

DECLARATION ESTABLISHING A HORIZONTAL PROPERTY REGIME
TO BE KNOWN AS OCEAN PLACE CONDOMINIUM

THIS DECLARATION is made this 21ST day of OCTOBER, 1983,
by 145, INC., a Maryland corporation, hereinafter called "Developer".

WHEREAS Developer holds the fee simple title to the land hereinafter described and desires to subject said land, together with the buildings and improvements erected thereon, and all rights, alleys, ways, waters, privileges, appurtenances and advantages thereunto belonging, or in anywise appertaining, including the hereinafter described rights of way, to a condominium regime, as provided for in the Condominium Act, and hereby to establish for the property, a condominium regime to be known as "OCEAN PLACE CONDOMINIUM".

NOW, THEREFORE, THIS DECLARATION WITNESSETH: That Developer, for itself, its successors and assigns, does hereby expressly establish and declare the following:

ARTICLE I

DEFINITIONS

As used in this Declaration, and the By-laws annexed hereto, except to the extent otherwise expressly provided, or otherwise resulting from necessary implication, the following terms shall have the meanings herein ascribed thereto. The terms herein defined are:

(a) Condominium Act. Condominium Act means and refers to Title 11 of the Real Property Article of the Annotated Code of Maryland, as heretofore and hereafter amended.

(b) Land. Land means and includes all that lot or parcel of ground, located in the Tenth Election District of Worcester County, in the State of Maryland, and more particularly described as follows:

Beginning at a concrete monument set along the northerly property line of Block 25 (Block 25 being as shown on a plat prepared by George B. Cropper in April, 1966 and titled "Revised and Reassembled Plat No. 4, Fenwick, Maryland, and recorded among the Land Records of Worcester County, Maryland in Plat Book E.W.R. #1, folio 40), said beginning point being located on the southerly right of way line of the platted 70 foot wide State Line Avenue (known locally as 146th Street) at a bearing and distance of N 88°49'18" E, 190.95 feet from the northwest corner of said Block 25 at the intersection of the southerly right of way line of State Line Avenue with the easterly right of way line of the 120 foot wide Maryland Route 1326

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thence, by and with the southerly right of way line of the platted 70 foot wide State Line Avenue, N 88°49'18" E, 522.50 feet (passing through a monument set at the building limit line at a distance of 422.61 feet) to a point at the northeast corner of Block 25;

thence, by and with the easterly property line of said Block 25, S 01°34'18" W, 300.00 feet to a point at the southeast corner of Block 25 and on the northerly right of way line of the platted 70 foot wide Whaley Avenue (known locally as 145th Street);

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WORCESTER COUNTY CIRCUIT COURT (Land Records) WCL 917, p. 0226, MSA_CE31_1064. Date available 08/01/2003. Printed 07/17/2014.

thence, by and with, the northerly right of way line of the said Whaley Avenue, N 85°26'42" W, 535.5 feet (passing through a monument set at the said building limit line at a distance of 115.00 feet) to a monument set;

thence, across Block 25 N 04°33'18" E, 247.41 feet to the point of beginning, containing 144,524 square feet of land, more or less.

BEING a portion of the parcel which was conveyed to the Developer by American Security Bank, N.A., Trustee for the International Brotherhood of Painters and Allied Trades Local Union and District Council Pension Fund, the International Brotherhood of Painters and Allied Trades General Officers and General Representatives Retirement and Pension Trust Fund, and the International Brotherhood of Painters and Allied Trades Staff Employees Retirement and Pension Trust Fund, by Deed dated December 3, 1982 and recorded among the Land Records of Worcester County in Liber F.W.H. No. 847, folio 374, et seq.

(c) Building. Building means and includes the five-story structure, containing one hundred (100) condominium units, which is constructed on the land in accordance with the final plans, drawings and specifications therefor prepared by Associated Designers, Inc., P. O. Box 57, Snow Hill, Maryland 21863, identified as follows:

(i) Architectural, mechanical and other drawings, entitled "Sea Palace Condominium", dated December 2, 1982, as heretofore amended, and comprised of the following:

Sheet CS-1 (Cover Sheet); Sheet MSP-1 (Master Site Plan); Sediment Control Drawings, Sheet SC-1 (Sediment Control Plan), Sheet SC-2 (Sediment Control Notes); Site Plan Drawings, Sheet SP-1 (Site Plan), Sheet SP-2 (Landscape Plan), Sheet SP-3 (Landscape Notes, Planting Detail, Handicapped Notes); Architectural Drawings, Sheet A-1 (Partial Crawl Space Plan, South Half), Sheet A-2 (Partial Crawl Space Plan, North Half), Sheet A-3 (Partial First Floor Plan, South Half), Sheet A-4 (Partial First Floor Plan, North Half), Sheet A-5 (Typical Floor Plan, Second Through Fourth Floors, South Half), Sheet A-6 (Typical Floor Plan, Second Through Fourth Floors, North Half), Sheet A-7 (Partial Fifth Floor Plan, South Half), Sheet A-8 (Partial Fifth Floor Plan, North Half), Sheet A-9 (Roof Plan), Sheet A-10 (East and South Elevations), Sheet A-11 (North and West Elevations), Sheet A-12 (Building Section A-A Elevation), Sheet A-13 (Typical Unit Plan, Units 1, 2, 3, 4, 19, 20, 21 and 22), Sheet A-14 (Typical Unit Plan, Units 6, 7, 8, 9, 14, 15, 16 and 17), Sheet A-15 (Typical Unit Plan, Units 10, 11, 12 and 13), Sheet A-16 (Finish Schedule); Structural Drawings, Sheet S-1 (General Structural Notes, Lintel and Beam Details), Sheet S-2 (Partial Foundation and Pile Plan, South Half), Sheet S-3 (Partial Foundation and Pile Plan, North Half), Sheet S-4 (Partial Framing Plan, First Floor, South Half), Sheet S-5 (Partial Framing Plan, First Floor, North Half), Sheet S-6 (Partial Framing Plan, Second Through Fifth Floors, South Half), Sheet S-7 (Partial Framing Plan, Second Through Fifth Floors, North Half), Sheet S-8 (Partial Framing Plan, Roof, South Half), Sheet S-9 (Partial Framing Plan, Roof, North Half), Sheet S-10 (Wall Details), Sheet S-11 (Wall Details), Sheet S-12 (Stair Details); Mechanical Drawings, Sheet M-1 (Mechanical and Heating, Ventilating and Air-Conditioning Notes, Stack and Riser Diagrams), Sheet M-2 (Partial Crawl Space Plan, South Half), Sheet M-3 (Partial Crawl

Space Plan, North Half), Sheet M-4 (Partial First Floor Plan, South Half), Sheet M-5 (Partial First Floor Plan, North Half), Sheet M-6 (Partial Floor Plan, Typical Second Through Fifth Floors, South Half), Sheet M-7 (Partial Floor Plan, Typical Second Through Fifth Floors, North Half); and Electrical Drawings, Sheet E-1 (Electrical Notes), Sheet E-2 (Partial Crawl Space Plan, South Half), Sheet E-3 (Partial Crawl Space Plan, North Half), Sheet E-4 (Partial First Floor Plan, South Half), Sheet E-5 (Partial First Floor Plan, North Half), Sheet E-6 (Partial Floor Plan, Typical Second Through Fifth Floors, South Half), Sheet E-7 (Partial Floor Plan, Typical Second Through Fifth Floors, North Half), Sheet E-8 (Typical Unit Plan, Units 1, 2, 3, 4, 19, 20, 21 and 22), Sheet E-9 (Typical Unit Plan, Units 6, 7, 8, 9, 14, 15, 16 and 17), Sheet E-10 (Typical Unit Plan, Units 10, 11, 12 and 13); and

(ii) Specifications, entitled "Sea Palace, Five Story, One Hundred Unit Condominium", dated December 1, 1982, as heretofore amended, and comprised of the following:

Cover Sheet with Table of Contents, Article I (General Note), Article II (Piling), Article III (Concrete and Masonry), Article IV (Millwork and Carpentry), Article V (Painting), Article VI (Roof), Article VII (Hardware), Article VIII (Tile), Article IX (Electrical Work), Article X (Plumbing), Article XI (Floor Covering), Article XII (Kitchen Cabinets), Article XIII (Site Work), Article XIV (Appliances), Article XV (Electric Heating & Air-Conditioning), Article XVI (Exterior Railings) and Article XVII (Elevator).

The aforesaid final drawings and specifications for the building are filed, forever to be maintained, at the principal office of the condominium. Diagrammatic floor plans of the building, showing the dimensions, floor area and location of each unit in the building, are contained on the condominium plat.

No structural change or revision may be made in the building, unless effected pursuant to (i) a revised or supplemental drawing or specification, which shall be described in an amendment of this Paragraph (c) and (ii) if appropriate, an amendment to the condominium plat.

(d) Property, Condominium, or Condominium Project. Property, condominium, or condominium project means and includes the land and building, together with all improvements, fixtures, and structures erected thereon or therein, and all rights, ways, easements, privileges and appurtenances thereunto belonging, or in anywise appertaining, including all space in, upon, above or below the foregoing, all, however, subject to the following:

(i) Terms and provisions contained in a Dune and Beach Restoration Agreement between the County Commissioners of Worcester County ("County") and The Fenwick Corporation dated July 23, 1962, and recorded among the Land Records of Worcester County in Liber F.W.H. No. 164, folio 377, permitting the County and the United States Army Corps of Engineers to enter upon the property and to construct and maintain thereon, sand barrier dunes, sand fences and frontal beaches at a specific location and elevation, and requiring that any improvements constructed on the property will be done in accordance with permits issued by the County and in such a manner as will permit the free and unhampered flow of littoral currents and sand;

(ii) Rights of the Eastern Shore Public Service Company of Maryland acquired from The Fenwick Corporation under a grant dated November 17, 1954, and recorded among the Land Records of Worcester County in Liber C.W.N. No. 38, folio 235, to enter upon the land and construct, erect, extend, operate, replace, relocate, repair and perpetually maintain a pole line with the necessary wires, cross arms, guy wires and other usual fixtures and appurtenances necessary for the convenient transaction of its business, at specified locations, together with the right to trim, cut and remove trees and underbrush and other obstructions that are within fifteen feet of any wire strung on said pole line;

(iii) Rights of the Eastern Shore Public Service Company of Maryland acquired from The Fenwick Corporation under a grant dated January 8, 1951, and recorded among the Land Records of Worcester County in Liber C.W.N. No. 17, folio 558, to enter upon the land and construct, erect, extend, operate, replace, relocate, repair and perpetually maintain a pole line with the necessary wires, cross arms, guy wires and other usual fixtures and appurtenances as may be necessary for the convenient transaction of its business, at specified locations, together with the right to trim, cut and remove trees and underbrush and other obstructions that are within fifteen feet of any wire strung on said pole line;

(iv) Rights of the Eastern Shore Public Service Company of Maryland acquired from The Fenwick Corporation under a grant dated June 6, 1949, and recorded among the Land Records of Worcester County in Liber C.W.N. No. 17, folio 398, to enter upon the land and construct, erect, extend, operate, replace, relocate, repair and perpetually maintain a pole line with the necessary wires, cross arms, guy wires and other usual fixtures and appurtenances as may be necessary for the convenient transaction of its business, at specified locations, together with the right to trim, cut and remove trees and underbrush and other obstructions that are within fifteen feet of any wire strung on said pole line;

(v) Covenants, conditions and restrictions contained in the Deed of the premises from Fenwick Island Land Company to William G. Stayton, dated January 15, 1907, and recorded among the Land Records of Worcester County in Liber F.H.P. No. 27, folio 211;

(vi) The riparian rights to the land are subject to the regulatory powers of the State and Federal Governments;

(vii) Rights of the Mayor and City Council of Ocean City acquired from the Developer under a grant dated OCTOBER 18, 1983, and recorded among the Land Records of Worcester County in Liber W.C.L. No. 916, folio 411, to use and maintain that portion of the land shown, and designated as "Beach Easement", on Sheet 2 of the condominium plat, as a public beach;

(viii) Setbacks, easements, conditions and other matters shown on any of the plats mentioned in paragraph (b) of Article 1 of this Declaration.

