

CONDOMINIUM DECLARATION AND BY-LAWS
for
"THE ISLAND AT HIDDEN HARBOUR"
(A Condominium)

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REC FEE 372.00
MAIL .50
SR CHG 5.00
TOTAL 377.50
7120CKEK 377.50
03 01993 6-09 A8:09

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CONDOMINIUM DECLARATION

for

THE ISLAND AT HIDDEN HARBOUR

(A Condominium)

THIS CONDOMINIUM DECLARATION, made this 7th day of June, 1993, by HIDDEN HARBOUR VI, INC., hereinafter referred to as "Developer".

WHEREAS, Developer holds fee simple title to certain lands located in Ocean City, Worcester County, Maryland, together with certain buildings and improvements constructed thereon (hereinafter referred to as the "Phase I Property" and "Phase XI Property" (Pool A) and more fully described on Exhibits "A-1" and "A-11" which are attached hereto and incorporated by reference), and acts with the intention of submitting said Phase I and Phase XI Properties to the Condominium Regime pursuant to the provisions of the Condominium Act, §11-101, et seq. of the Real Property Article of the Annotated Code of Maryland (hereinafter, the "Condominium Act"), as amended from time to time; and

WHEREAS, Developer also holds title to certain additional lands in said city, county and state referred to as the Phase II through Phase X Properties and the Phase XII Property (Pool B) set forth on Exhibits "A-2" through "A-10" and "A-12" attached hereto and incorporated by reference, some or all of which additional property Developer may submit to the Condominium Regime created hereby at any time within ten (10) years from the date of the recordation hereof, as more fully provided in paragraph 11 hereof in regard to "Expanding Condominium".

NOW, THEREFORE, THIS CONDOMINIUM DECLARATION WITNESSETH:

That Developer, for itself, its successors and assigns, does hereby expressly establish and declare the following:

1. Name and Location.

The Developer hereby creates a Condominium Regime, as hereinafter provided, to be known as The Island at Hidden Harbour. The condominium is located in the town of Ocean City, Tenth Election District, Worcester County, State of Maryland to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

2. Creation of the Condominium Regime.

The Developer hereby submits the "Phase I Property", together with the improvements thereon and all the rights and appurtenances thereto belonging or in any manner appertaining, to a Condominium Regime pursuant to the Condominium Act and establishes a Condominium Regime as therein provided containing one (1) building having a total of eighteen (18) units and common elements, and also a second building containing a single unit designated as Unit A-401, as more fully described in this Condominium Declaration and shown on the Condominium Plat entitled The Island at Hidden Harbour, intended to be recorded simultaneously herewith, which said Plat is incorporated by reference as if set forth herein for a better and more complete description of the condominium property, units, general and limited common elements, and other particulars of the Condominium Project.

The Developer also hereby submits the "Phase XI Property", together with any and all improvements thereon and all the rights and appurtenances thereto belonging or in any manner appertaining to a Condominium Regime pursuant to the Act and establishes a Condominium Regime as therein provided, said "Phase XI Property" being more particularly described on Exhibit "A-11" attached to this Condominium Declaration and incorporated by reference, the said area being the pool (Pool A) and any and all related buildings, improvements, appurtenances and facilities. The area hereby dedicated to the Condominium being more particularly shown on the Condominium Plat referred to previously which is incorporated herein by reference as if set forth herein for a better and more complete description of the condominium property, units, general and limited common elements, and other particulars of the Condominium Project.

3. Condominium Building and Units.

(a) Condominium Buildings. The condominium units are contained in a three (3) story building containing eighteen (18) units, consisting of twelve (12) two-bedroom living units, six (6) three-bedroom living units, being known as Building "A". In addition, a single condominium unit is contained in a 1-story building, the unit being designated as Unit A-401 on the plat hereinafter referred to and being intended for use during the sell out period as a model and real estate sales office by Developer and its real estate sales agent, and thereafter for any light institutional and/or commercial use accessory to the Condominium's principal uses as may be permitted by applicable zoning and land use laws and regulations. The location and configuration of the condominium buildings and the units therein is more fully shown and designated on the Condominium Plat filed or intended to be filed

simultaneously with this Condominium Declaration.

