to be transferred with such condominium unit.

Section 4. **Liability for and Non-Payment of Assessment:**

(a) A unit owner shall be liable for all assessments, or installments thereof, coming due while he is the owner of a unit. In a voluntary grant the grantee shall be jointly and severally liable with the grantor for all unpaid assessments against the grantor for his share of the common expenses up to the time of the voluntary grant for which a statement of lien is recorded, without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee for such assessments. Liability for assessments may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of the unit for which the assessments are made.

(b) Payment of assessments, together with interest, late charges, costs of collection and reasonable attorney's fees may be enforced by the imposition of a lien on a unit in accordance with the provisions of the Maryland Contract Lien Act. Suit for any deficiency following foreclosure may be maintained in the same proceeding, and suit to recover any money judgment for unpaid assessments may also be maintained in the same proceeding, without waiving the right to seek to impose a lien under the Maryland Contract Lien Act.

(c) Any assessment, or installment thereof, not paid when due shall bear interest from the date when due until paid at the rate of 18 percent per annum or the highest rate allowed by Maryland law. In addition there shall be a late charge of \$15 or one tenth of the total amount of any delinquent assessment or installment, whichever is greater, provided the charge may not be imposed more than once for the same delinquent payment and may only be imposed if the delinquency has continued for at least 15 calendar days.

(d) If a unit owner fails to pay an installment when due, the council of unit owners may demand payment of the remaining annual assessment coming due within that fiscal year. A demand by the council is not enforceable unless the council, within 15 days of a unit owner's failure to pay an installment, notifies the unit owner that if the unit owner fails to pay the installment within 15 days of the notice, full payment of the remaining annual assessment will then be due and shall constitute a lien on the unit as provided in this section.

Section 5. **Assessment Certificates:** The Association shall upon demand at any time furnish to any member liable for any assessments levied pursuant to these By-Laws (or

any other party legitimately interested in the same, including first mortgagees), a certificate in writing signed by an officer of the Association setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A reasonable charge may be levied in advance by the Association for each certificate so delivered.

Section 6. **Priority of Lien:** The lien established by this Article and by the Maryland Contract Lien Act of the Real Property Article of the Annotated Code of Maryland, shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

- (a) General and special assessments for real estate taxes on the condominium unit; and
- (b) The liens of any deed of trust, mortgage or encumbrance duly recorded on the condominium unit prior to the assessment of the lien thereon or duly recorded on said unit after receipt of a written statement from the Board of Directors reflecting that payments on said lien were current as of the date of recordation of said deed of trust, mortgage instrument or encumbrance.

Section 7. **Subordination and Mortgage Protection:** Except as provided by the Act, the lien of any assessment levied pursuant to these By-Laws upon any condominium unit in the project shall be subordinate to, and shall in no way affect the rights of the holder of any indebtedness secured by any recorded first mortgage (meaning a mortgage with priority over other mortgages) made in good faith and for value received, provided, however, that such subordination shall apply only to assessments due and payable prior to a sale or transfer of such condominium unit pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser at such sale of the condominium unit from liability for any assessments thereafter becoming due and attributable to any period of time subsequent to the date of such transfer or sale, nor from the lien of any such subsequent assessment, which said lien, if any claimed, shall have the same effect and be enforced in the same manner as provided herein.

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

Section 8. **Definition:** As used in these Bylaws, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees, and the term "mortgage" shall include deed of trust. As used generally in these By-Laws, the term "institutional holder" or "institutional mortgagee" shall include savings and loan associations, pension funds, and any corporation, including a corporation of, or affiliated with, the United States Government or any agency thereof.

ARTICLE X

Rules and Dispute Settlement

Section 1. **Rules:** The Board of Directors may adopt rules of the Condominium in accordance with Section 11-111 of the Maryland Condominium Act. In addition the following rules shall apply to the Condominium and all persons at the Condominium:

(a) The common elements and each condominium unit located on the property shall be used, occupied and maintained for residential purposes only.