(ix) Rights of others in and to the use of 145th Street and 146th Street.

(e) Condominium Plat. Condominium plat means and includes the plat prepared by Emil G. Germanos, Engineer, and L. E. Bunting, Jr., Surveyor, entitled "Ocean Place Condominium", dated Oct. 21, 1983, and recorded among the Land Records of Worcester County in Condominium Plat Book WCL No. 84, folios 7 through 13, and comprised of the following seven sheets:

Sheet 1 (Cover Sheet and Vicinity Map); Sheet 2 (Site Plan); Sheet 3 (First Floor Plan); Sheet 4 (Second Floor Plan); Sheet 5 (Third Floor Plan); Sheet 6 (Fourth Floor Plan); Sheet 7 (Fifth Floor Plan).

(f) Unit or Condominium Unit. Unit or condominium unit means the three dimensional area lying, vertically, between the top surface of each concrete floor (plank) and the bottom surface of each concrete ceiling (plank) of the building, and, horizontally, between the interior surface (unit side) of the concrete masonry exterior, partition, or other walls presently enclosing such unit and separating or partitioning same from the exterior of the building or from other units, walkways, stairways, balconies and other common elements, as shown on the condominium plat, saving and excepting from each unit, however, all bearing walls, columns and other facilities and installations located within the unit but designated common elements under the provisions of Paragraph (g) of this Article I. The terms "concrete floor" and "concrete ceiling" mean and include the celdex plank, with concrete topping or concrete leveling coat, if any. The compressor of the air conditioning system which serves the unit shall be deemed part of the unit, whether or not said compressor is located within the unit. Windows, doors and doorways furnishing access between the unit and the common elements, including all glass in such windows and doors, are deemed parts of the exterior or partition walls. Each condominium unit, identified and more particularly described in Article III hereof and on the condominium plat, is a freehold estate.

(g) Common Elements. Common elements mean and include all the property, except the units. Said common elements include particularly, but not by way of limitation, the following: (i) the land, and all yards, lawns, gardens, plantings, walkways, and parking and driveway areas thereon or pertinent thereto; (ii) all foundations, pilings, columns, girders, beams, planks, slabs, roofs, partitions, supports, and other structural elements or improvements of the building, including all exterior walls and partition walls, all glass in windows, doors and elsewhere not contained within any unit, and all bearing walls and columns located within a unit; (iii) all walkways, communication ways, stairs, stairways, mechanical rooms, and all entrances and exits to and from the building; (iv) all central and appurtenant installations for utilities and services, including power, light, electricity, telephone, water, sewerage, ventilation, and plumbing, together with all pipes, lines, ducts, wires, cables, conduits, fixtures, facilities, equipment and installations used in connection with the foregoing, including those located within a condominium unit for the service of two or more units or for the service of a unit other than the one in which located, and all pipes, lines, ducts, wires, cables and conduits which run between any unit and the air conditioning system compressor which serves, and is part of, such unit; (v) all tanks, pumps, generators, motors, fans, controls, devices, installations, machinery, equipment, apparatus, and facilities required or deemed advisable for use in operation of the condominium project, including elevators, or for the care and maintenance of the land or building; (vi) all swimming

pools; (vii) all balconies; (viii) all fireplace flues, if any; and (ix) all other parts of the property necessary or convenient to the maintenance, care, safety and operation of the condominium project or to the use of the property by the unit owners in common.

The term "general common elements" means and includes all the common elements, except the limited common elements; and the term "limited common elements" means and includes only those common elements, such as (i) windows, doors and doorways furnishing access between each unit and the common elements, (ii) balconies, and the exterior wall lamps appurtenant thereto, (iii) fireplace flues, (iv) pipes, lines, ducts, wires, cables and conduits running between each unit and the air conditioning system compressor which serves such unit, (v) electrical wires and other electrical facilities which exist for the exclusive use of any unit and which are located between said unit and the meter which measures the flow of electricity to said unit, and (vi) cable television wires and other cable television facilities which exist for the exclusive use of any unit and which are located between said unit and the cable television junction box which serves said unit, identified herein, or in the condominium plat, as reserved for the exclusive use of one or more, but less than all, of the unit owners.

(h) Developer. Developer means and includes only 145, Inc., its successors, and any assignee to whom the Developer specifically assigns in writing its rights under this Declaration.

(i) Unit Owner. Unit owner means any person, firm, corporation, trust or other legal entity, or any combination thereof, holding legal title to a condominium unit, and, without regard to the number or gender thereof, is referred to by the singular pronoun of the masculine gender. However, no mortgagee, as such, shall be deemed a unit owner.

(j) Council of Unit Owners. Council of unit owners means the unincorporated legal entity, comprised of all unit owners, charged with the government and administration of the affairs of the condominium.

(k) Percentage Interest Factor. Percentage interest factor means and refers to the proportionate interest of each unit owner in the common elements and in the common expenses, expressed as a percentage, the percentage interest in the common elements and in the common expenses being identical. The particular percentage interest factor of each unit owner, referred to in this Declaration as "such unit owner's percentage interest factor", or "his percentage interest factor", equals the percentage interest factor of the unit owned by the unit owner, as specified in Article III hereof.

(l) Mortgage and Mortgagee. Mortgage shall mean and include a mortgage, deed of trust and other conveyance in the nature of a mortgage; and mortgagee shall mean and include the holder of any recorded mortgage, the beneficiary of any recorded deed of trust, or the grantee (including personal representatives, successors and assigns of such grantee) named in any recorded conveyance in the nature of a mortgage, encumbering one or more units.

(m) Common Expense or Common Expenses. Common expense or common expenses means and includes the expenses of the council of unit owners, including particularly, but not by way of limitation,

the following: the cost and expense of administration, operation, care, maintenance, repair or replacement of the common elements; payment into a reserve or repair and replacement fund established for the foregoing; premiums on any policy of insurance, indemnity or bond required to be procured or maintained under this Declaration or By-laws, or deemed necessary or advisable by the council of unit owners or board of directors; compensation for accountants, attorneys, engineers, financial experts, superintendents, managers, and such other employees and agents as may be deemed necessary or advisable for the operation of the condominium project; all other costs and expenses declared to be a common expense by any provision of the Condominium Act, or the Declaration or By-laws, or by the council of unit owners or board of directors; and all sums properly assessed against the unit owners by the council of unit owners or board of directors.

(n) Manager. Manager means and includes the person, firm or corporation from time to time employed by the council of unit owners or the board of directors to administer or supervise the condominium project. If there be no person, firm or corporation employed by the council of unit owners or board of directors to administer or supervise the project, then the board of directors shall be deemed the manager. However, if there be no board of directors elected by the unit owners, then the council of unit owners shall be deemed the manager. Manager is referred to in this Declaration, without regard to the number or sex thereof, or of those comprising same, by the singular pronoun of the neuter gender.

(o) Declaration and By-laws. Declaration means and refers to this Declaration, as same may, from time to time, be amended; and By-laws means and refers to the By-laws annexed to this Declaration, as said By-laws may, from time to time, be amended.

ARTICLE II

CREATION OF CONDOMINIUM REGIME

The Developer subjects the property to the regime established by the Condominium Act and establishes a condominium regime therefor to be known as "Ocean Place Condominium" to the end and intent that: in each unit owner shall vest the exclusive fee simple ownership of his unit and, as set forth in Article IV hereof, an undivided fee simple interest in the common elements, and each condominium unit, together with the undivided interest in the common elements appurtenant thereto, may be purchased, leased, optioned or otherwise acquired, held, developed, improved, mortgaged, sold, exchanged, rented, conveyed, devised, inherited, or in any manner encumbered, dealt with, disposed of, or transferred as fee simple real estate, all as fully, and to the same extent, as though each unit were entirely independent of all other units and of the building in which such unit is located and constituted a single, independent, fee simple, improved lot or parcel of ground.

A condominium unit may be held or owned by more than one person, firm or corporation, as joint tenants, tenants in common, or in any other real property tenancy relationship recognized under the laws of the State of Maryland, including, in the case of husband and wife, tenants by the entirety.

ARTICLE IIICONDOMINIUM UNITS

The property is hereby subdivided into a total of one hundred (100) condominium units, each of which is shown, identified by numerical symbol and described on the condominium plat. Each unit is, and shall be, designated by the numerical symbol specified therefor on the condominium plat, as follows: Unit 101 through Unit 120, Unit 201 through Unit 220, Unit 301 through Unit 320, Unit 401 through Unit 420, and Unit 501 through Unit 520, all inclusive.

The percentage interest factor appurtenant to each of the units, identical for percentage interest in both common elements and common expenses, is as follows:

<u>Unit</u>	<u>Percentage Interest Factor</u>
101	0.88
102	0.88
103	0.88
104	0.88
105	1.20
106	1.20
107	1.20
108	1.20
109	0.76
110	0.76
111	0.76
112	0.76
113	1.20
114	1.20
115	1.20
116	1.20
117	0.88
118	0.88
119	0.88
120	0.88
201	0.88
202	0.88
203	0.88
204	0.88
205	1.40
206	1.20
207	1.20
208	1.20
209	0.76
210	0.76
211	0.76
212	0.76
213	1.20
214	1.20
215	1.20
216	1.40
217	0.88
218	0.88
219	0.88
220	0.88

<u>Unit</u>	<u>Percentage Interest Factor</u>
301	0.88
302	0.88
303	0.88
304	0.88
305	1.40
306	1.20
307	1.20
308	1.20
309	0.76
310	0.76
311	0.76
312	0.76
313	1.20
314	1.20
315	1.20
316	1.40
317	0.88
318	0.88
319	0.88
320	0.88
401	0.88
402	0.88
403	0.88
404	0.88
405	1.40
406	1.20
407	1.20
408	1.20
409	0.76
410	0.76
411	0.76
412	0.76
413	1.20
414	1.20
415	1.20
416	1.40
417	0.88
418	0.88
419	0.88
420	0.88
501	0.88
502	0.88
503	0.88
504	0.88
505	1.40
506	1.20
507	1.20
508	1.20
509	0.76
510	0.76
511	0.76
512	0.76
513	1.20
514	1.20
515	1.20
516	1.40

<u>Unit</u>	<u>Percentage Interest Factor</u>
517	0.88
518	0.88
519	0.88
520	0.88
	<u>100.00</u>

The number of votes at meetings of the council of unit owners appurtenant to each of the one hundred (100) units is one (1) vote. Neither the percentage interest factor nor voting rights shall be separated from the unit to which they appertain. Accordingly, any instrument, matter, circumstance, action, occurrence, or proceeding in any manner affecting a condominium unit shall also affect, in like manner, the percentage interest factor and voting rights appurtenant to the unit. Further, the percentage interest factor and voting rights appurtenant to each unit have a permanent character, and no such factor or rights shall be changed without the written consent of all the unit owners and mortgagees. Hence no change in percentage interest factor or voting rights shall be effected unless evidenced by an appropriate written instrument or instruments setting forth the change agreed upon, executed by all the unit owners and mortgagees, and recorded among the proper Land Records of Worcester County, Maryland.