(b) Units. Each unit within the Condominium Regime is designated by a corresponding unit number as set forth on the Condominium Plat and consists of an enclosed three-dimensional space, the perimeters, dimensions and location of which are more fully shown and designated on said Plat filed or intended to be filed simultaneously with this Condominium Declaration. Each respective unit consists of the three dimensional space enclosed by the following boundaries: The top of each unit is the horizontal plane of the undersurface of the ceiling joists above the unit; the bottom of the unit is the horizontal plane of the top surface of the joists beneath the floor of the unit; the boundaries for the front, rear and sides of the unit are the vertical planes defined by the interior surface of the wall studs within the unit's boundary walls (as shown on the Condominium Plat) of the unit on each such side.

Notwithstanding the foregoing and superseding the same in the event of inconsistency, all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the finished surfaces of the walls, floors or ceilings of the unit are a part of that unit, but all other portions of the walls, floors and ceilings are excluded and are part of the common elements.

All spaces, interior partitions and other fixtures and improvements within the boundaries of the unit are a part of the unit and in addition any chute, flue, duct, wire, conduit or any other fixture, including but not limited to furnaces, air conditioning equipment, mechanical equipment, heat pumps, appliances, range hoods, plumbing fixtures, pipes and outlets, electrical receptacles, wiring and fixtures, cabinets and the like, lying partially within and partially outside the boundaries of the unit but serving only that unit, is also designated a part of that unit, but any portion thereof serving more than one unit or any portion of the common elements, is excluded and is a part of the common elements.

4. Common Elements.

(a) In General. All areas and facilities which are not part of a unit comprise the common elements of the condominium. The common elements shall be exclusively owned in common by all of the unit owners. The cost of maintaining, repairing and replacing the common elements shall be borne by the Council of Unit Owners as an item of common expense and said Council shall assess each unit owner for his pro rata share of such common expenses in accordance with the applicable provisions of the Condominium Act, paragraph 8

hereof and the By-Laws of the condominium. The common elements shall remain undivided and no unit owner shall bring any action for partition or division of the whole or any part thereof except as otherwise provided by the Condominium Act and in that event, all mortgagees must consent in writing. Except as their use and enjoyment is restricted by their classification as limited common elements hereinbelow, all the common elements in the condominium are subject to perpetual easements for the use in common thereof for support, ingress and egress, use and enjoyment by all of the unit owners.

(b) General Common Elements. The general common elements of the condominium include the entire property submitted to the Condominium Regime from time to time (including any of the Expansion Phases Property so submitted), except for the units therein and the limited common elements therein as set forth and described herein elsewhere. Without limiting the generality of the foregoing, the general common elements shall include: the foundation, structural elements, beams, supports and roof of the building and such parts of the walls, ceilings and floors thereof as are not a part of the units as described hereinbefore; the streets, curbs, sidewalks, entrance and access walks, boardwalks, walkways and corridors; stairs and stairways, ramps, driveways and parking areas; lawn areas, trees, shrubbery and garden areas; conduits, sewers, water mains, storm detention areas, storm drains, and trash facilities; exterior lighting facilities; mailbox clusters; pool and pool maintenance building and related facilities, tot lots, and any recreational or open space areas for use by the unit owners in common; facilities and installations for the provision to the condominium or the units of electrical power, telephone service, gas, cold water and other utilities; and all other facilities, installations and devices, regardless of location on the condominium property, which are rationally of common use and necessity, useful or convenient to the existence, maintenance, use or safety of more than one of the units, the building, the property or the Condominium Regime.

(c) Limited Common Elements. The limited common elements shall consist of the outside deck, balcony, and/or patio attached to and for the exclusive use of its adjacent unit, as graphically shown on the Condominium Plat. In addition, any shutters, awnings, window boxes, doorsteps, stairsteps, stoops, porches, balconies, patios, exterior doors and windows, the interior of any mailbox, exterior lighting fixtures, or other fixture or facility, whether or not located within or outside the unit's boundaries, shall be deemed a limited common element allocated exclusively to a particular unit, if such fixture or facility is designed to serve exclusively that unit.

(d) Dock Limited Common Elements. In addition to the foregoing, the limited common elements of the condominium shall include the several areas, within the lagoon along the east and south sides of the condominium property, for the docking, mooring and storage of boats, vessels and other watercraft, next to and including the docks or finger piers and tie-off or mooring piles adjacent to the bulkheading at the lagoon edge (hereinafter, the "Dock Limited Common Elements" or "D.L.C.E."), the Dock Limited Common Elements within the condominium being numbered on the Condominium Plat filed simultaneously herewith.