(b) No noxious or offensive trade or activity shall be carried on upon the common elements or in any condominium unit nor shall anything be done upon the property or in any condominium unit which may be or become a violation of any health, fire or police or other governmental law, rule or regulation, or a nuisance or annoyance to the unit owners or neighborhood. Any violation of any law, order, rule or regulation, or requirement of any governmental authority or the Board of Directors shall be remedied by and at the sole cost and expense of the unit owner or unit owners whose unit or units are the subject of such violation.

(c) No unreasonable noise, disturbing to the unit owners, shall be made upon the common elements or in any condominium unit, and nothing shall be done or permitted to be done in or about the common elements or in any unit that interferes with, obstructs or violates the rights, reasonable comforts or convenience of the unit owners.

(d) Nothing shall be kept in any condominium unit which may in any way increase the rate of insurance on the buildings, or other common elements, beyond the rate established therefore when and as used for the purposes permitted under the Declaration and By-Laws; and further, nothing shall be done or permitted to be done that will conflict with any law, rule or regulation.

(e) No vermin, insects or other pests shall be allowed to remain in any condominium unit, nor shall any such unit be permitted to remain in an unclean or unsanitary condition. In order to assure compliance with this subparagraph, the Board of Directors, its agents, servants, employees and contractors may enter any unit at any reasonable hour of the day, after reasonable notice, for the purposes of inspecting unit for the presence of any vermin, insects or other pests, and for the purpose of taking such measures as may be necessary to control or exterminate such vermin, insects or other pests. To avoid further spreading, measures to control or exterminate will proceed within 24 hours of detection or determining presence of vermin, insects or pests, at the Owners expense.

(f) Furniture, packages or other objects shall not be placed upon or allowed to remain on the general common elements without permission of the Board of Directors. Clothing, rugs, towels or other articles shall not be shaken from or on the walkways, stairways, windows, doors, landing, porches, and/or balconies. Nothing shall be placed on or hung from the windows, porches, and/or balconies or the front facade or thrown from doors, windows, porches and/or balconies. Signs and flags shall not be displayed upon the property except to the extent permitted by the Board of Directors or the Act.

(g) The maintenance, upkeep, breeding, boarding and/or raising of animals of any kind, regardless of number, shall be and is hereby prohibited within any condominium unit or upon the common elements, except that this shall not prohibit the keeping of dogs, cats and/or caged birds as domestic pets by unit owners only, provided that they are not kept or maintained for commercial purposes or for breeding. All pets shall be leashed when outside.

(h) All units shall be maintained with a minimum interior temperature (suggested 55 degrees) sufficient to avoid freezing pipes in the winter months.

(i) Junk vehicles, inoperable vehicles, unregistered vehicles, or vehicles without current tags shall not be on Condominium property.

- (j) Motor vehicle repairs or maintenance shall not be performed on Condominium property except as necessary to move an inoperable vehicle from Condominium property.
- (k) Each owner shall provide the Board or Management Company a workable key or lock box code to his unit and current contact information (telephone number, mailing address, and email address).
- (l) Condo Rules and Regulations will provided on an Annual basis or when any significant changes are made.
- (m) It is the responsibility of the Owner for informing and enforcing all Condo rule and Regulations with anyone who may use or rent their Unit.

Section 2. **Dispute Settlement:**

(a) The board of directors may not impose a fine, suspend voting, or infringe upon any other rights of a unit owner or other occupant for violations of rules until the following procedure is followed:

(1) Written demand to cease and desist from an alleged violation is served upon the alleged violator specifying:

- (i) The alleged violation;
- (ii) The action required to abate the violation; and
- (iii) A time period, not less than 10 days, during which the violation may be abated without further sanction if the violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing if the violation is not continuing.

(2) Within 12 months of the demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is violated subsequently, the board serves the alleged violator with written notice of a hearing to be held by the board in session. The notice shall contain:

- (i) The nature of the alleged violation;
- (ii) The time and place of the hearing, which time may be not less than 10 days from the giving of the notice;
- (iii) An invitation to attend the hearing and produce any statement, evidence, and witnesses on his or her behalf; and
- (iv) The proposed sanction to be imposed.

