

BY-LAWS

OF

ANTIGUA CONDOMINIUM

85th Street, at Ocean Highway,  
Ocean City, Maryland 21842

Dated: *July 25*, 1977

ARTICLE I

ADMINISTRATION

Section 1. Form of Administration. The condominium project, known as Antigua Condominium, located on the north side of 85th Street, at Ocean Highway, Ocean City, Maryland 21842, has been subjected to the provisions of the Condominium Act of the State of Maryland, and a condominium regime has been established therefor, by the Declaration to which these By-laws are attached. The affairs of the condominium shall be governed by the council of unit owners, an unincorporated legal entity, comprised of all the unit owners, acting through its board of directors elected or appointed for the purpose of carrying out the responsibilities of said council of unit owners, all in the manner and to the extent hereinafter provided, and subject to the right and power of the council of unit owners, or the board of directors, to employ a manager to administer and supervise the condominium project; provided however, notwithstanding the provisions of these By-laws, until such time as Developer shall have sold eighty percent (80%) of the units in the Antigua, Developer shall have the right to appoint the members of the Board of Directors of the council of unit owners. Developer may appoint such persons, including persons who do not own units in the Antigua, as it sees fit, and such appointed Board of Directors shall have the powers herein conferred to the Board of Directors. The Council of Unit Owners may not remove such appointed directors without the consent of Developer. Upon the sale of said eighty percent (80%) of the unit by the Developer, the appointed directors shall call a meeting of the council of unit owners and shall resign at said meeting upon election by the council of unit owners of a board of directors.

Section 2. Applicability of By-laws. The terms, conditions, provisions and restrictions of these By-laws are applicable to the condominium project and to the use, occupancy, benefit and enjoyment thereof, and shall inure to the benefit of the unit owners and be binding upon said unit owners, their tenants, guests and other invitees, the agents, servants and employees of such unit owners, tenants, guests and invitees, and any other person, firm or corporation using any facility of the property, except to the extent otherwise provided in paragraph 1 of Article X of the Declaration. The acceptance of any deed, lease, contract or other paper covering any interest in a condominium unit, or the use, occupancy, benefit or enjoyment of such unit, without further act, shall signify that the By-laws of the condominium are approved and ratified and that the person accepting the deed, lease, contract or other paper, or using, occupying, or otherwise enjoying any unit shall comply with the terms, condition, provisions and restrictions of the By-laws.

Section 3. Mailing Address. The mailing address of the council of unit owners shall be 85th Street, at Ocean Highway, Ocean City, Maryland 21842. or at such other address as the council of unit owners, board of directors or manager may from time to time designate by written notice to the unit owners and the mortgagees.

ARTICLE II

COUNCIL OF UNIT OWNERS

The rights and powers of the council of unit owners are as follows:

- (a) To have perpetual existence subject to the right of the unit owners to terminate the condominium regime, as provided in the Condominium Act or in the Declaration;
- (b) To sue and be sued, and complain and defend, in any court;
- (c) To transact its business, carry on its operations and exercise the powers provided in the Condominium Act, in any state, territory, district or possession of the United States, and in any foreign country;
- (d) To make contracts and guarantees, incur liabilities, borrow money; and to sell, mortgage, lease, pledge, exchange, convey, transfer, and otherwise dispose of any part of its property and assets;
- (e) To issue bonds, notes and other obligations, and secure the same by mortgage or deed of trust, on any part of its property, franchises and income;
- (f) To acquire by purchase or in any other manner, and to take, receive, own, hold, use, employ, improve and otherwise deal with any property, real or personal, or any interest therein, wherever located;
- (g) To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge or otherwise dispose of, and otherwise use and deal in and with, shares or other interests in, or obligations of, corporations of this State, or foreign corporations, and of associations, partnerships and individuals;
- (h) To invest its funds and to lend money in any manner appropriate to enable it to carry on the operations or to fulfill the purposes named in the Declaration or By-laws, and to take and to hold real and personal property as security for the payment of funds so invested or loaned; and
- (i) Generally to exercise the powers set forth in the Condominium Act and the Declaration or By-laws, and to do every other matter, act or thing not inconsistent with law, which may be appropriate to promote and attain the purposes set forth in the Condominium Act, the Declaration or By-laws, including the right to elect directors, officers and agents, and to define their rights, powers and duties.