Because there are fewer Dock Limited Common Elements than units in the Condominium, as fully expanded, the D.L.C.E.'s are not allocated to specific units initially; Developer, as long as it owns an interest in the "Phase I Property", as above defined, or the Expansion Phases Property, as above defined, shall have the right to sell, assign and grant by deed the exclusive use and enjoyment of each separate D.L.C.E. to any one or more unit owners, but not to any person who is not a unit owner, in the condominium. After any such initial or subsequent assignment and grant, the D.L.C.E. shall be held and used appurtenant to the respective unit or units and its use restricted to the unit owner(s) thereof. Any unit owner, including Developer, or any group of unit owners to whom the use of any D.L.C.E. is exclusively restricted, may grant by deed the exclusive use, or the joint use in common with one or more of the grantors, of any D.L.C.E. to any one or more unit owners, but not to any person who is not a unit owner. Notwithstanding any other provision herein restricting the class of persons to whom any D.L.C.E. in the condominium may be granted, in the event of insufficient demand for D.L.C.E.'s in the condominium by the unit owners thereof, any one or more of the same may be transferred to the Council of Unit Owners, or Developer may maintain same in its name, notwithstanding the transfer of all of the units in the condominium, for eventual sale and transfer to unit owners therein or the Council of Unit Owners. Any such deed shall be recorded among the Land Records for Worcester County, Maryland and a copy of the deed shall be furnished to the Council of Unit Owners.

Each grantee of a Dock Limited Common Element shall be responsible (jointly with the adjacent D.L.C.E. owner(s), with whom he shares the finger pier, support piling thereof and tie-off or mooring piles reserved for their joint use) for the upkeep, maintenance, repair and replacement, including repair or replacement of any structural components, of his respective D.L.C.E. and such finger pier, support piling and tie-off or mooring piles. The joint use of the D.L.C.E. facilities is graphically shown and described on the Condominium Plat, which is incorporated herein by reference for a better description of the

joint use and maintenance of the D.L.C.E. appurtenances and facilities. In the event that any grantee or owner of any D.L.C.E. fails to maintain, repair and/or replace the same when failure to do so, in the judgment of the condominium's Board of Directors, presents a danger or nuisance to the residents and guests of the condominium or substantially detracts from the aesthetic integrity of the condominium, the Board may cause to be performed such repairs as it deems necessary, charge the reasonable amount thereof to the unit owner in neglect thereof, and enforce such liability by any appropriate means including but not limited to the filing of a lien therefor as if such charge were a delinquent condominium assessment or installment thereof.

The bulkheading and any supporting pilings or other structural fixtures thereof, and any deck or boardwalk bordering the lagoon along the east and south sides of the condominium property shall not be deemed a portion of the Dock Limited Common Elements, but is part of the general common elements of the condominium.

5. Percentage Interests.

Each unit owner shall own an undivided percentage interest in the common elements, common expenses and common profits equal to that set forth in the schedule attached hereto as Exhibit "B". The percentage interests may be changed only in accordance with applicable provisions of the Condominium Act (as to the consolidation or subdivision of units), by a valid amendment to this Condominium Declaration, or by the addition to the Condominium Regime of one or more parcels of the Expansion Phases property, in accordance with paragraph 11 hereof in regard to "Expanding Condominium."

6. Easements and Encroachments.

(a) In General. Each unit owner shall have an easement in common with the owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other general common elements located in any of the other units or in, upon or under any exclusive use easement as hereinafter provided and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other general common elements serving such other units and located in his unit or its appurtenant exclusive use easements.

If any common element, or any part thereof, now or at any time hereinafter encroaches upon any unit or any unit encroaches upon any common element, whether such encroachment is attributable to the construction, settlement or shifting of the buildings or any

other cause whatsoever beyond the control of the condominium or 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 condominium or the unit owner, its, his or their respective successors, heirs, personal representatives or 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. The conveyance or other disposition of a unit shall be deemed to include and convey, together with or subject to, any easement arising under the provisions of this paragraph without specific or particular reference to such easement.

The Council of Unit Owners or its authorized designee shall have an irrevocable right and an easement to enter units to make repairs when the repairs reasonably appear necessary for the public safety or to prevent damage to other portions of the condominium. Except in cases involving manifest danger to public safety or property, the Council of Unit Owners shall make a reasonable effort to give notice to the owner of any unit to be entered for the purpose of repair. If damage is inflicted on the common elements or any unit through which access is taken, the Council of Unit Owners is liable for the prompt repair. An entry by the Council of Unit Owners for the purposes specified in this subsection may not be considered a trespass.