A condominium unit shall not be subdivided into two or more units, nor shall any part of a unit be sold, leased, mortgaged, rented, conveyed, devised, or in any manner encumbered, disposed of or transferred, but each condominium unit shall forever contain the minimum area shown therefor on the aforesaid condominium plat of Ocean Place Condominium. Further, the conveyance or other disposition of a condominium unit by any unit owner shall be deemed to include and convey the entire undivided interest of the unit owner in the common elements, general and limited, together with all rights and easements appertaining to his unit, such as assigned parking spaces, without specific or particular reference to such undivided interest in the common elements or the appurtenances to the condominium unit.

ARTICLE IV

COMMON ELEMENTS AND COMMON EXPENSES

The fee simple title to the common elements is vested in the unit owners, each unit owner having the proportionate undivided interest therein equal to his percentage interest factor. No percentage interest in the common elements shall be separated from the unit to which such percentage interest appertains. Further, the common elements shall remain undivided, and no unit owner, or group of unit owners, or anyone claiming by, through or under him or them, shall bring any action for the partition or division of the co-ownership of the common elements. Except as otherwise expressly provided in Article V hereof, each unit owner may use the common elements for the purposes for which intended, without, however, hindering or encroaching upon the right of the other unit owners likewise to use the same.

The council of unit owners, board of directors and manager, if any, employed by said board or by the council of unit owners, for themselves, their agents, servants, employees and contractors, shall

have the irrevocable right and a perpetual easement to enter any unit, or upon any limited common element appurtenant to any unit, to inspect the common elements and to maintain, repair or replace any common element located in or upon, near, or accessible from any unit or limited common element, whether or not such common element is also accessible from any other unit or common element, provided, however, that, except in cases involving manifest danger to public safety or property, the council of unit owners, board of directors or manager shall make a reasonable effort to give notice to the unit owner who owns the unit, or has the right to use the limited common element, which is to be entered for the purpose of such inspection, maintenance, repair or replacement. If damage is inflicted upon any unit or common element as a result of such entry, the party making such entry shall be responsible for the prompt repair of such damage.

Each unit owner, in proportion to his percentage interest factor, shall contribute toward payment of the common expenses and no unit owner shall be exempt from contributing toward said common expenses, either by waiver of the use or enjoyment of the common elements, or any thereof, or by the abandonment of his condominium unit. The contribution of each unit owner toward common expenses shall be determined, levied and assessed as a lien, all in the manner set forth in the By-laws, and each unit owner shall be liable for all common expenses levied and assessed against him or his unit, and each installment thereof, falling due while he is the owner of the unit.

Any assessment of common expenses, until paid, together with interest thereon, late charges, actual costs of collection, and reasonable attorney's fees shall constitute a lien on the unit, on or against which levied and assessed, effective from and after the recordation of a Statement of Condominium Lien in the manner and form prescribed by the By-laws. Such lien shall have preference over any other assessment, lien, judgment, or charge of whatever nature except: (i) general and special assessments for real estate taxes on the condominium unit; and (ii) any mortgage covering the condominium unit, duly recorded prior to the recordation of said Statement of Condominium Lien, or duly recorded on said unit after receipt from the board of directors or the manager employed thereby, or by the council of unit owners, of a written statement acknowledging that payments on the lien for common expenses are current as of the date of recordation of the mortgage.

ARTICLE V

LIMITED COMMON ELEMENTS

(a) The owner of each unit, to the exclusion of the owners of all other units, has the exclusive right to use and enjoy the windows, doors and doorways furnishing access between such unit and the common elements, including the casings, seals, glass and screens of such windows and doors.

(b) The owner of each unit, to the exclusion of the owners of all other units, has the exclusive right to use and enjoy the balcony or balconies adjacent to his unit, each of which is shown hatched (//////) on the condominium plat, and the wall lamp, if any, attached to the exterior surface of the masonry wall separating the balcony from the interior of said unit.

(c) (i) The owner of each of the condominium units designated Nos. 501 through 520, inclusive, to the exclusion of the owners of all other units, has the exclusive right to install and use a fireplace flue in and above his unit, and running through the roof of the building, as shown on the condominium plat; and (ii) the owner of each of the condominium units designated Nos. 101, 105, 116, 120, 201, 205, 216, 220, 301, 305, 316, 320, 401, 405, 416 and 420, to the exclusion of the owners of all other units, has the exclusive right to install and use a fireplace flue in and beside his unit, and running through the exterior wall of the building, as shown as the condominium plat.

(d) The owner of each condominium unit, to the exclusion of the owners of all other units, has the exclusive right to use and enjoy, only for the purposes for which designed, all pipes, lines, ducts, wires, cables and conduits which run between his unit and the air conditioning system compressor which serves, and is part of, his unit.

(e) The owner of each unit, to the exclusion of the owners of all other units, has the exclusive right to use and enjoy all electrical wires and other electrical facilities which exist for the exclusive use of said unit and which are located between said unit and the meter (located below the first floor of the building) which measures the flow of electricity to said unit.

(f) The owner of each unit, to the exclusion of the owners of all other units, has the exclusive right to use and enjoy all cable television wires and other cable television facilities which exist for the exclusive use of said unit and which are located between said unit and the junction box (located below the first floor of the building) which serves said unit.

ARTICLE VI

CONDOMINIUM UNITS AND COMMON ELEMENTS

The existing physical boundaries of each unit constructed in substantial conformity with the condominium plat shall be conclusively presumed to be its boundaries, regardless of variations between existing physical boundaries of the unit and physical boundaries described in this Declaration or those boundaries shown on the condominium plat. However, if any common element, or any part thereof, now or at any time hereafter, encroaches upon any unit, or any unit encroaches upon any common element, or any other unit, whether such encroachment is attributable to or results from construction, settlement, shifting of the building, any fully authorized reconstruction designed to remedy, repair or restore any damage or destruction from fire or other casualty, or from condemnation or eminent domain proceedings, or any other reason whatsoever beyond the control of the council of unit owners and any unit owner, there shall forthwith arise, without the necessity of any further or additional act or instrument, a good and valid easement for the maintenance of such encroachment, either for the benefit of the council of unit owners or for the unit owner, their respective heirs, personal representatives, successors and assigns, to provide for the encroachment and nondisturbance of the common element, or the unit, as the case may be. Such easement shall remain in full force and effect so long as the encroachment shall continue

and shall be relocated, if necessary, to permit the maintenance of such encroachment wherever found. Additionally, and in all events, an easement for mutual support shall exist in the units and common elements.

The conveyance or other disposition of a condominium unit shall be deemed to include and convey, or be subject to, any easement arising under the provisions of this Article without specific or particular reference to such easement.

ARTICLE VII

AUTHORITY FOR GRANT OF SPECIFIC EASEMENTS

The council of unit owners shall have the right, power and authority to grant any specific easement, right of way, license, or similar interest affecting the common elements of the condominium, to the extent permitted by the By-laws and the Condominium Act, if the grant is approved by the affirmative vote of unit owners having at least sixty-six and two-thirds percent (66 2/3%) of the total number of votes appurtenant to all units, and with the express written consent of the mortgagees holding an interest in the units whose owners vote affirmatively, provided that if the grant affects any limited common element, such grant shall require the express written consent of all unit owners having the right to use such limited common element, and of all mortgagees holding an interest in the units to which such limited common element is appurtenant. Any easement, right of way, license or similar interest granted by the council of unit owners shall state that the grant was approved (a) by unit owners having at least sixty-six and two-thirds percent (66 2/3%) of the votes, and by the corresponding mortgagees, and (b) if appropriate, by all unit owners having the right to use any limited common element affected by the easement, and by the corresponding mortgagees.

ARTICLE VIII

GENERAL PROVISIONS

The Condominium Regime established by this Declaration shall be subject to the following:

(a) The administration of the condominium shall be governed by the By-laws, which shall not be changed, modified or supplemented without the affirmative vote of unit owners having at least sixty-six and two-thirds percent (66 2/3%) of the total number of votes appurtenant to all units.

(b) Except for those matters as to which the Condominium Act permits an amendment to the Declaration by the council of unit owners without a vote of its members, (i) this Declaration shall not be amended without the written consent of every unit owner and mortgagee, and (ii) no amendment adopted pursuant to item (i) of this Paragraph (b) shall take effect until an appropriate written instrument is recorded among the Land Records of Worcester County, which instrument shall be executed by all unit owners and mortgagees.

(c) If the unit owners decide pursuant to Section 2 of Article XI of the By-laws not to rebuild one or more units following a fire or other casualty, but the condominium regime is not terminated, then:

(i) the percentage interests (in the common elements and common expenses) appurtenant to each damaged or destroyed unit which is not rebuilt shall be divested from the unit and reallocated among the remaining units in proportion to the percentage interests appurtenant to said remaining units immediately prior to the damage or destruction;

(ii) the votes appurtenant to each damaged or destroyed unit which is not rebuilt shall be divested from said unit and shall not be reallocated among the remaining units; and

(iii) the council of unit owners promptly shall prepare, execute and record an amendment to the Declaration reflecting the new arrangement of percentage interests and votes as above provided.

(d) Notwithstanding any other provision of this Declaration, if the condominium is destroyed or damaged to the extent of at least two-thirds (2/3) of its then replacement cost, the condominium may be terminated by the agreement of unit owners having at least eighty percent (80%) of the total number of votes appurtenant to all units, provided that no such termination shall be effected after the expiration of one year from the date such destruction or damage occurred. Upon such termination, the property shall be sold and the net proceeds of sale and the net proceeds of insurance shall be combined into one fund, which shall be distributed among all the unit owners in accordance with their respective undivided interests in the property as tenants in common, as determined pursuant to Paragraph (g) of this Article VIII.

(e) The council of unit owners shall represent the unit owners in any condemnation proceeding (for the purposes of this Declaration, a condemnation includes any sale in settlement of a pending or threatened condemnation) brought with respect to all or any part of the common elements, and any award made in connection with such condemnation proceeding, including the net proceeds of any sale in settlement thereof, shall be payable to the council of unit owners to be held in trust for the unit owners and mortgagees as their interests may appear. Any award made in connection with the condemnation of all or part of the property, including the net proceeds of any sale in settlement of a condemnation proceeding, shall be allocated as follows: (i) each unit owner shall be entitled to the entire award for the taking of all or part of his unit and for the consequential damages to said unit resulting from said condemnation; (ii) any award for the taking of any limited common element shall be allocated among the unit owners having the right to use said limited common element in proportion to their respective percentage interests in the common elements; and (iii) any award for the taking of general common elements shall be allocated among all unit owners in proportion to their respective percentage interests in the common elements. Each share of any such award shall be distributed in accordance with the priority of interests in such unit, to the end and intent that all mortgage and other liens on such unit shall first be paid out of the award payable to such unit owner, all in the order in which same appear. The council of unit owners shall not be obligated to replace property taken, but promptly shall undertake to restore the remaining property to a safe and habitable condition. The cost of such restoration shall be a common expense. Following the taking of all or part of any unit, the

percentage interests (in the common elements and common expenses) appurtenant to said unit shall be reduced in the same proportion as the amount of floor area of said unit so taken bears to the floor area of said unit immediately prior to the taking, except that if the taking specifically includes part or all of the percentage interests appurtenant to said unit, the taking authority shall have the portion of said percentage interests which is so taken, and the owner of said unit shall retain the portion of said percentage interests which is not so taken. To the extent that the total percentage interests appurtenant to a unit are reduced as above provided, rather than being split between the taking authority and the unit owner, the severed percentage interests shall be reallocated among the remaining units in proportion to the percentage interests appurtenant to such units immediately prior to the taking. Following the taking of part of a unit, the votes appurtenant to that unit shall be appurtenant to the remainder of that unit, and following the taking of all of a unit, the right to vote appurtenant to the unit shall terminate, except, in each case, that if the taking specifically includes part or all of the votes appurtenant to a unit, the taking authority shall have the portion of the votes so taken, and the owner of the unit taken shall retain the portion of the votes which is not so taken. If the votes appurtenant to a unit are terminated, said votes shall not be reallocated among the remaining units. Promptly after the taking is effected, the council of unit owners shall prepare, execute and record an amendment to this Declaration reflecting the new arrangement of percentage interests and votes as above provided.