ARTICLE III

UNIT OWNERS

Section 1. Annual Meetings. The annual meeting of unit owners shall be held at such place as may be designated by a majority of the unit owners, board of directors or manager of the condominium project in Ocean City, Maryland, at 10:00 A.M., on the third Saturday of April of each year (or on such other date, or at such other time as may be fixed by such majority, board, or manager), for the election of directors and for the transaction of general business. Such annual meetings shall be general meetings, i.e., open for the transaction of any business without special notice of such business, provided, however, that no new business shall be introduced or otherwise submitted at the meeting unless a written summary thereof is filed with the Secretary of the council of unit owners before commencement of the meeting.

Section 2. Special Meetings. Special meetings of the council of unit owners may be called at any time by a majority of the unit owners, the board of directors, or manager, either by vote or in writing. Upon the written request of a majority of unit owners, specifying the purpose, delivered to the board of directors or manager, it shall be the duty of the board or manager forthwith to call a meeting of the council of unit owners. Notice thereof shall be given as provided in Section 3 of this Article III. No business other than that stated in the notice of the meeting shall be transacted at any special meeting of the council of unit owners, however called. Special meetings of the council of unit owners shall be held at such place in Worcester County, or at such other place within the State of Maryland, as may be fixed by a majority of the unit owners, board of directors, or manager calling the same.

Section 3. Notice of Meetings. Fifteen days' written or printed notice of every annual meeting and every special meeting of the council of unit owners shall be given by a majority of the unit owners, board of directors, or manager to each unit owner whose name appears as such upon the roster or books of the condominium project twenty days prior to the day of the meeting. Such notices of annual or special meetings shall state the place, day and hour of such meetings, and, in the case of special meetings, shall also state the business proposed to be transacted thereat. Such notice shall be given to each unit owner either by delivering the same to him or by mailing it postage prepaid and addressed to him at his address as it appears upon the roster or books of the condominium project. No notice of the time, place or purpose of any meeting of unit owners, whether prescribed by law, by the Declaration, or by these By-laws, need be given to any unit owner who attends in person, or by proxy, or who, in writing, executed and filed with the records of the meeting, either before or after the holding thereof, waives such notice.

Section 4. Quorum. Unless otherwise provided in the Condominium Act, or in the Declaration, or these By-laws, the presence in person or by proxy of a majority of the unit owners at any meeting of the council of unit owners shall be necessary and sufficient to constitute a quorum for the election of directors,

for the adoption of decisions, or for the transaction of other business, and any such meeting may be adjourned from time to time until the transaction of business has been completed. In the absence of a quorum, the unit owners who shall be present in person or by proxy at any meeting (or adjournment) may, by vote of a majority of such unit owners, adjourn the meeting from time to time, but not for a period of over thirty days at any one time, by announcement at the meeting until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

**Section 5. Proxies.** Unit owners may vote either in person or by proxy, but no proxy shall be effective for more than 180 days following its issuance, unless granted to a mortgagee or lessee, in which latter case the proxy shall remain in force for such longer period as shall be designated therein. Every proxy shall be in writing, subscribed by the unit owner or by his duly authorized attorney, and shall be dated, but need not be sealed, witnessed or acknowledged; each proxy shall be presented at the meeting and be then deposited with the Secretary of the council of unit owners, the board, or the manager.

**Section 6. Voting.** At every meeting of the council of unit owners, every unit owner shall be entitled to cast the number of votes appurtenant to his unit, as determined under the provisions of the Declaration and registered in his name on the roster or books of the condominium project on the date for the determination of voting rights at the meeting. Upon demand of twenty-five per cent (25%) of the unit owners present in person or by proxy, the votes for directors, or upon any question before a meeting, shall be by ballot; and except in cases in which it is by statute, by the Declaration, or by these By-laws otherwise provided, the vote of a majority of unit owners present and voting shall be necessary and sufficient to elect and pass any measure.

**Section 7. List of Unit Owners.** The council of unit owners shall maintain a current roster of the names and addresses of each unit owner to whom notice of meetings of the council of unit owners shall be sent. Each unit owner shall furnish his name and current mailing address to the council of unit owners and no unit owner may vote at any meeting of the council of unit owners until he has furnished such information. Prior to each meeting of the council of unit owners, the Secretary thereof, the board of directors, or manager, shall prepare a full, true and complete list, in alphabetical order, of all unit owners entitled to vote at such meeting, indicating the number of votes to be cast by each, and shall be responsible for the production of such list at the meeting.