In addition, the Council of Unit Owners shall have authority to grant specific easements, rights of ways, licenses or other similar interests affecting the common elements of the condominium if the grant is approved by the affirmative vote of at least sixty-seven percent (67%) of the unit owners. Any easement, right of way, license or similar interest granted by the Council of Unit Owners pursuant to the authority contained in this subparagraph shall state that the grant was approved by the First Mortgagees, as defined in and provided by paragraph 9 hereinbelow.

(b) Temporary and Perpetual Easements and Rights of Way for Phased Projects. Developer, for itself, its successors and assigns, hereby reserves, over the within-described Phase I and Phase XI Properties and each part of the Expansion Phases Property incorporated in the Condominium Regime, for the benefit of each of the Expansion Phases Property reserved by said Developer, whether or not any or all of said Expansion Phases Properties are ever in fact annexed to the Condominium Regime established by this Condominium Declaration or incorporated into such Condominium Regime, easements or rights-of-way as follows:

(i) In perpetuity, for the purpose of vehicular and pedestrian access, ingress, egress, and regress over, across, to and from 125th Street to the said Expansion Phases Properties lying in the interior of the project, and for the provision of necessary, useful, or appropriate electric utility, telephone, cable television, storm drainage and other usual and customary utility services thereto; and

(ii) Perpetual easements established by this subparagraph shall include any and all easements and rights of way which may be designated on the Condominium Plat, or any amended plat, now or hereafter submitted in connection with the dedication of any property to the Condominium Regime established hereby, including stormwater management maintenance, easement areas; any dump station required to be established by the Maryland Department of Natural Resources in connection with boats and watercraft making use of the unnamed manmade canal or lagoon adjacent to the Condominium; the 10-foot wide water main easement; the 20-foot wide maintenance easement; and the 12-foot wide easement for use of city fire and emergency apparatus; and

(iii) A temporary construction easement over, across, and through the "Phase I Property" and each subsequent part of the Expansion Phases Property annexed to the Condominium Regime and incorporated into the condominium, for the purpose of enabling Developer, its successors and assigns, to erect buildings on the Expansion Phases Properties or otherwise develop the same, together with access, ingress, egress, and regress to and from the same during such construction period, said temporary construction easement and right-of-way to terminate and be deemed extinguished at such time as (A) all of said Expansion Phases Property, whether or not annexed to the Condominium Regime established by this Condominium Declaration or incorporated into the Condominium Regime established hereby, are fully developed and all construction on the site completed; (B) the Developer (or any successor Developer developing the property as the case may be) has relinquished any and all interest in and to the Expansion Phases Property or any part thereof; and (C) access thereto is not necessary for Developer (or such successor Developer) to perform any required or agreed call-backs, warranty work or the like.

7. Use and Occupancy.

Each unit in the building shall be used only for residential purposes by the owner or owners thereof, his family, guests or invitees or the lessees of said unit owner. Notwithstanding the foregoing, the Council of Unit Owners of the condominium, through its Board of Directors, may approve or disapprove from time to time the use of a portion of a particular

unit for a personal office or other use incidental to a valid residential use. In addition, until such time as all units have been sold and settled for, the Developer may use one or more units for models and purposes of sale and may maintain a sales office in one or more of the units at its discretion for the same period of time.

All present and future owners, lessees and occupants of the condominium unit shall be subject to and shall in all respects comply with the provisions of the Condominium Act, this Condominium Declaration, the By-Laws of the condominium and any rules and regulations established pursuant to said By-Laws as they or any of them may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or any use of occupancy of any unit within the condominium shall constitute an agreement that the aforesaid provisions shall govern and are ratified and accepted by such owner, lessee or occupant and all such provisions shall be deemed to be covenants running with the land and shall bind any person at any time having any interest or estate in such unit, as though such provisions were recited and stipulated at length in each and every deed, conveyance, lease or license thereon.

8. Council of Unit Owners.

(a) In General. The affairs of the condominium shall be governed by a Council of Unit Owners (hereinafter referred to as the "Council"). The Council shall be responsible for the maintenance, repair and replacement of the common elements and for the administration of the condominium generally in accordance with the provisions of the Condominium Act, this Condominium Declaration, the By-Laws and any rules and regulations established pursuant to the By-Laws as any or all of them may be amended from time to time. The Council of Unit Owners shall be incorporated and in accordance with §11-109(d) of the Condominium Act shall be operated subject to the provisions of Title 5, Subtitle 2 of the Corporations and Associations Article of the Code which are not inconsistent with the Act. The unit owners shall elect a Board of Directors as provided by the By-Laws.