Notwithstanding any other provision of this Declaration, if at least two-thirds (2/3) of the fair market value of the property is taken under the power of eminent domain, the condominium may be terminated by the agreement of unit owners having at least eighty percent (80%) of the total number of votes appurtenant to all units, provided that no such termination shall be effected after the expiration of one year from the effective date of the taking. Upon such termination, (i) the award made in connection with the taking shall be distributed among the unit owners in the manner provided in this Paragraph (e) for the allocation of taking awards, if such award has not already been so distributed, (ii) the percentage interests and votes appurtenant to the units taken in whole or in part shall be allocated in the manner provided in this Paragraph (e) for the allocation of percentage interests and votes appurtenant to units so taken, and (iii) the owner of each unit remaining a part of the property after the taking shall own, as a tenant in common, until the property not taken is sold, an undivided interest in said property determined, to the extent permitted by law, as follows: Based upon fair market values in effect immediately prior to the termination of the regime, such undivided interest shall equal a fraction, the numerator of which is the sum of the fair market value of his right to use the portion of his unit not taken, plus the fair market value of his right to use the limited common elements appurtenant to his unit which were not taken, plus his share, based upon his percentage interest in the common elements (adjusted as above provided, if appropriate, on account of the taking), of the fair market value of the general common elements not taken, and the denominator of which is the sum of the fair market values of all units, limited common elements and general common elements not taken; provided, however, that if any unit or any general or limited

common element has been damaged or destroyed by fire or other casualty prior to said termination, an estimate of the fair market value of such unit or general common element, or of the right to use such limited common element, immediately prior to such damage or destruction shall be used, and further provided that if no such estimate can reasonably be made in the opinion of the appraiser(s) with respect to any such unit or limited common element, then each unit owner's undivided interest in the property shall equal his percentage interest in the common elements immediately prior to said termination (adjusted as above provided, if appropriate, on account of the taking).

(f) Except as otherwise provided in Paragraphs (d) and (e) of this Article VIII, (i) the condominium shall not be terminated without the written consent of every unit owner, and (ii) no termination implemented pursuant to item (i) of this Paragraph (f) shall take effect until an appropriate written instrument executed by all unit owners is recorded among the Land Records of Worcester County. No termination implemented pursuant to Paragraphs (d) or (e) of this Article VIII shall take effect until an appropriate written instrument executed by unit owners having at least eighty percent (80%) of the total number of votes appurtenant to all units is recorded among said Land Records.

(g) Upon any termination of the condominium regime, except for a termination implemented after a taking under the power of eminent domain as provided in Paragraph (e) of this Article VIII, each unit owner shall own, as a tenant in common, until the property is sold, an undivided interest in the property determined, to the extent permitted by law, as follows: Based upon fair market values in effect immediately prior to the termination of the regime, such undivided interest shall equal a fraction, the numerator of which is the sum of the fair market value of his unit, plus the fair market value of his right to use the limited common elements appurtenant to his unit, plus his share, based upon his percentage interest in the common elements, of the fair market value of the general common elements, and the denominator of which is the sum of the fair market values of all units, limited common elements and general common elements, provided, however, that if any unit or any general or limited common element has been damaged or destroyed by fire or other casualty prior to said termination, an estimate of the fair market value of such unit or general common element, or of the right to use such limited common element, immediately prior to such damage or destruction shall be used, and further provided that if no such estimate can reasonably be made in the opinion of the appraiser(s) with respect to any such unit or limited common element, then each unit owner's undivided interest in the property shall equal his percentage interest in the common elements immediately prior to said termination.

(h) Upon any termination of the condominium regime:

(i) The fair market value of the units and common elements shall be determined by an independent appraiser selected by the council of unit owners. The decision of the appraiser shall be distributed to each unit owner and shall become final unless unit owners having at least twenty-five percent (25%) of the total number of votes appurtenant to all units disapprove such decision by written notice to the council of unit owners within thirty (30) days

after said distribution. If such decision is disapproved, the unit owners submitting such notices of disapproval shall, as a group, by majority vote, select a second independent appraiser within fourteen (14) days after the council of unit owners notifies all unit owners in writing of such disapproval, and the original appraiser and the second appraiser shall select a third appraiser within seven (7) days after the selection of the second appraiser. If the owners disapproving the decision of the original appraiser fail to select an appraiser within the time specified, or if the two appraisers fail to agree upon a third appraiser within the time specified, the one or two designated appraisers, as the case may be, shall request the then Chief Judge of the Circuit Court for Worcester County to designate an appraiser or appraisers so that there will be three (3) appraisers. A decision of the majority of the appraisers as to all fair market values required to be determined pursuant to this Article VIII shall be final, conclusive and binding upon all parties. Each decision submitted by one or more appraisers to the council of unit owners shall be in writing, signed by the appraiser(s) making same, and shall briefly state the grounds of each determination of fair market value. The cost of the appraiser(s) shall be allocated among the unit owners in proportion to their respective percentage interests in the common elements of the condominium.

(ii) So long as the tenancy in common exists, each unit owner and his successors in interest shall have the exclusive right to occupy the portion of the property that formerly constituted his unit, and shall retain all rights which he had immediately prior to the termination of the condominium with respect to those portions of the property that formerly constituted limited common elements.

(iii) Each unit owner's share of any proceeds, including, without limitation, sales proceeds, insurance proceeds and taking awards, distributed to the unit owners upon or in connection with the termination of the condominium shall be distributed in accordance with the priority of interests in such unit, to the end and intent that all mortgages and other liens on such unit shall first be paid out of the proceeds payable to such unit owner, all in the order in which same appear.

(i) The failure of the council of unit owners, or any unit owner, to insist in any one or more instances upon the strict performance or enforcement of any term, condition or provision of this Declaration shall not be construed as a waiver or relinquishment for the future of such right, but the same shall remain in full force and effect unless expressly waived in writing.

(j) The terms, conditions, restrictions and provisions of this Declaration, and the By-laws, shall be binding upon the Developer, its successors and assigns, all as part of a general plan or scheme for development of the condominium, and all said terms, conditions, restrictions and provisions shall be held and construed to run with and bind the property, each condominium unit thereon, and all subsequent owners and occupants of the units, except as otherwise expressly set forth in the Declaration or the By-laws. All of said terms, conditions, restrictions and provisions shall inure to the benefit of and be enforceable by the Developer, its successors and assigns, and by any person or party then owning or having any recorded interest or estate in any condominium unit, against anyone violating or attempting to violate any of the terms,

conditions, restrictions or provisions, provided, however, that all rights reserved by and for the benefit of the Developer under the Declaration and the By-laws shall be exercisable and enforceable only by the Developer, its successors, and any assignee to whom the Developer specifically assigns such rights in writing.

(k) Nothing contained in this Declaration or the By-laws shall be deemed or construed by any unit owner, nor by any third party, as creating the relationship of principal and agent, partnership or joint venture between the unit owners or any of them. Further, no provisions contained in this Declaration or the By-laws shall be deemed to create any relationship between any unit owners other than the relationship expressly created under a condominium regime, nor to confer upon a unit owner any interest in any other unit owner's condominium unit, nor to create any responsibility whatsoever on a unit owner for any debt, liability or obligation of any other unit owner.

(l) If any term, condition or provision of this Declaration is held or determined to be invalid, the validity of the remainder of this Declaration shall not be affected thereby but shall continue in full force and effect, as fully and to the same extent as if the invalid term, condition or provision had not been included herein.

(m) In the event of any conflict among the provisions of this Declaration, the condominium plat or the By-laws, the provisions of each shall control in the succession hereinabove listed in this Paragraph (m), commencing with the Declaration.

WITNESS the hand of the Developer on the day and year first above written.

WITNESS:

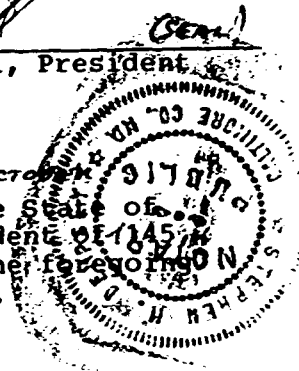
145, INC.

Stephen M. Dempsey
STEPHEN M. DEMPSEY Notary Public

By: George A. Purnell, President

STATE OF MARYLAND, COUNTY OF WORCESTER, TO WIT:

I HEREBY CERTIFY, that on this 21st day of OCTOBER 1983, before me, the subscriber, a Notary Public of the State of Maryland, personally appeared George A. Purnell, President of 145, Inc., a Maryland body corporate, and he acknowledged the foregoing Declaration to be the act and deed of said corporation.



AS WITNESS my hand and Notarial Seal.

My Commission expires:

Stephen M. Dempsey
Notary Public

7/1/86

I hereby affirm under penalty of perjury that the notice requirements of Section 11-102.1 of the Condominium Act, if applicable, have been fulfilled.

145, INC.

By: George A. Purnell, President

(SEAL)

WORCESTER COUNTY CIRCUIT COURT (Land Records) WCL 917, p. 0243, MSA_CE31_1064. Date available 08/01/2003. Printed 07/17/2014.

BY-LAWS

OF

OCEAN PLACE CONDOMINIUM

Dated: OCTOBER 21, 1983

ARTICLE I

ADMINISTRATION

Section 1. Form of Administration. The condominium project known as Ocean Place Condominium, located between 145th Street and 146th Street, east of Ocean Highway, in Ocean City, Maryland, 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.

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. 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, conditions, provisions and restrictions of the By-laws.

Section 3. Mailing Address. The mailing address of the council of unit owners shall be Ocean Place Condominium, 2 145th Street, 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.