**Section 8. Order of Business.** At all meetings of the council of unit owners, the order of business shall be, as far as applicable and practicable, as follows:

1. Organization and roll call.
2. Proof of notice of meeting or of waivers thereof. The Certificate of the Secretary of the council of unit owners, the board of directors, or the manager, or the affidavit of any other person who mailed the notice or caused the same to be mailed, shall be accepted as proof of service of notice by mail.

3. At any annual meeting, or at a meeting called for that purpose, reading of unapproved minutes of preceding meetings and action thereon.

4. Reports of the board of directors, officers, committees, and any manager employed by the council of unit owners or the board.

5. At an annual meeting, the election of directors and employment of a manager.

6. Unfinished business.

7. New business.

8. Adjournment.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number and Qualification. Subject to the right of the council of unit owners or the board of directors to employ a manager, as provided in Article VIII of these By-laws, the affairs of the condominium project shall be managed by a board of directors (board) comprised of five (5) members (directors), each of whom shall be a unit owner, either in his own name, or as a joint tenant, tenant in common, tenant by the entirety, or co-partner, if his unit is held in a real property tenancy or partnership relationship, or shall be an officer or agent of a corporate unit owner, provided, however, that for each unit owned, not more than one such tenant, co-partner, officer, or agent of the unit owner holding title to the unit shall be qualified to serve as a director. The number of directors fixed by these By-laws may, by a vote of a majority of the unit owners, be increased to not exceeding nine (9) or decreased to not less than three (3).

Section 2. Powers. The board of directors shall have all rights and powers necessary to the administration of the affairs of the condominium project and may do and perform all matters, acts and things not expressly reserved to the council of unit owners. The powers of the board of directors shall include particularly, but not by way of limitation, the right to do the following:

(a) Supervise, manage, operate, examine, inspect, care for, preserve, repair, replace, restore and maintain the common elements; keep and maintain said elements in a clean, neat, trim, orderly, sanitary and safe condition, free of garbage, trash, rubbish and other refuse, free of insects, rodents, vermin and other pests, free from objectionable odors, and free of sand, water, ice and snow; procure all labor, material, services and utilities necessary or desirable to the foregoing; obtain all permits and licenses required for the property; comply with all laws, ordinances, rules, and regulations of the Government of the United States, State of Maryland, Worcester County, or Town of Ocean City, or any agency or subdivision of the foregoing, applicable to the maintenance and care of the common elements; and generally carry out all matters and things deemed necessary or advisable to the economic or efficient maintenance and operation of the condominium project.

(b) Employ all personnel necessary or desirable for the maintenance, operation and management of the condominium project; and engage any attorney or attorneys to handle the legal affairs of said project, including collection of the common expenses due by any unit owner, and any accountant or accountants to handle and maintain the financial records of the property, including the preparation of any tax return or other form required to be filed with the Federal, State or local government.

(c) Procure bids or otherwise establish the fixed cost of all labor, materials, services, utilities and other items required for the operation, maintenance and care of the condominium project, and the convenience of the unit owners; review and analyze all cost and expense factors arising out of or otherwise related to the property, together with the benefits and advantages to be derived therefrom; determine and fix a detailed annual budget for the project, and upon the establishment of such budget, assess and collect the funds therefor as a common expense.

(d) Adopt reasonable rules and regulations, not inconsistent with the Declaration or By-laws, for the care and preservation of the common elements, the comfort, health, safety and general welfare of the unit owners, and the efficient operation of the condominium project.

(e) Establish and maintain an accurate and efficient cash and accounting system, make collections and deposit of funds in such banks, trust companies, or other depositories as the board shall from time to time approve, verify and account for all receipts and expenditures involved in the operation of the condominium project, approve or disapprove all requisitions, bills, statements and vouchers, pay all costs and expenses incurred in the operation and maintenance of the property, designate signatories to which bank or other accounts shall be subject, keep and preserve, at the principal office of the condominium project, rosters, books, accounts and records covering the operation of the property, and execute and file any statement, certificate, affidavit, return or other forms required to be filed with the Federal, State, or local government in connection with any income or unemployment, social security or employee benefit tax, or the withholding of any tax, or any information relative to the foregoing, and prepare and submit such account or accounts of the financial condition of the condominium project as may from time to time be required or advisable.