(b) Membership; Votes. Each unit owner shall automatically, upon becoming the owner of a unit or units in the condominium, be a member of the Council of Unit Owners and shall remain a member of said Council until such time as his ownership ceases for any reason at which time his membership in the Council shall cease. Each unit shall have one (1) vote at meetings of the Council of the Unit Owners and said one (1) vote is appurtenant to each unit.

(c) Assessments, Charges and Liens. Each unit owner shall be assessed in proportion to his percentage interest toward payment for the common expenses of the condominium and no unit owner shall be exempt from such assessment for common expenses, either by waiver of the use or enjoyment of the common elements or any of them or by abandonment of his unit. Notwithstanding the preceding, the Council may if it so chooses: (i) assess and collect for utility services to each respective unit owner on the basis of that unit owner's usage rather than on the basis of percentage interest; and (ii) assess and collect from the unit owner or owners who are given the exclusive right to use limited common elements, the expenses related to maintenance of such limited common elements.

The amount of the assessment against each unit owner for his pro rata share of the common expenses shall be determined by the Council, shall carry interest at the maximum rate allowed by law and the Condominium Act, shall include such late charges and reasonable attorney's fees as the Council may think reasonable, and may be assessed and filed as a condominium lien in the event of non-payment or late payment, all such matters to be in accordance with the applicable provisions of the Condominium Act, this Condominium Declaration and the By-Laws of the condominium as they or any of them are amended from time to time.

9. Mortgagee Participation in Condominium Affairs.

(a) "First Mortgagees" Defined. First Mortgagees, as used herein, shall mean the holders of a first mortgage, or the beneficiary of a first deed of trust where applicable, on a unit and appurtenant percentage interest in the condominium, and shall be limited, to the extent permitted by applicable regulations and guidelines of FHLMC, FNMA, VA and/or FHA, to those first mortgagees who have requested, in writing, that the Council of Unit Owners notify them of any proposed amendment or action requiring the consent of a specified percentage of First Mortgagees. The term First Mortgagees as used herein shall also include the insurer or guarantor of a mortgage/deed of trust on any unit within the Condominium Regime, provided that such insurer or guarantor sends a written request to the Council of Unit Owners stating its name and address and the unit number or address of the unit on which it has (or insures or guarantees) the mortgage/deed of trust, and request that the Council notify them of any proposed amendment or action requiring the consent of a specified percentage of First Mortgagees.

(b) Acts Requiring First Mortgagees' Written Approval. Unless at least fifty-one percent (51%) of the First Mortgagees (based upon one vote for each first mortgage owned) have given their prior written approval, the Council of Unit Owners shall not

be entitled to carry out or attempt to carry out, by act or omission, any of the following acts or things:

(i) abandon, partition, subdivide, encumber, sell or transfer the common property owned directly or indirectly, by such Council of Unit Owners, for the benefit of the units in the condominium provided, however, that the granting of easements for public utilities or for other purposes consistent with the intended use of such common property by the Council of Unit Owners shall not be deemed a transfer within the meaning of this clause;

(ii) change the method of determining the obligations, assessments, dues or other charges which may be levied against a unit owner;

(iii) change, waive, or abandon any scheme of regulation, or enforcement thereof, pertaining to the architectural design or the exterior appearance of buildings, the exterior maintenance of buildings, the maintenance of common property, or the upkeep of lawns and plantings in the condominium;

(iv) fail to maintain fire and extended coverage on insurable common property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

(v) use hazard insurance proceeds for losses to condominium common property for other than the repair, replacement or reconstruction of such common property, unless the condominium is validly terminated and such proceeds are properly distributed in the course of or following such termination;

(vi) change the voting rights;

(vii) change any requirements for insurance or fidelity bonds;

(viii) change the restrictions on leasing of property;

(ix) make any change from professional management to self management if professional management had been required; or

(x) make any material amendment to this Declaration or to the By-Laws.

(c) Manner of First Mortgagees' Approval. First Mortgagees shall be entitled to the same notice of proposed action as unit owners as provided in the By-Laws. Any First Mortgagee who shall fail to respond to any such proposed action or fail to attend

any meeting at which the matter is to be acted upon shall be deemed to have impliedly approved such action for purposes of this paragraph.