MAIL TO:
 PATRICK J. COUGHLIN, JR., ATTORNEY
 481 N. HOLLOMAN STREET
 BALTIMORE, MD 21201

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 adopt and amend reasonable rules and regulations;

(c) To adopt and amend budgets for revenues, expenditures and reserves, and collect assessments for common expenses from unit owners;

(d) To sue and be sued, and complain and defend, in any court;

(e) 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;

(f) 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;

(g) 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;

(h) 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;

(i) To hire and terminate managing agents and other employees, agents and independent contractors;

(j) 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;

(k) 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;

(l) To regulate the use, maintenance, repair, replacement and modification of the common elements;

(m) To cause additional improvements to be made as a part of the general common elements;

(n) To grant easements, leases, licenses and concessions through or over the common elements in accordance with the Condominium Act and Declaration;

(o) To impose and receive any payments, fees or charges for the use, rental, or operation of the common elements, except as otherwise provided in the Condominium Act, the Declaration and these By-laws;

(p) To impose charges for late payment of assessments and, subject to the provisions of Article XVI of these By-laws, levy reasonable fines for violations of the Declaration, these By-laws, and rules and regulations of the council of unit owners adopted pursuant to Article XV of these By-laws;

(q) To impose reasonable charges for the preparation and recordation of rules, regulations, resolutions, resale certificates, or statements of unpaid assessments, and amendments to such documents, and for the preparation and recordation of amendments to the Declaration, By-laws and condominium plat;

(r) To provide for the indemnification of and maintain liability insurance for officers, directors, and any managing agent or other employee charged with the operation or maintenance of the Condominium;

(s) To enforce the implied warranties made to the council of unit owners by the Developer under the Condominium Act;

(t) To enforce the provisions of the Condominium Act, the Declaration, these By-laws, and the rules and regulations, if any, adopted by the board of directors against any owner or occupant of a unit; and

(u) 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 within the State of Maryland as may be designated by a majority of the unit owners, the board of directors or the manager of the condominium project, at 10:00 A.M., on the last Saturday of October 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, provided that the first annual meeting of the council of unit owners shall be held at such time, if any, as may be required by the Condominium Act. 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-Treasurer 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 the 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 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. At least ten, but not more than thirty, 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, the board of directors or the manager to each unit owner whose name appears as such upon the roster or books of the condominium project thirty 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, as aforesaid. 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 specifically 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 shall be necessary and sufficient at any meeting of the council of unit owners 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 lessee or mortgagee, in which 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. Subject to the succeeding paragraph of this Section 6, 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 specifically provided, the vote of a majority of unit owners present and voting shall be necessary and sufficient to elect or pass any measure. Notwithstanding the foregoing, no unit owner shall be entitled to vote at any meeting of the council of unit owners after a Statement of Condominium Lien has been recorded among the Land Records of Worcester County, constituting a lien against his condominium unit, as provided for in Sections 6 and 7 of Article IX of these By-Laws, unless the amount necessary to release such lien has been paid at or before the time of the meeting.

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 and the board of directors shall be sent in accordance with the provisions of the Condominium Act and these By-laws. Each unit owner shall furnish his name and current mailing address to the council of unit owners, and a unit owner may not 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. The record date for determining the unit owners entitled to vote at any meeting of the council of unit owners shall be the date established in Section 3 of this Article III for determining the unit owners entitled to notice of such 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 seven (7), 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) Impose reasonable charges for the preparation, copying and recordation of any documents related to the condominium project; and impose and collect charges and fines for the late payment of assessments and for violations of the Declaration, these By-laws and the rules and regulations of the council of unit owners.

(e) 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.

(f) 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.

(g) 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.

(h) Prepare, with the assistance of an accountant, if deemed necessary, and file, all Federal, State and local income tax returns or 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 directors shall be fixed at three (3) years, the term of office of two (2) directors shall be fixed at two (2) years, and the term of office of the remaining director shall be fixed at one (1) year. 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, in which case 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 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. Except as otherwise provided herein, all questions shall be decided by a majority of the board of directors present. On request of any director the yeas and nays shall be taken and entered on the minutes.

Section 8. Informal Action. To the extent not inconsistent with the requirements of the Condominium Act regarding the manner of operation of the board of directors, 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 council of unit owners shall maintain blanket fidelity bonds for all officers, directors and employees of the council of unit owners and all other persons handling, or responsible for, funds of, or administered by, the council of unit owners. If a manager has the responsibility for handling or administering funds of the council of unit owners, the manager shall be required to maintain fidelity bond coverage for its officers, employees and agents handling or responsible for funds of,

or administered on behalf of the council of unit owners. Such fidelity bonds shall name the council of unit owners as an obligee and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the council of unit owners or the manager, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than the sum of (a) the estimated annual common expenses, and (b) all amounts then held in working capital and reserve funds. The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expressions. The premiums on all bonds required herein, except those maintained by the manager, shall be paid by the council of unit owners as a common expense. The bonds shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least 10 days' prior written notice to the council of unit owners or insurance trustee, if any. So long as the Federal National Mortgage Association ("FNMA") shall hold a first mortgage on any unit, such bonds shall also provide that the FNMA Servicer, on behalf of FNMA, must receive such notice of cancellation or modification.

ARTICLE V

NOMINATIONS OF DIRECTORS

Section 1. Nominating Committee. On or before September 1 of each year, the board of directors shall appoint a nominating committee, comprised of five (5) 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 thirty (30) 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 ten (10) 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 the 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, five 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 five 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 commencement of the meeting at which members of the board are to be elected.

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, or, if there be less than four (4) members of the board of directors, then a secretary-treasurer, instead of 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 or Secretary-Treasurer. The Secretary or Secretary-Treasurer 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 or Secretary-Treasurer. The Treasurer or Secretary-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

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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 any 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 VIILIMITED 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 for and on behalf of the council of unit owners; and subject to the Corporations and Associations Article of the Annotated Code of Maryland and 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, to 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 council of unit owners 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 VIIIMANAGER

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 administration 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 owner shall consist of twelve (12) calendar months, commencing on January 1, except that any fiscal year(s) ending prior to January 1, 1985 shall begin and end on such dates as shall be determined by the board of directors. Not later than seventy-five (75) days prior to the beginning of each fiscal year, beginning with the second fiscal 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 the painting, repair and replacement of the common elements, and within seven (7) 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. Approximately fifteen (15) days prior to the beginning of said fiscal year, 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. Each common expense budget adopted by the board of directors is subject to the applicable requirements, if any, of the Condominium Act. 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 installments due by him during the last fiscal year in which an assessment or levy had been made, all subject to acceleration or modification by the board of directors.

Section 2. Reserve Funds. The board of directors shall establish and maintain a reasonable operating reserve fund and a reasonable repair and replacement reserve fund. Such reserves shall

be deposited in a special account, but may be invested in (i) obligations fully guaranteed as to principal by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or the Maryland Savings-Share Insurance Corporation, or any successor thereof, and/or (ii) money market funds distributed by New York Stock Exchange member firms. The operating reserve fund shall be used to defray extraordinary expenditures not originally included in the annual determination of common expenses, provided, however, that such reserves may be used for such other purposes as are approved by a majority vote of the unit owners at any annual or special meeting of the council of unit owners. The repair and replacement reserve fund shall be used for the painting, repair and replacement of the common elements for which the council of unit owners is responsible, provided, however, that such reserve may be used for such other purposes as are approved (i) by unit owners having at least sixty-six and two-thirds percent ($66 \frac{2}{3}\%$) of the total number of votes appurtenant to all units, and (ii) by a majority vote of the first mortgagees who are eligible to receive the notices and information provided by Section 2(b) of Article XVII of these By-Laws, provided that each such first mortgagee shall have the number of votes appurtenant to the unit or units upon which it holds a mortgage or mortgages. All funds assessed for payment into, or otherwise credited to, the operating reserve fund or the repair and replacement reserve 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, subject to the applicable requirements, if any, of the Condominium Act, 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 installment to be equal to one-twelfth ($1/12$) of the annual assessment, commencing on the first day of the first month 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 (i) the annual assessment for each fiscal year ending prior to January 1, 1985 shall be paid in such number of equal or unequal monthly installments as the board of directors shall determine, and (ii) the first annual assessment shall not begin to accrue until the first day of the first fiscal year, and the first monthly installment payable with respect to each unit shall be prorated to said date; and further provided,

however, that upon default in the payment of any installment of an annual assessment on its due date, the entire unpaid principal balance thereof may be accelerated, unless prohibited by law, 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, and further provided that if such assessment is payable in installments, then upon default in the payment of any such installment on its due date, the entire unpaid principal balance thereof may be accelerated, unless prohibited by law, at the option of the board of directors, so that said entire assessment shall forthwith be due and payable.

Section 5. Other Charges and Fines.

(a) Any charge or fine imposed by the board of directors under subparagraph (d) of Section 2 of Article IV of these By-laws shall be due and payable fifteen (15) days after the date of imposition and notice thereof to the unit owner or at such other time or times as may be provided by the board of directors in imposing the charge or fine, and such charge or fine shall be considered an assessment for the purposes of this Article IX and, to the extent permitted by law, shall be enforceable in accordance herewith.

(b) There shall be imposed on any delinquent assessment or installment, a late charge of Fifteen Dollars (\$15.00) or one-tenth (1/10th) of the total amount of the delinquent assessment or installment, whichever is greater, provided the late 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 fifteen (15) calendar days.

Section 6. Condominium Lien. Any unpaid assessment levied against any unit owner under any of the provisions of this Article IX, together with interest thereon at the lesser of (a) eighteen percent (18%) per annum or (b) the highest rate allowed by law, late charges, actual costs of collection, and reasonable attorney's fees, shall constitute a lien against the condominium unit of such unit owner, if a statement of condominium lien is recorded within two years after the date the assessment becomes due. Such lien shall be effective against the unit from and after the time a statement of condominium lien, setting forth the description of the unit, the name of the unit owner, and the amount and period for which due, is signed and verified by the President or Vice President of the council of unit owners, or by the manager, as the agent of such association, and recorded among the Land Records of Worcester County.

Such statement of condominium lien shall be sufficient for the purposes hereof, if same is in substantially the following form:

STATEMENT OF CONDOMINIUM LIEN

THIS IS TO CERTIFY that (insert name of unit owner, as same appears from Land Records of Worcester County), Owner of Unit No. (insert number of unit against which lien is to be effected) in Ocean Place Condominium, is indebted to the council of unit owners in the amount of (insert amount of all unpaid assessments levied against owner of unit involved) as of (insert month, day and year as of which sum due) for his proportionate share of common expenses of the council of unit owners for the period beginning on (insert date), and ending on (insert date), plus interest thereon at the rate of (insert highest rate allowed by law), a late charge of (insert amount of late charges), costs of collection, and reasonable attorney's fees.

COUNCIL OF UNIT OWNERS
OCEAN PLACE CONDOMINIUM

By _____
Officer's Title (or Agent)
Address
Telephone Number

I hereby affirm under penalties of perjury that the information contained in the foregoing Statement of Condominium Lien is true and correct to the best of my knowledge, information and belief.

Officer (or Agent)

Section 7. Collection of Common Expense and Other Charges. If there be any default in payment of the common expenses, other charges or fines, in the manner and at the time or times provided therefor in Sections 4 and 5 of this Article IX, and same shall continue for a period of fifteen days, the council of unit owners shall have the immediate right: (i) to institute suit for collection of the sum due, with interest thereon at the lesser of (a) eighteen percent (18%) per annum or (b) the highest rate allowed by law, accounting from the date of default; and (ii) to record a statement of condominium lien against the unit of the defaulting unit owner, and proceed forthwith, or at any time after recordation of the statement, to enforce the same through sale, foreclosure, or otherwise, as permitted under the Condominium Act. By the acceptance of any title to, or ownership of, his condominium unit, the unit owner shall be deemed to have expressly: (i) authorized enforcement and foreclosure of the lien of the statement of condominium lien by the council of unit owners, in the same manner, and subject to the same requirements, as the foreclosure of mortgages on real property in this State, containing a power of sale or an assent to a decree, or both; (ii) assented to the passage of a decree for the sale of his condominium unit after the continuance

of his default, following recordation of the statement of condominium lien; and (iii) covenanted, agreed and declared that, after the continuance of his default following recordation of the statement of condominium lien, the then President of the council of unit owners, acting as agent of the unit owners and the natural person authorized to exercise the power of sale on their behalf, shall have the absolute power, right and privilege to sell his condominium unit in accordance with the Public General Laws of the State of Maryland and the Maryland Rules of Procedure relating to foreclosure of mortgages, as such Laws and Rules are from time to time amended and supplemented; provided, however, that no action may be brought to enforce the lien except after ten days' written notice to the defaulting unit owner, given by registered mail, return receipt requested, at the address of the unit owner shown on the roster or books of the council of unit owners.