(3) A hearing occurs at which the alleged violator has the right to testify, to present evidence and to present and examine witnesses. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. This proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer or director who delivered the notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(4) A decision pursuant to these procedures shall be appealable to the courts of Maryland,

(b) Liability for damages; injunction. If any unit owner fails to comply with the

Maryland Condominium Act, the declaration, or bylaws, or a decision rendered pursuant to this section, the unit owner may be sued for damages caused by the failure or for injunctive relief, or both, by the council of unit owners or by any other unit owner. The prevailing party in any such proceeding is entitled to an award for counsel fees as determined by court.

(c) Effect of failure to enforce provisions. The failure of the council of unit owners to enforce a provision of the Act, the declaration, or bylaws on any occasion is not a waiver of the right to enforce the provision on any other occasion.

ARTICLE XI

Architectural Control

Section 1. **Architectural Control Committee:** Except for the original construction of the condominium units situated within the project by the Declarant and any improvements to any condominium unit or to the common elements accomplished concurrently with said original construction, no unit owner shall make any structural modification to a unit or make any modification whatsoever (including color change) to the exterior of a unit or to any common elements until the complete plans and specifications showing the location, nature, shape, height, materials, color, type of construction and/or any other proposed form of modification (including any other information specified by the Board of Directors or its designated committee) shall have been submitted to and approved in writing by the Board of Directors of the Association, or by an architectural control committee designated by it. Proposed modifications to the exterior of a unit shall be reviewed and approved (or not) based upon the overall impact on the Condominium, including design, color, materials and other aesthetic considerations.

ARTICLE XII

Insurance

Section 1. **Coverage:** Pursuant to the provisions of Sections 11-114 and 11-114.1 of the Act, the Council of Unit Owners shall obtain and maintain, to the extent reasonably available, at least the following:

- (a) Property insurance on the common elements and units, exclusive of improvements and betterments installed in units by the unit owners, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles may not be less than eighty percent (80%) of the replacement value of the insured property, exclusive of land, excavations, foundations, and other items normally excluded from property policies; and
- (b) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board of Directors, but not less than any amount specified in the Declaration or these By-laws, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the common elements.
- (c) Flood insurance on the common elements and units, in such amounts and upon such terms as may be available through the National Flood Insurance Program.
- (d) Fidelity insurance sufficient to provide for the indemnification of the

Condominium against loss resulting from acts or omissions arising from fraud, dishonesty, or criminal acts committed by any officer, director, managing agent, management company or other agent or employee who controls or disburses funds. The amount of the fidelity insurance shall be the lesser of (1) three months' worth of gross annual assessments and the total amount held in all investment accounts at the time the policy is issued or (2) \$3 million.

Section 2. **Unit Owner Insurance:** Each owner shall maintain a condominium unit owner insurance policy on his/her unit and shall provide evidence of that insurance coverage to the Association annually.

Section 3. **Proceeds Disbursement:** Any loss covered by the master property policy of this section shall be adjusted with the council of unit owners and the proceeds paid to the council of unit owners and not to any mortgagee. The council of unit owners shall hold any insurance proceeds in trust for unit owners and lien holders as their interests may appear.

Subject to the provisions of Section XIII, the proceeds shall be disbursed first for the repair or restoration of the damaged common elements and units, and unit owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the common elements and units have been completely repaired or restored, or the condominium is terminated.

ARTICLE XIII

Casualty Damage -- Reconstruction or Repair

Section 1. **Reconstruction/Repair:** 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 unless:

- (a) The condominium is terminated.
- (b) Repair or replacement would be illegal under any State or local health or safety statute or ordinance; or
- (c) 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.