(f) Procure and maintain all policies of insurance required by these By-laws, or by the council of unit owners, or otherwise deemed advisable; designate a trustee or trustees, or other person, firm or corporation as the nominal beneficiary of any policy, to hold proceeds payable thereunder for the use and benefit of the council of unit owners; negotiate and adjust any loss occurring under any policy of insurance; and make any repair, replacement or restoration of the property damaged or destroyed by fire or other casualty insured against.

(g) Prepare, with the assistance of an accountant, if deemed necessary, and file, all Federal, State and local income and other tax returns, declarations, and other forms required of the council of unit owners by law, and arrange for payment of any tax shown thereby to be due.

Notwithstanding the foregoing, the board of directors shall have no right or power to engage any personnel, or furnish any labor, material or service, designed solely for the personal comfort or convenience of the unit owners, i.e., parking, porter, door, maid, room or beach services, or telephone switchboard or answering services.

**Section 3. Election and Term of Office.** At the first annual meeting of the council of unit owners, five (5) directors shall be elected. The term of office of two (2) such director shall be fixed at three (3) years and the term of office of the remaining three (3) directors shall be fixed at two (2) years. At any succeeding annual meeting of the council of unit owners, additional directors shall be elected if required under the provisions of Section 1 of this Article IV. The term of any such additional director shall be fixed at two (2) years. At the expiration of the initial or other term of office of each director, his successor shall be elected at the annual meeting of the council of unit owners to serve for a term of two (2) years. Each director elected at any annual meeting shall hold office until his successor shall have been elected and qualified, or until he shall die or resign, or shall have been removed, or shall cease to qualify.

**Section 4. Vacancies.** If any director shall die or resign, or shall cease to qualify for directorship under Section 1 of Article IV of these By-laws, or if the council of unit owners shall remove any director without appointing another in his place, a majority of the remaining directors, although such majority is less than a quorum, may elect a successor to hold office for the unexpired portion of the term of the director whose place shall become vacant and until his successor shall have been duly chosen and qualified. Vacancies in the board of directors created by an increase in the number of directors may be filled by the vote of a majority of the board as constituted prior to such increase, and directors so elected to fill such vacancies shall hold office until the next succeeding annual meeting of the council of unit owners and, thereafter, until their successors shall be elected and qualified.

**Section 5. Removal.** At any annual meeting of the council of unit owners, or at any special meeting of the unit owners called for that purpose, any director may, by a majority of the unit owners, be removed from office, with or without cause, and another may be appointed in the place of the person so removed to serve for the remainder of his term. Removal of any director under the provisions of this Section shall, ipso facto, terminate the right of such director to hold any executive office of the condominium project.

**Section 6. Regular and Special Meetings.** Within seven (7) days after the annual meeting of the council of unit owners, the board of directors shall meet at such time and place as shall be fixed by the unit owners at said annual meeting, and no notice to the directors shall be necessary, or if no time and place was fixed for such meeting at the annual meeting of the council of unit owners, then the board shall meet within seven days following the day of such annual meeting, at such time, date and place, within Worcester County or the State of Maryland, as may be fixed by a majority of the directors. In addition to the foregoing first meeting, regular meetings of the board of directors shall be held at such other time and place as may be fixed from time to time by

a majority of the directors, but at least two (2) such meetings shall be held within each fiscal year of the condominium project. Special meetings of the board of directors may be called by the President or by a majority of the directors either in person or by vote. Notice of the place, day and hour of every regular and special meeting shall be given to each director in writing, either mailed to him, postage prepaid, not later than the third day before the day set for the meeting, or delivered to him personally or left at his residence not later than the second day before the day fixed for the meeting, or by telegraph or telephone not later than the day before the date set for the meeting. No notice of the time or place of the meeting need be given to any member who in writing, executed and filed with the records of the meeting, either before or after the holding thereof, waives such notice, or, in fact, attends the meeting.

**Section 7. Quorum.** A majority of the board of directors shall be necessary and sufficient to constitute a quorum for the transaction of business at every meeting of the board, but if at any meeting there be less than a quorum present, a majority of those present may adjourn the meeting from time to time, but not for a period of over ten (10) days at any one time, without notice other than by announcement at the meeting, until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which may have been transacted at the meeting as originally notified. All questions shall be decided by a majority of the board of directors present, but on request of any director the yeas and nays shall be taken and entered on the minutes.