Upon any sale hereunder of a condominium unit of a defaulting unit owner, the proceeds shall be applied as follows: first, to the payment of expenses incident to such sale, including a commission to the party making the sale; second, to the payment of the cost of any painting, papering, redecorating, floor finishing, repair or replacement which the board of directors deemed necessary or advisable to render the unit marketable; third, to the payment of all claims of the board of directors or the council of unit owners against the defaulting unit owner, whether the same shall have matured or not; and fourth, the surplus, if any, to said defaulting unit owner, or to whomever may be entitled to the same. It is expressly understood that, at any such sale, the council of unit owners may be a purchaser of the condominium unit, free and clear of any right or equity of redemption of the defaulting unit owner, such right and equity being deemed expressly waived and released.

The council of unit owners shall have the right both to institute suit for collection of the unpaid assessment and to enforce the lien of such assessment against the condominium unit of the defaulting unit owner, provided there be but one satisfaction of the claim. Further, the board of directors shall have the absolute right to suspend the voting rights of any defaulting unit owner at any meeting of the council of unit owners, following recordation of any statement of condominium lien against his unit, which suspension shall remain in full force and effect until the amount necessary to satisfy and release the lien has been paid.

The foregoing enumeration of the rights of the council of unit owners and board of directors is made in furtherance, and not in limitation of the rights and remedies conferred by law upon the council of unit owners, or the board of directors, to collect the common expenses or enforce any lien against the unit of a defaulting unit owner, and is not intended, by mention of any particular right or remedy, to limit or restrict the council of unit owners, or the board, which shall have all powers and rights necessary or convenient for collection of the common expenses.

Section 8. User Fees. The board of directors may impose fees against the guests of each unit owner, and the guests of the tenant of each unit owner, for the use of the swimming facilities located upon the property, but shall not impose any fee against any unit owner or the tenant of any unit owner for the use of such facilities or of any other general or limited common element, except as otherwise expressly set

forth in the Declaration or these By-laws, including, without limitation, Sections 1 and 3 of this Article IX of these By-laws. The board of directors may, however, impose reasonable charges and fines against any unit owner, tenant or guest for any violation of the Declaration, these By-laws or any rule or regulation.

ARTICLE X

BOOKS AND RECORDS

The board of directors shall keep the books of the council of unit owners, with detailed accounts in chronological order, noting all receipts and expenditures affecting the property and its administration, and specifying the maintenance and repair expenses of the common elements and any other expenses incurred. A separate account shall be maintained for each condominium unit, showing the amount of each assessment of common expenses against such unit, the date or dates same may be due, the amount paid thereon, and the unpaid balance thereof. Upon any sale or other transfer of a unit, the new unit owner or his agent shall provide to the council of unit owners, to the extent available, the name and forwarding address of the prior unit owner, the name and address of the new unit owner, the date of settlement, and the proportionate amounts of any outstanding condominium fees or assessments assumed by each of the parties to the transaction, and all such information shall be recorded in the assessment account which is maintained for such unit. The books, together with all bills, statements and vouchers accrediting the entries made thereupon, all other records kept by the board, and copies of the Declaration, condominium plat, By-laws and rules and regulations, including all amendments thereto, shall be available for examination and copying by any unit owner and any holder, insurer or guarantor of a mortgage on any unit, and that the duly authorized agents or attorneys of such unit owner, holder, insurer or guarantor, during normal business hours, and after reasonable notice. All books and records of the council of unit owners shall be kept in accordance with good accounting practices, on a consistent basis, and an outside audit shall be made at least once a year. The cost of such audit shall be a common expense.

A written report summarizing all receipts and expenditures of the council of unit owners shall be rendered semi-annually by the board of directors to the unit owners. Promptly after the close of each fiscal year, an annual report of the receipts and expenditures of the council of unit owners, certified by an independent accountant, shall be rendered by the board of directors free of charge to each unit owner, and to any holder, insurer or guarantor.

In addition to keeping the foregoing financial books and records, the board of directors shall keep detailed records of its actions, minutes of its meetings and minutes of meetings of the council of unit owners.

ARTICLE XI

INSURANCE

Section 1. Protective Policies. Except to the extent that the Condominium Act requires otherwise, the board of directors shall procure and maintain, in the name of the council of unit

owners, or the name of the manager or other designee, as agent or trustee for the benefit of the unit owners and the council of unit owners, who shall be deemed the parties insured, policies of insurance in stock insurance companies which are (i) licensed to do business in the State of Maryland and (ii) are customarily acceptable to mortgage lenders in Worcester County, to the extent obtainable, as follows:

(a) A blanket property policy or policies covering (i) all common elements, except land, foundations, excavations and other items normally excluded from coverage, (ii) all structural components, including walls, floors and ceilings, of the units, and all fixtures attached thereto, and (iii) all building service equipment and supplies and other personal property belonging to the council of unit owners, provided, however, that such policy shall not cover any improvements, fixtures or personal property made or attached to, or brought within, the units or limited common elements by unit owners, the insurance for the latter improvements, fixtures and personal property being the responsibility of the respective unit owners. The blanket policy (i) shall insure against those risks of direct physical loss commonly insured against, including, without limitation, fire, lightning, hail, explosion, riot, civil commotion, aircraft, vehicle, falling object, smoke, malicious mischief, vandalism, and collapse through weight of snow, ice, sleet or water and other perils normally covered by the standard extended coverage endorsement, and be in an amount equal to 100% of the current replacement cost of the insured property, (ii) shall, if applicable, also insure against flood loss in an amount not less than the lesser of the maximum coverage available for the property under the National Flood Insurance Act of 1968, as from time to time extended, amended or supplemented, or 100% of the current replacement cost of all buildings and other insurable property of the condominium located in the flood hazard area, and (iii) so long as FNMA or the Federal Home Loan Mortgage Corporation (FHLMC) holds a mortgage on any unit in the condominium, shall include, to the extent required by such holder, an all-risk endorsement, an agreed amount endorsement, an inflation guard endorsement, a demolition cost endorsement, a contingent liability from operation of building laws endorsement, and an increased cost of construction endorsement. In lieu of the foregoing insurance, the board of directors may procure and maintain such other insurance against loss, damage or destruction of the common elements and the condominium units, as shall give substantially equal or greater protection to the unit owners and mortgagees, as their interests may appear.

(b) Such insurance as the board of directors may deem advisable with respect to the machinery, equipment and other fixtures and personal property forming part of any unit or common element, including boiler insurance (in the amount of at least \$100,000 for each accident at each location), if required, on the heating and air-conditioning fixtures and facilities serving any unit or other improvement of the condominium.

(c) Such insurance as will protect the council of unit owners, and each unit owner, from claims under workmen's compensation acts and other employee benefit acts.

(d) Such insurance as will protect the council of unit owners, the board of directors, officers of the association, the manager, and each unit owner, from claims for damage because of

bodily injury, including death, to all others, including employees of the insured, and from claims for damage to property, any or all of which may arise out of or result from ownership of any interest in the condominium or the management or operation of said condominium, or because of any injury or damage sustained on or attributable to the property, including the ownership, maintenance or use of parking areas, driveways, alleys and sidewalks, on or abutting the property. It is intended that the insurance described in this subparagraph be: officers' and directors' liability insurance; and a comprehensive general liability policy endorsed to protect each unit owner and the council of unit owners against all liability arising out of or otherwise attributable to the property, including operation of the premises and parking areas thereon, products liability, liability attributable to work or other acts of an independent contractor, or let or sublet work, landlord-tenant liability, contractual liability, and, if applicable, employer's liability and comprehensive automobile liability. Further, the insurance shall cover the liability of one or more unit owners as parties insured to one or more of the remaining unit owners, though also parties insured. Such public liability insurance shall be in the amount of at least \$1,000,000 for bodily injury, including deaths of persons, and property damage arising out of a single occurrence. The public liability insurance policy shall be so endorsed as to protect the insured against liability imposed or assumed by any contract.

(e) In all events, each policy of insurance procured under this Section 1 of Article XI shall contain (i) all provisions required by state law, (ii) a waiver of the insurer's subrogation rights against each unit owner, and (iii) a waiver of any defense maintainable by the insurer by reason of any coinsurance provision of any policy or by reason of any act or neglect of any unit owner, whether before or after the loss, damage or destruction may occur, and shall provide for the recognition of any insurance trust agreement to which the council of unit owners is a party. Certificates of insurance pertaining to each such policy shall be issued to the council of unit owners, and to each unit owner and mortgagee requesting the same. No such policy of insurance shall be cancelled or substantially modified until at least thirty (30) days after notice thereof has been mailed to the council of unit owners and, each unit owner, and to each mortgagee to whom a certificate of insurance has been issued. Further, each policy of insurance shall provide that any unit owner in his own right may procure other insurance, fire, casualty, liability or otherwise, and that such other insurance shall in no wise serve to reduce, abate, diminish or cause any proration in payment of the total loss by the insurer.

(f) Each policy of insurance procured under subparagraphs (a) or (b) of this Section 1 shall state that the exclusive right and authority to adjust losses under the policy shall be vested in the board of directors. The insurance proceeds for such loss shall be payable to any insurance trustee designated for that purpose or otherwise to the council of unit owners, and not to any mortgagee. Each such policy shall contain a standard mortgagee clause, however, and the insurance trustee or the council of unit owners shall hold any insurance proceeds in trust for unit owners and lien holders as their interests may appear.

(g) Each unit owner shall furnish such information and execute such application forms as may be required of him in order to procure and maintain any policies of insurance provided for by this Section 1 of Article XI. Additionally, each unit owner shall notify the board of any addition, alteration or improvement made in or to his unit, so that the board may procure other or additional insurance on account of same, if deemed necessary or advisable.

(h) The council of unit owners shall maintain and make available for inspection and copying by each unit owner and mortgagee, and the agents of each, and by the contract purchaser of each unit and anyone to whom such contract purchaser has applied for a loan secured by a mortgage on such unit, and the agents of each, all insurance policies maintained by the council of unit owners.

(i) Nothing provided in this Article XI shall prejudice the right of any unit owner to insure his condominium unit on his account and for his own benefit; or to insure himself against liability to others. If the unit owner, however, shall procure fire or other casualty insurance covering his condominium unit or his interest in the condominium, he shall file with the board of directors a duplicate of the insurance policy.

Section 2. Disbursement of Insurance Proceeds. The proceeds of any fire or casualty insurance policy procured under subparagraphs (a) or (b) of Section 1 of this Article XI shall be applied or disbursed in the following manner, except to the extent that the Condominium Act requires otherwise:

(a) Any portion of the condominium damaged or destroyed shall, to the extent covered by said blanket policy, be repaired or replaced promptly by the council of unit owners substantially in accordance with the final drawings and specifications described in Paragraph (c) of Article I of the Declaration, unless:

(i) The condominium regime is terminated;

(ii) Repair or replacement would be illegal under any state or local health or safety statute or ordinance; or

(iii) Unit owners having at least eighty percent (80%) of the total number of votes appurtenant to all units, including the owner of each unit which will not be rebuilt and each unit owner having the right to use any limited common element which will not be rebuilt, vote not to rebuild.

(b) The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense.

(c) Unless the condominium regime is terminated, if any portion of the condominium which is damaged or destroyed is not repaired or replaced, the insurance proceeds attributable to the portion which is not rebuilt shall be disbursed as follows:

(i) The insurance proceeds attributable to the damaged or destroyed general common elements which are not rebuilt shall be used to restore the damaged or destroyed portion of the condominium which is not rebuilt to a condition compatible with the remainder of the condominium;

(ii) The insurance proceeds attributable to the damaged or destroyed units and limited common elements which are not rebuilt shall be distributed to the owners of those units; and to the unit owners having the right to use those limited common elements; and

(iii) The remainder of the proceeds shall be distributed to all the unit owners in proportion to their respective percentage interests in the common elements.