Section 2. **Cost:**

- (a) The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense, but the property insurance deductible is not a cost of repair or replacement in excess of insurance proceeds, except as stated below.
- (b) If the cause of any damage to or destruction of any portion of the condominium originates from the common elements, the council of unit owners' property insurance deductible is a common expense. If the cause of any damage to or destruction of any portion of the condominium originates from a unit, the council of unit owners' property insurance deductible is a common expense except as stated below in subsection (c).
- (c) If the cause of any damage to or destruction of any portion of the

Condominium originates from a unit, the owner of the unit where the cause of the damage or destruction originated shall be responsible for the council of unit owners' property insurance deductible, but the unit owner's responsibility may not exceed \$5,000 or the maximum set in the Act if more. The council of unit owners' property insurance deductible amount exceeding this amount shall be a common expense. In the same manner as provided under Section 11-110 of the Act, the council of unit owners may make an assessment against the unit owner responsible under this paragraph.

ARTICLE XIV

Fiscal Management

Section 1. **Fiscal Year:** The fiscal year of the Association shall begin on the first day of January, every year. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors.

Section 2. **Books and Accounts:** Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practices. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures affecting the condominium project and its administration and shall specify the maintenance and repair expenses of the general and limited common elements and services and any other expenses incurred. That amount of any assessment required for payment on any capital expenditures of the Association shall be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution.

Section 3. **Auditing:** At the close of each fiscal year, the books and records of the Association, upon request of twenty five percent (25%) of the unit owners, shall be audited by an independent Certified Public Accountant, at the Association's expense, whose report shall be prepared and certified in accordance with generally accepted auditing standards. Based upon such report, the Association shall furnish its members with an annual financial statement including the income and disbursements of the Association.

Section 4. **Inspection of Books:** The books and accounts of the Association, and vouchers accrediting the entries made thereupon, shall be available for examination by the members of the Association and/or their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any condominium unit, and/or its duly authorized agents or attorneys, during normal business hours, and after reasonable notice.

Section 5. **Execution of Association Documents:** With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or Vice President, and all checks shall be executed on behalf of the Association by such officers, agents or other persons as are from time to time so authorized by the Board of Directors.

ARTICLE XV

Amendments

Section 1. **Amendments:** These By-Laws may be amended by the affirmative vote of members representing sixty-six and two-thirds percent (66 2/3%) of the voting interests of the condominium project at any meeting of the members duly called for such purpose, in accordance with the provisions of the Act, effective only upon the recordation among the Land Records for Worcester County, Maryland of a certificate of amendment to the By-Laws setting forth such amendments to these By-Laws. A general description of the proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

ARTICLE XVI

Mortgages

Section 1. **Notice to Board of Directors:** Any owner of any condominium unit in the condominium project who mortgages such unit shall promptly notify the Board of Directors of the name and address of his mortgagee. The Board of Directors shall maintain suitable records pertaining to such mortgages, and all notices of default sent to any member shall also be sent, certified mail, return receipt requested, to the holder of any mortgage on the unit owned by the said member, at the sole expense of said member.

Section 2. **Notice to Mortgagee:** The Mortgagee and guarantor of a mortgage on a unit in the Condominium is entitled to timely written notice of:

- (a) any condemnation or casualty loss that affects either a material portion of the Condominium or the unit securing its mortgage;
- (b) any 60-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage;
- (c) a lapse, cancellation or material modification of any insurance policy maintained by the Association; and
- (d) any proposed action that requires the consent of a specified percentage of mortgagees.

Section 3. **Lender Approval:**

- (a) Amendments to the Condominium Declaration, Bylaws or Plat must be agreed to by mortgagees that represent at least 51 percent of the votes of units that are subject to mortgages if such amendments are of a material adverse nature to mortgagees.
- (b) Any action to terminate the legal status of the Condominium after substantial destruction or condemnation occurs or for other reasons must be agreed to by mortgagees that represent at least 51 percent of the votes of the units that are subject to mortgages. Implied approval of a mortgagee may be assumed by the Association when an eligible
- (c) Mortgagee fails to submit a response to any written proposal for an amendment to the Condominium documents within 60 days after the mortgagee receives proper notice

of the proposal, provided the notice was delivered by certified or registered mail with a "return receipt requested."