**Section 8. Informal Action.** Any matter, act or thing required or permitted to be taken at any meeting of the board of directors may be taken without such meeting if a written consent to such action, matter or thing is signed by all the directors and such written consent is filed with the minutes of the proceedings of the board of directors.

**Section 9. Compensation.** No director, as such, shall receive any compensation for his services, but, by resolution of the council of unit owners, a fixed sum, not in excess of Ten Dollars (\$10.00) per year, may be allowed for attendance at the regular and special meetings of the board of directors.

**Section 10. Fidelity Bonds.** The board of directors shall procure and maintain adequate fidelity bonds for all officers and employees of the condominium project, including the manager, handling or responsible for any funds of the unit owners, whether or not such funds be deemed a common expense. The premiums on such bonds shall constitute a common expense.

#### ARTICLE V

##### NOMINATIONS OF DIRECTORS

**Section 1. Nominating Committee.** On or before December 1 of each year, the board of directors shall appoint a nominating committee, comprised of five members, and shall promptly notify the Secretary of the council of unit owners, in writing, of the names of the committee members. This nominating committee shall, at least sixty (60) days prior to the annual meeting of the council of unit

owners, nominate not less than such number of candidates for membership on the board as may be required to be filled through election at such annual meeting, and forthwith submit its nominations to the Secretary of the council of unit owners. The Secretary shall, at least thirty (30) days prior to the election, notify the unit owners, in writing, of the names and addresses of the nominees submitted by the nominating committee for membership on the board. The decision of a majority shall be reported as the decision of the nominating committee.

**Section 2. Other Nominations.** In addition to nominations made by the nominating committee for membership on the board of directors, as aforesaid, nominations may be made by the unit owners in the following manner: at any annual meeting of the council of unit owners, ten or more unit owners may nominate candidates for membership on the board to be filled through election, provided their nominations are reduced to writing and signed by ten or more of the nominators, accompanied by the written acceptance or acceptances of the nominee or nominees so nominated; and provided further that original copies of such nominations and such acceptances are filed with the Secretary of the council of unit owners before the election of members of the board.

**ARTICLE VI**

**OFFICERS**

**Section 1. Executive Officers.** The executive officers of the council of unit owners, sometimes called "association", shall be a president, a vice president, a secretary and a treasurer, each of whom shall be a member of the board of directors, and such other officers as the board from time to time considers necessary for the proper conduct of the affairs of the association. The executive officers shall be elected every other year by the board of directors at its first meeting following the annual meeting of the council of unit owners. Each such officer shall hold office for a term of two (2) years, and thereafter, until his successor is elected and qualified, or until his death, disqualification, resignation or removal. The powers and duties of the executive officers of the association shall be subject to the powers of any manager employed by the council of unit owners or the board of directors, to the extent set forth in the contract of employment of such manager.

**Section 2. President.** The President shall be the chief executive officer of the association. He shall, when present, preside at all meetings of the council of unit owners and board of directors; he shall have the power of general management and direction of the affairs of the association, subject to the control of the board of directors. He shall, in general, have the right to perform all acts incident to his office or which may be prescribed by the board. He shall also annually prepare or cause to be prepared a full and true statement of the affairs of the association, which shall be submitted at the annual meeting of the council of unit owners; and shall be filed within ten (10) days thereafter with the records of the association.

**Section 3. Vice President.** In the absence, inability or disqualification of the President, the Vice President shall have the right to perform all acts incident to the office of the President, and when so acting shall have all the powers of the President of the association.

Section 4. Secretary. The Secretary shall keep or cause to be kept the minutes of the meetings of the council of unit owners and of the board of directors in books provided for the purpose and shall count and record votes at all such meetings; he shall see that all notices are duly given in accordance with the provisions of the By-laws; he shall be the custodian of the records of the association; and, in general, he shall have the right to perform all acts ordinarily incident to the office of a secretary, and such other acts as, from time to time, may be assigned to him by the board of directors, or by the President.

Section 5. Treasurer. The Treasurer shall have charge of all funds, securities, receipts and disbursements of the council of unit owners, whether common expenses, or other funds, and shall deposit, or cause to be deposited, in the name of the association, all monies or other valuable effects in such banks, trust companies or other depositories as shall, from time to time, be selected by the board of directors; he shall keep, or cause to be kept, a just, true and correct copy of all receipts and expenses, and he shall make, or cause to be made, and submit an account of the financial condition of the council of unit owners when so requested by the President, Vice President, or by resolution of said council of unit owners, or the board of directors; and he shall make, or cause to be made, all reports, financial or otherwise, now or hereafter required by law; and, in general, shall have the right to perform all acts ordinarily incident to the office of a treasurer, and such other acts as may be assigned to him by the board of directors, or by the President.