Each unit owner's share of the insurance proceeds shall thereafter be distributed in accordance with the priority of interests in such unit, to the end and intent that all mortgages and other liens on such unit shall first be paid out of the proceeds payable to such unit owner, all in the order in which same appear.

(d) If the condominium regime is terminated following a fire or other casualty, the property shall be sold and the net proceeds of sale and the net proceeds of insurance shall be combined into one fund, which shall be divided among the unit owners in the manner provided in Article VIII of the Declaration.

ARTICLE XII

MAINTENANCE OF THE PROPERTY

Section 1. Except to the extent otherwise provided in this Section 1 and in Sections 2 and 3 of this Article XII, the board of directors shall maintain the general and limited common elements in good order, condition and repair, and the cost thereof shall be assessed to the council of unit owners as a common expense. Further, the board of directors may make any addition, alteration or improvement in or to the common elements, provided that fifteen (15) days' notice of intent to make the same is furnished to each unit owner, and provided further that no such addition, alteration or improvement costing more than Fifteen Thousand Dollars (\$15,000.00) shall be made without prior approval of a majority of the unit owners. The cost of any addition, alteration or improvement shall constitute a common expense assessable to the council of unit owners. Each unit owner shall pay to the council of unit owners or to the board of directors, the cost of repairing any injury done to the common elements by himself, his family, guests, servants or employees, whether said injury be caused by negligence, default, willful act or otherwise.

Section 2. Except as otherwise provided in Section 4 of this Article XII, the owner of each unit shall be responsible, at his own expense, for the cleaning, maintenance, repair and replacement of (a) the windows, doors and doorways furnishing access between his unit and the common elements, including the casings, seals, glass and screens of such windows and doors, (b) the fireplace flue, if any, appurtenant to his unit, and (c) the wall lamp, if any, attached to the exterior surface of the masonry wall separating any balcony appurtenant to his unit from the interior of his unit. Except as otherwise provided in Section 4 of this Article XII, the owner of each unit shall also be responsible, at his own expense, for cleaning each balcony appurtenant to his unit and keeping the same free and clear of litter, debris, sand, snow, ice and any accumulation of water. The board of directors shall be responsible for the maintenance, repair and replacement of the balconies, and may, at its discretion, elect to

paint the balconies. If any unit owner defaults in the performance of any of his obligations under this Section 2, the board of directors may, but is in no manner required to, remedy such default, in which event the unit owner responsible therefor shall pay the cost thereof promptly to the board upon demand.

Section 3. Except as provided in Section 4 of this Article XII, each unit owner shall be responsible, at his own expense, for the cleaning, maintenance, repair and replacement of his unit. Additionally, to prevent freezing of any water in any pipe, plumbing fixture or other facility in the condominium project, each unit owner, at his own expense, shall maintain the temperature inside his unit at not less than 40° dry bulb throughout each calendar year. Further, each unit owner shall be responsible for all damage caused to the common elements or to any other unit by reason of his failure to properly perform any of his obligations under Sections 2 and 3 of this Article XII.

Section 4. In the event that any damage to, or destruction of, a unit or common element is covered by the blanket property insurance policy held by the council of unit owners, the council of unit owners shall be responsible for the repair and replacement of the damaged or destroyed property pursuant to Section 2 of Article XI hereof.

Section 5. (a) Except as otherwise provided in Subsection (b) of this Section 5, no unit owner, except the Developer, shall make (i) any structural addition, alteration, or improvement to his unit or to any limited common element which he has the right to use, or (ii) any non-structural addition, alteration, improvement or decoration to or of any limited common element which he has the right to use, including, without limitation, the addition of any awning or screen to any window or balcony, unless and until plans and specifications, in duplicate, showing the nature, kind, shape, height, color, materials, location and approximate cost of such addition, alteration, improvement or decoration shall have been submitted to and approved in writing by the board of directors, which shall have the right to refuse for good cause to approve any such plans or specifications which it deems unsuitable or undesirable, whether based on aesthetic or other reasons, provided, however, that if the board of directors fails to deny said request within sixty (60) days after receipt of a complete set of plans and specifications, such request shall be deemed approved. Furthermore, no such structural addition, alteration or improvement shall be made unless effected pursuant to (i) a revised or supplemental drawing or specification which shall be described in an amendment to Paragraph (c) of Article I of the Declaration, and (ii) if appropriate, an amendment to the condominium plat, all in the same manner and to the same extent as required for the making of any other structural change or revision in the building. The board of directors may delegate its authority under this Subsection (a) to an architectural committee appointed by the board of directors.

(b) The board of directors may adopt reasonable rules and regulations pursuant to Article XV hereof establishing general standards for the making of one or more types of non-structural additions, alterations, improvements or decorations

to or of the limited common elements, and such rules and regulations may provide to the extent any particular addition, alteration, improvement or decoration is made in complete compliance with such general standards, such addition, alteration, improvement or decoration may be made without the submission of plans and specifications therefor to the board of directors and without written approval by the board of directors of said plans and specifications.

Section 6. Water is furnished to all condominium units and the common elements through one or more meters held by the unit owners in common, and the board of directors shall promptly pay, as a common expense, all charges for such water. Electricity is furnished to the general common elements through a separate meter or meters designed for the property held in common, and the board of directors shall pay, as a common expense, the cost of all electricity furnished through said meter or meters. However, electricity and cable television service are furnished to the condominium units (and to certain limited common elements appurtenant to each unit) through separate meters, and each unit owner shall promptly pay for all electricity and cable television service furnished to his unit and to the limited common elements appurtenant thereto through said separate meters.

ARTICLE XIII

PARKING

The board of directors shall assign (i) two designated parking spaces to the owner of each three-bedroom unit for his exclusive use, (ii) two designated parking spaces to the owner of each two-bedroom unit for his exclusive use, and (iii) one designated parking space to the owner of each one-bedroom unit for his exclusive use. The sixteen parking spaces which are not assigned shall be for the exclusive use of the owners of all one-bedroom and three-bedroom units, in common. The number of bedrooms contained within each unit shall be conclusively determined in accordance with the condominium plat. The use of all parking spaces shall be subject to reasonable rules and regulations adopted by the board pursuant to Article XV hereof for the operation and maintenance of the parking area on the project. There shall be no change in or revocation of any assignment of designated parking spaces without the consent of the unit owner or unit owners affected thereby.

ARTICLE XIV

RULES AND REGULATIONS

For the purpose of creating and maintaining a uniform scheme of development and operation of the condominium project for the benefit of each unit owner, his respective personal representatives, heirs, successors and assigns, the common elements and each condominium unit shall be held subject to the following rules and regulations:

Section 1. The common elements and each condominium unit located on the property shall be used, occupied and maintained for residential purposes only, except as follows:

(a) Real estate sales, lease, management and construction offices and signs may be erected, maintained and operated on the land, and in any condominium unit, provided any such office or sign is used and operated in connection with any of the following, but only by the Developer: (i) the development or management of the condominium project; (ii) the making of improvements on the property; or (iii) the sale or lease of any condominium unit.

(b) Parking areas on the land may be maintained and operated only for the parking of private, non-commercial automobiles, which may be parked only in a space or area provided for the parking of automobiles. No automobile or other motor vehicle shall be washed, rinsed, waxed or repaired on the property.

Section 2. No noxious trade or activity shall be carried on upon the property, nor shall anything be done upon the property which may be or become a violation of any health, fire, police, or other governmental law or regulation, or a nuisance or annoyance to the unit owners or neighborhood. Any violation of any law, order, rule, regulation or requirement of any governmental authority or agency 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.

Section 3. No noise, disturbing to the unit owners, shall at any time be made upon the property, and nothing shall be done or permitted to be done in or about the common elements, or any unit, that interferes with, obstructs or violates the rights, reasonable comforts or convenience of the unit owners.

Section 4. Nothing shall be kept in any condominium unit or limited common element which may in any way increase the rate of fire insurance on the property beyond the rate established therefor 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 fire law or regulation; specifically, but not the way of limitation, no gasoline or other highly inflammable material or substance shall be kept in any condominium unit or limited common element.

Section 5. No cat, dog, bird, monkey or other animal or fowl shall be kept upon the property without the written consent of the board of directors, which consent shall not be unreasonably withheld; nor shall any such animal or fowl, despite prior consent, be retained after notice from the board of directors to remove it from the property for a reasonable cause, stated in the notice.

Section 6. The common halls, stairways, walkways and parking areas shall be used for ingress and egress only, and children shall not be permitted to play therein or thereon, nor shall same be used in any manner for picnicking or cooking, or for permanent or temporary storage of any article of personal property, including particularly, chairs, umbrellas or other beach paraphernalia, or of any bottles, trash or garbage, nor shall any of the foregoing ever be permitted to remain or stand in the common halls, or on the stairways, walkways or parking areas. Lawns and landscaped areas shall not be used for sunbathing, picnicking, play, or similar purposes.

Section 7. No portion of the common elements shall be in any manner defaced, nor shall same be utilized for the making of connections of any sort for radio, television, or other devices or equipment of any kind, all of which connections are specifically prohibited, except to the ordinary outlets furnished within condominium units and limited common elements, and except additional electric outlets which may be installed with the consent of the board of directors. Further, the common elements shall be used only for the purposes for which same were installed and none of said common elements shall be loaded or taxed beyond the capacity for which designed.

Section 8. No vermin, insects, or other pests shall be allowed to remain in any condominium unit or limited common element, nor shall any such unit or limited common element 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 or limited common element at any reasonable hour of the day, after reasonable notice, for the purpose of inspecting such unit or limited common element 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 any such vermin, insects or other pests.

Section 9. Neither clothing, curtains, rugs, towels, or other articles shall be shaken from or on the windows, doors, balconies or general common elements, nor shall anything be placed on or hung from outside window, door or balcony sills, ledges, or railings, or thrown from windows, doors, balconies, or general common elements, nor shall any sign of any kind be displayed upon the property, except to the extent permitted under Paragraph 1 of this Article XIV.

Section 10. All leases shall be in writing and shall be made expressly subject to the Declaration, condominium plat, By-laws and all rules and regulations duly adopted by the board of directors, each as may be amended from time to time theretofore or thereafter. The owner of any leased unit shall promptly deliver a copy of the lease, and all amendments which may be made from time to time thereto, to the board of directors.

ARTICLE XV

ADOPTION OF RULES AND REGULATIONS BY THE BOARD OF DIRECTORS

Section 1. The board of directors may, subject to the provisions of this Article XV, and in lieu of any procedure now or hereafter set forth in the Condominium Act for the adoption of rules and regulations by the board of directors, adopt reasonable rules and regulations 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, including, without limitation, rules and regulations applicable to deliveries by or to the unit owners, the moving of furniture or furnishings into or out of condominium units, and the maintenance and operation of the parking spaces. All rules and regulations adopted pursuant hereto shall supplement the rules and regulations set forth in the By-laws, but in the event of any conflict between the two, the rules and regulations set forth in the By-laws shall take precedence over the rules and regulations adopted pursuant hereto.

Section 2. At least ten (10) days prior to any regular or special meeting of the board of directors at which it is contemplated that a proposed rule or regulation will be voted upon, written notice of such meeting shall be given to each unit owner. Such notice shall include the date, time, location and subject of the meeting, and a copy of the proposed rule or regulation. No notice of such meeting need be given to any unit owner who in writing, executed and filed with the records of such meeting, either before or after the holding thereof, waives such notice, or, in fact, attends such meeting.