ARTICLE XVII

Compliance - Interpretation - Miscellaneous

Section 1. **Compliance:** These By-Laws are set forth in compliance with the requirements of the Act.

Section 2. **Conflict:** These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Act. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration or the aforesaid statute. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between the aforesaid Declaration and the Act, provisions of the statute shall control.

Section 3. **Resident Agent:** There shall be designated as the person authorized to accept service or process in any action against the Council of Unit Owners or relating to two (2) or more condominium units or to the common elements as authorized under the Act.

Section 4. **Notices:** Unless another type of notice is hereinelsewhere specifically provided for, any and all notices called for in the Declaration or in these By-Laws shall be given in writing.

Section 5. **Severability:** In the event provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 6. **Waiver:** No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 7. **Captions:** The captions contained in these By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

Section 8. **Gender etc.:** Whenever in these By-Laws 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.

Current Rules and Regulations - Incorporate as many as deemed necessary in the By-Laws.

STARFISH CONDO ASSOCIATION RULES & REGULATIONS FOR OWNERS AND RENTERS

1. The Starfish Board of Directors has created these rules and regulations for owners and their renters. The following rules are to be sent to anyone renting or occupying the Starfish III, IV or V units prior to their arrival. Please ensure that your rental company has this information to provide.
 2. Littering is prohibited and cigarette butts are not to be tossed into the garden areas, thrown from the balconies or extinguished on the balcony floors.
 3. The exterior area of units is to be left neat, tidy and not used for storage (beach chairs, umbrellas, etc.).
 4. Porch furniture is not community property and is not to be moved. Do not drag furniture across the floor outside the unit, which may damage the floor coating and allow water to rust the metal in the concrete.
 5. Clothing, towels, blankets, linens, rugs or other items may not be hung over the railings or from any other part of the buildings.
 6. Grilling is prohibited on the balconies.
 7. Only Owners may have pets. Pets must be leashed when walked, per O.C. ordinance; owners are responsible to clean up after their pets.
 8. Overnight parking of boats or trailers in the Starfish Parking lot is prohibited.
 9. Two parking spaces are assigned per Unit on a rotating basis under the buildings, please do not block the storage lockers. Two spaces for those units that are not assigned under the building are available in the back of Starfish IV on a first come, first served basis.
- Reminder:** Each Unit has Two (2) spaces available on Starfish Property, either under the building or in the lot, as assigned. Public street parking in front of each building is open to all. Please obey the signs. Cars and other illegally parked vehicles will be

towed at the owner's expense, please call Mana-Jit, Inc. Property Management to report violators at 410-289-1128. Starfish parking permits are to be displayed on the front dashboard or mirror of vehicles on Starfish Property.

10. Adults must supervise children at all times and not allow them to play in front of other units or in the stairwells, or cause disruptions.

11. No items may be thrown from balconies or unit windows.

12. Use of the bike rack is recommended; do not carry bikes up and down the stairs.

13. Ocean City strongly enforces its ordinance that no disruptive noises be made between 12:00 midnight and 7:00 a.m., in such a manner as to be plainly heard at a distance of 50 feet from the building or structure which it is located. Act in a respectful way at all times.

14. Owners must promptly perform all maintenance and repair work within his/her own unit including the balcony area including painting of balcony ceilings & walls outside the front door.

15. No advertisements or posters are to be posted except as authorized by the Board of Directors.

16. No owner or renter shall change the appearance of any exterior surface of any building, including his/her unit area, without the written permission of the Board of Directors.

Note: Any violation of condo rules and regulations will be reported to the Management Company, (Mana-Jit, 410-289-1128), who will contact the property owner. If a particular property owner receives three warnings, a fine of \$50.00 will be charge to them. Each additional occurrence will result in an additional \$50.00 fine. On January 1 of every year all owners will be reset to a zero warning status. This warning system will allow the owners to remedy the situation and put in place corrective actions to prevent future recurrences of the violation and additional fines.

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