Section 6. Assistant Officers. The board of directors may elect one or more Assistant Secretaries and one or more Assistant Treasurers. Each such Assistant Secretary and Assistant Treasurer shall hold office for such period and shall have such authority and perform such duties as the board may prescribe.

Section 7. Subordinate Officers. The board of directors may elect such subordinate officers as it may deem desirable. Each such officer shall hold office for such period and shall have such authority and perform such duties as the board may prescribe. The board of directors may, from time to time, authorize any officer to appoint subordinate officers and to prescribe the powers and duties thereof.

Section 8. Delegation of Duties. In the absence, inability or disqualification of any officer, other than the President, the duties of such officer shall be discharged by his assistant or associate officer, if any there be, or, no other arrangements having been made for the performance of such duties, the President may delegate the powers and duties of such officer to another officer or director or may appoint some other person to act in the stead of such officer until his place shall be filled by the board of directors.

Section 9. Compensation. Each officer of the council of unit owners shall receive the sum of Five Dollars (\$5.00) per year as a salary or compensation for his services as such officer. Any manager, however, its agents, servants or employees, performing any duty of any officer of the condominium project shall be compensated for such performance or services at the common expense of the unit owners.

Section 10. Removal. The board of directors shall have power at any regular or special meeting to remove any officer, with or without cause, and such action shall be conclusive on the officer so removed. The board may authorize any officer to remove subordinate officers.

Section 11. Vacancies. The board of directors at any regular or special meeting shall have power to fill a vacancy occurring in any office for an unexpired portion of the term.

Section 12. Contracts, Agreements and other Instruments. No deed, mortgage, bond, bill of sale, assignment, contract, agreement, or any other instrument or document, including any check, bill of exchange and promissory note, intended to bind the council of unit owners, shall be valid or binding unless signed by any two officers of the association, one of whom shall be the President or Vice President, or by the manager of the condominium project.

#### ARTICLE VII

##### LIMITED LIABILITY AND INDEMNITY OF OFFICERS AND DIRECTORS

No officer or director of the council of unit owners shall be liable to any unit owner for any mistake in judgment, negligence or otherwise, unless attributable to willful misconduct or bad faith. Further, no officer or director shall be personally liable for any agreement made by such officer or the board of directors on behalf of the council of unit owners; and subject to the limitation hereinafter set forth, the unit owners shall indemnify and hold each officer of the association and each member of the board of directors harmless from and against all personal liability under any agreement, provided such agreement is made in good faith for and in the name of the council of unit owners, and in accordance with the provisions of the Declaration and of these By-laws.

The responsibility or liability of any unit owner to any third party, any officer of the council of unit owners, or to the members of the board of directors, under any contract made by such officer or the board, or under any indemnity to the officers or directors on account thereof, shall not exceed his percentage interest factor of the total liability. Further, each agreement made by the officers of the council of unit owners or by the board of directors on behalf of the association shall provide that such officers and the board are acting solely as agent for the council of unit owners and that the responsibility or liability of each unit owner upon said agreement shall not exceed such portion of the total liability under the contract as shall equal the interest of such unit owner in the common elements and common expenses (his percentage interest factor).

#### ARTICLE VIII

##### MANAGER

The council of unit owners or the board of directors, on behalf of the unit owners, may employ a manager to administer or supervise the condominium project, and delegate to such manager all rights, duties, and powers conferred upon the board under these By-laws, so that the manager shall thereupon have all the rights, duties and powers of the board necessary to the adminis-

tration of the affairs of the condominium project and to do and perform all matters, acts and things not expressly reserved to the council of unit owners, provided, however, that no assessment or levy of any common expense, and no adoption or amendment of any rule or regulation for the condominium project, shall take effect until approved by the board of directors, or if there be no board, by the council of unit owners, and, provided further, that any agreement for management of the condominium project shall be subject to the following: No management contract shall exceed a term of three years; and each such contract shall provide that same may be terminated for cause on not more than ninety days' written notice. Further, any and all duties of any officer of the council of unit owners, including the President, may be delegated to the manager.