Section 3. After all unit owners attending such meeting have had the opportunity to comment on the proposed rule or regulation and any modification thereof which is proposed at such meeting, the board of directors may, by the vote of a majority of the entire board, adopt the proposed rule or regulation or any such proposed modification thereof. On the request of any director, the yeas and nays shall be taken and entered on the minutes.

Section 4. Any rule or regulation adopted by the board of directors pursuant to the procedure set forth in this Article XV may be modified or repealed by the board of directors pursuant to the same procedure.

Section 5. The board of directors shall determine the effective date of the adoption, modification or repeal of any such rule or regulation, provided that no such adoption, modification or repeal shall become effective until five (5) days after written notice of such adoption, modification or repeal, including a copy of such rule or regulation and notice of such effective date, has been mailed or personally delivered to each unit owner or placed on the condominium property in a location previously designated by the board of directors for the communication of such rules and regulations.

Section 6. No unit owner shall have an automatic right of appeal to the board of directors for an individual exception to any rule or regulation, unless the rule or regulation so provides.

ARTICLE XVI

DISPUTE RESOLUTION

Section 1. If there be any dispute, concerning rules and regulations or any other matter related to the condominium, between the council of unit owners, the board of directors or manager of the condominium, on the one part, and any unit owner, on the other part, same shall be submitted to arbitration. Either party shall have the right to notify the other party that it is invoking the arbitration provisions of these By-laws, as herein provided. The party initiating the arbitration shall set forth in its written notice the desire to invoke the arbitration provisions of this Article, and shall specify the name and address of the arbitrator selected to represent the party initiating the arbitration and the matter to be arbitrated. Within seven (7) days after receipt of such notice, the other party to the dispute shall specify by written notice to the party invoking arbitration, the name and address of the arbitrator to represent it. Within five (5) days

after the designation of the second arbitrator, the two so designated shall name the third arbitrator by their joint agreement. If the party requested to name its arbitrator fails to do so within the time limited, or if the two arbitrators fail to agree within five (5) days after appointment of a second arbitrator, as to a third arbitrator, then the one or two designated arbitrators, as the case may be, shall then request the then Chief Judge of the Circuit Court for Worcester County to designate an arbitrator or arbitrators so that there will be three (3) arbitrators. Such arbitration shall be conducted in accordance with all applicable arbitration laws of the State of Maryland, except that in the event of any conflict between said laws and the provisions of this Article XVI, the provisions of this Article XVI shall be controlling, unless otherwise required by law. A decision of the majority of the arbitrators shall be final, conclusive and binding upon both parties. The controlling decision shall be in writing, signed by the arbitrators making same, shall briefly state the grounds therefor, and shall fix and allocate the cost of the proceedings between the parties.

Section 2. If either party shall fail to comply with the decision of the arbitrators, the other party may seek enforcement by appropriate legal proceedings, either an action at law for damages, or a suit in equity to enjoin a breach or violation, or enforce performance, of any restriction, rule, regulation or other obligation.

Section 3. All of the rules and regulations set forth in Article XIV of these By-laws or adopted by the board of directors pursuant to Article XV of these By-laws shall be held and construed to run with and bind the common elements and each condominium unit located on the property and all owners and occupants of such units, their respective heirs, personal representatives, successors and assigns, forever, all except as otherwise expressly set forth in said rules and regulations. Said rules and regulations shall inure to the benefit of and be enforceable by the Developer, council of unit owners, board of directors or manager in accordance with the procedure set forth in Sections 1 and 2 of this Article XVI against anyone violating or attempting to violate any of said rules and regulations, provided, however, that if the person who commits or attempts such a violation is neither an owner nor an occupant of a unit, the Developer, council of unit owners, board of directors or manager may enforce such rule or regulation in accordance with the procedure set forth in Section 2 of this Article XVI without resort to the procedure set forth in Section 1 of this Article XVI. Furthermore, and in any event, the board of directors, for itself, its agents, servants, employees and contractors, after notice to a unit owner of any breach or violation of any rule or regulation within his unit or within or upon any limited common element which he has the right to use, and the failure of the unit owner responsible for said breach or violation to correct the same within a reasonable time thereafter, shall have the right to enter said condominium unit or limited common element and, at the expense of the defaulting unit owner, summarily abate or remove the breach or violation occurring in said unit or limited common element.

Section 4. The procedure set forth in this Article XVI shall be used in lieu of any dispute settlement mechanism now or hereafter set forth in the Condominium Act.

ARTICLE XVIIMORTGAGES

Section 1. Notice to Board of Directors. Each unit owner who conveys his unit by way of any mortgage shall give written notice thereof to the board of directors, setting forth the name and address of his mortgagee and submitting a conformed copy of his mortgage and the note secured thereby, if any. The board of directors shall maintain all mortgage information in a book or other record designated "Mortgage Book".

Section 2. Notice and Information to Mortgagees.

(a) The board of directors shall furnish to each mortgagee of record in its "Mortgage Book", a copy of any default or other notice given by said board to the owner of the mortgaged unit. Further, the board shall notify each mortgagee of record in its "Mortgage Book", about any damage or destruction by fire or other casualty, or any taking by eminent domain, of any of the property having a value or replacement cost of more than Fifteen Thousand Dollars (\$15,000) and, in addition, furnish to each such mortgagee confirmation of its right to such notice, if requested.

(b) Any holder, insurer or guarantor of a first mortgage, upon written request to the council of unit owners (such request to state the name and address of such holder, insurer or guarantor and the address of the mortgaged unit) shall be entitled to:

(i) Timely written notice of: (a) any condemnation loss or any casualty loss which affects a material portion of the condominium or which affects any unit on which there is a first mortgage held, insured or guaranteed by such eligible holder; (b) any delinquency in the payment of assessments or charges owned by an owner of a unit subject to the mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of 60 days; (c) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the council of unit owners, and (d) any proposed action which would require the consent of a specified percentage (such as a majority, 75% or 100%) of the first mortgagees or all mortgagees; and

(ii) Any information to which the owner of the mortgaged unit may be entitled, including, without limitation, information as to the status of (a) any assessment, (b) the performance of any obligation imposed under the Declaration or these By-laws, and (c) any default of any kind or nature which may exist or be outstanding on the part of the owner of the mortgaged unit.

ARTICLE XVIIIRESIDENT AGENT

The name and post office address of the Resident Agent for Ocean Place Condominium in this State is George A. Purnell, c/o 145, Inc., 109 77th Street (Bayside), P.O. Box 460, Ocean City, Maryland 21842. Said resident agent is a citizen of the State of Maryland and actually resides therein.

The name and address of the Resident Agent of the condominium shall be filed with the Department of Assessments and Taxation of the State of Maryland. Said agent or address may be changed from time to time by the council of unit owners, or the board of directors, in the same manner and to the same extent as names and addresses of resident agents may be changed by corporations of this State.

ARTICLE XIX

GENERAL PROVISIONS

Section 1. Notice. All notices required or permitted to be given under the Declaration or these By-laws shall be deemed to be properly served if sent by registered or certified mail: to the Board of Directors of Ocean Place Condominium, 2 145th Street, Ocean City, Maryland 21842, or such other address as may hereafter be designated as the mailing address of the council of unit owners; to each unit owner, at his unit or at such other address as may be specified therefor on the roster or books of the condominium, and to the mortgagee of any unit owner at the address thereof furnished to the board of directors and recorded in its "Mortgage Book", but any unit owner or mortgagees may, at any time, by written notice to the board of directors, stipulate a different address.

Section 2. Waiver. The failure of the council of unit owners, or any unit owner, or the board of directors, or the manager, in any one or more instances, to enforce or otherwise insist upon the strict performance of any restriction, condition, obligation or provision of these By-laws, or the failure of any such party to exercise any right, shall not be construed as a waiver or relinquishment for the future, whether in the same or in any other instance or occasion, of the benefit of such restriction, condition, obligation, provision or right, but the same shall remain in full force and effect.

Section 3. Captions. Captions are inserted in these By-laws as a matter of convenience and to facilitate reference to the provisions hereof. Said captions are not intended to define, describe or limit the scope of these By-laws, or any term, condition, or provision hereof, and shall have no effect whatsoever in resolving any construction or interpretation of the By-laws.

Section 4. Amendment of By-laws. These By-laws, or any of them, or any additional or supplementary By-laws, may be changed, modified or supplemented at any annual meeting of the council of unit owners without notice, or at any special meeting thereof, the notice of which shall set forth the terms of the proposed amendment or addition, by the vote of the unit owners having sixty-six and two-thirds percent (66-2/3%) or more of the total number of votes appurtenant to all units, provided, however, that each particular required in the By-laws by the Condominium Act, shall be set forth in the By-laws as changed, modified or supplemented. No change, modification or supplement of the By-laws shall take effect unless evidenced by an appropriate written instrument or instruments, which shall be signed by the President or Vice President of the council of unit owners, accompanied by a certificate of the Secretary of said council of unit owners, stating that such amendment or addition to the By-laws was approved by unit owners having at least sixty-six and two thirds percent (66-2/3%) of the total number of votes

appurtenant to all units, and recorded among the Land Records of Worcester County. The certificate of the Secretary as to approval by the unit owners of any change, modification or supplement in or to the By-laws shall be conclusive evidence of such approval.

Section 5. Invalidity. If any term, condition, or provision of these By-laws is held or determined to be invalid, the validity of the remainder of the By-laws shall not be affected thereby, but shall continue in full force and effect, as fully and to the same extent as if the invalid term, condition or provision had not been included herein. These By-laws are designed to comply with and properly supplement the Condominium Act and the Declaration establishing the condominium regime and, if there be any conflict between the By-laws and any term, condition or provision of the Condominium Act, or between these By-laws and the Declaration, the provision of the Act or Declaration, as the case may be, shall prevail and control.

WITNESS the hand of the Developer on the day and year first above written.

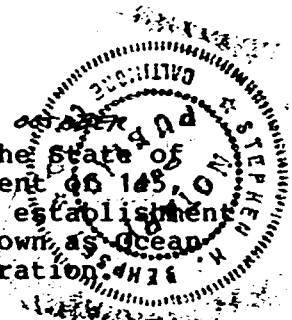
WITNESS: 145, INC.

Stephen M. Demsey
STEPHEN M. DEMSEY, Secretary

By: George A. Purnell (SEAL)
George A. Purnell, President

STATE OF MARYLAND, TO WIT:

I HEREBY CERTIFY, that on this 21st day of October, 1983, before me, the subscriber, a Notary Public of the State of Maryland, personally appeared George A. Purnell, President of 145, INC., a Maryland body coporate, and he acknowledged the establishment of the foregoing By-laws for the condominium regime, known as Ocean Place Condominium, to be the act and deed of said corporation.



AS WITNESS my hand and notarial seal.

Stephen M. Demsey
STEPHEN M. DEMSEY, Notary Public

My Commission expires:

7/1/86

PLATS RECORDED IN PLAT BOOK LIBER W.C.L. NO. 84 FOLIOS 7 THRU 13.

19 83 Oct 21 The foregoing Declaration Plat filed for record and is accordingly recorded among the land records of Worcester County, Md. in Liber W.C.L. No. 917 folios 226 thru 275
Harold C. Pittman Clerk

WORCESTER COUNTY CIRCUIT COURT (Land Records) WCL 917, p. 0275, MSA_CE31_1064. Date available 08/01/2003. Printed 07/17/2014.