Upon the employment of a manager by the council of unit owners, or by the board of directors, as aforesaid, then the rights, duties and powers conferred upon the board and upon the executive officers of the council of unit owners under these By-laws shall be subject to the rights, duties and powers of the manager, to the extent set forth in its contract of employment.

The fee or other compensation payable to the manager, including reimbursement of any cost or expenses advanced or incurred by the manager for or on account of the council of unit owners, or the condominium project, shall be deemed a common expense of the unit owners.

#### ARTICLE IX

##### COMMON EXPENSES

Section 1. Assessments. The fiscal year of the council of unit owners shall consist of twelve (12) calendar months, commencing on January 1. Not later than the fifteenth day of November in each such year, the board of directors shall estimate the total common expenses required for the operation and maintenance of the condominium during the ensuing year, including particularly, but not by way of limitation, all sums required to provide labor, materials, services, utilities and insurance for the operation, maintenance and care of the property and the conveniences deemed desirable to the use and enjoyment thereof, together with a reasonable amount deemed necessary by the board of directors as an operating reserve for contingencies and an adequate reserve for repair and replacement of the common elements, and within fifteen (15) days thereafter, shall notify each unit owner, in writing, of the aggregate estimated common expenses for the coming fiscal year and such unit owner's proportionate share thereof, based on his percentage interest factor. On or about the succeeding fifteenth day of December, the board shall finally determine and assess the common expenses, and formally levy against each unit owner his share thereof, in accordance with his percentage interest factor, by noting the assessment and levy on the books of the council of unit owners and submitting a written billing to the unit owner for the sum due by him.

The failure or delay of the board of directors to prepare an estimate or determine the common expenses for any year, or notify any unit owner of the total common expenses of the council of unit owners, or of such unit owner's proportionate share of the common expenses, shall not in any manner constitute a waiver or release of the unit owner's obligation to pay his share of the common

expenses whenever the same may be determined or assessed. In the absence of an annual determination of the common expenses or a formal assessment against the unit owners, each unit owner shall continue to pay the monthly sum due by him on the first day of the last month of the last fiscal year in which an assessment or levy had been made.

**Section 2. Reserve Funds.** The board of directors shall establish and maintain a reasonable reserve operating fund and a reserve repair and replacement fund. Such reserves shall be deposited in a special account, but may be invested in obligations fully guaranteed as to principal by the United States of America or the State of Maryland. Reserve funds are for the purpose of defraying extraordinary expenditures not originally included in the annual determination of common expenses; making repairs and replacements to the common elements; acquiring an interest in any condominium unit; and paying any other costs agreed upon by the unit owners. All funds assessed for payment into, or otherwise credited to, the reserve operating fund or the reserve repair and replacement fund shall be deemed contributions to the capital of the association made or to be made by the unit owners, and same shall be shown on the balance sheet and other financial records of the council of unit owners as "paid-in-surplus", or its equivalent, to the end and intent that none of the reserve funds received or retained by the association shall be considered as income for tax purposes.

**Section 3. Additional Assessments.** If the board of directors at any time determines that the common expenses assessed under the provisions of Section 1, or the reserve funds established and maintained under Section 2, of this Article IX, are inadequate, or that additional funds are otherwise required for the operation and maintenance of the condominium, it may assess such further sums, as common expenses, as it may deem necessary and levy the same against each unit owner in accordance with his percentage interest factor.

**Section 4. Payment of Common Expenses.** Each unit owner shall be obligated to pay to the board of directors, or its designee, the common expenses levied against him by the board of directors under the provisions of Section 1 or Section 3 of this Article IX, or otherwise, as follows:

(a) The annual assessment levied under the provisions of Section 1 of this Article IX shall be paid in twelve (12) equal successive monthly installments, each equal to one-twelfth (1/12) of the annual assessment, commencing on the first day of January of the fiscal year for which levied, and continuing on the first day of each and every succeeding month thereafter until fully paid; provided, however, that upon default in the payment of any installment of said assessment on its due date, the entire unpaid principal balance thereof may be accelerated, at the option of the board of directors, so that said entire assessment shall forthwith be due and payable.

(b) Any additional assessment levied under the provisions of Section 3 of this Article IX, or otherwise, shall be due and payable fifteen (15) days after the date of levy of such assessment and notice thereof to the unit owners, or at such other time or times as may be provided by the board of directors in making the assessment.