(d) Rights of First Mortgagees. First mortgagees shall have the right:

(i) to examine the books and records of the Council of Unit Owners or any entity which owns the common property of the Council of Unit Owners;

(ii) to inspect the books and records of the Council of Unit Owners during normal business hours;

(iii) to receive an annual audited financial statement of the Council of Unit Owners within ninety (90) days following the end of any fiscal year of the Council of Unit Owners;

(iv) to receive written notice of all meetings of the owners Council of Unit Owners and be permitted to designate a representative to attend all such meetings; and

(v) to receive written notice of any loss to or taking of the common areas of the condominium if such loss or taking exceeds Ten Thousand and 00/100 Dollars (\$10,000.00).

(e) Notice of Eminent Domain Proceedings. If any unit or portion thereof or the common areas or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then any First Mortgagee of a unit will be entitled to timely written notice of any such proceeding or proposed acquisition and no provision of any document establishing the Council of Unit Owners will entitle the owner of a unit or other party to priority over such First Mortgagee with respect to the distribution of the proceeds of any award or settlement.

(f) Priorities Between First Mortgagees and Unit Owners. No provision of the condominium documents shall be deemed to give any unit owner or any other party priority over any rights of First Mortgagees in the Condominium in the case of a distribution to owners of insurance proceeds or condemnation awards for losses to or taking of condominium common property.

10. Termination of Condominium Regime.

Except in the case of a taking, pursuant to the power of eminent domain, of all or any part of the condominium (in which case the applicable provisions of the Condominium Act shall

control), the condominium may be terminated only by the agreement of unit owners of units to which at least 80% of the votes in the Council of Unit Owners are allocated. Termination shall be in all respects in accordance with the applicable provisions of the Condominium Act as amended from time to time.

11. Expanding Condominium.

(a) Reservation of Right to Add Additional Phases. The Developer hereby reserves, pursuant to the provisions of §11-120 of the Condominium Act, the absolute right, but not the obligation, to expand the condominium at any time or from time to time within ten (10) years from the date of the recordation of this Condominium Declaration.

(b) Property which may be Added. During said period of time Developer may add subsequent sections or phases to the Condominium Regime by submitting thereto one or more parcels of the Expansion Phases Property, more fully described on Exhibits "A-2" through "A-10" inclusive and "A-12" attached hereto and incorporated by reference. Notwithstanding the description of each of the parcels in the Expansion Phases Property, Developer reserves the right to make changes in the boundaries of the parcels thereof, including the right to subdivide or consolidate said parcels, to the end and intent that Developer may have flexibility in the future development of the developable site to the maximum extent permitted by law and this Declaration.

(c) Maximum Number of Units to be Added; Effect on Percentage Interests. The maximum number of units which may be added to the Condominium Regime shall be one hundred eighty-two (182) additional units in the Expansion Phases Property considered as a whole, so that the number of units in the entire condominium, if developed in fully expanded form, shall not exceed two hundred and one (201) units as a whole. Following the addition of each section of the Expansion Phases Property to the Condominium Regime, if the Developer avails itself of its right and privilege, as set forth in this paragraph 11, to expand the condominium, each unit owner in the Condominium Regime, as expanded, shall own an undivided percentage interest in the common elements, common expenses and common profits equal to that set forth in the schedule attached hereto as Exhibit "B" and incorporated herein by reference, provided, however, that the denominator in the formula set forth in the aforesaid Exhibit "B" may increase from time to time if and when Developer avails itself of its right to expand the condominium by the addition of all or any part of the Expansion Phases Property to the Condominium Regime.

(d) Procedure for Submission of Additional Property to the Condominium. Developer may add one or more parcels of the Expansion Phases Property to the Condominium Regime by recording an amendment to this Condominium Declaration, showing the new percentage interest of the unit owners and the votes which each unit owner may cast in the condominium as expanded and recording any amendment to the Condominium Plat that may be necessary to show the detail and information in regard to the new phase to be submitted to the Condominium Regime as is required by law to be included in the original Condominium Plat for the condominium. Such amendment or amendments need not be signed by any unit owner then having an interest in the Phase I and Phase XI Properties or any property contained in any subsequent phase or phases incorporated into the Condominium Regime prior to the amendment in question, but need only be executed by the Developer, provided, however, that any necessary amendment to the Condominium Plat shall remain subject to the requirements set forth in §11-105(d) of the Condominium Act that an engineer's or surveyor's certificate be attached to or included in such amended plat.

(e) Acquiescence of those with an Interest in Initial or Earlier Phases of the Condominium. Each and every unit owner and mortgagee of a mortgage or beneficiary or trustee of a deed of trust upon any unit within the condominium as constituted prior to the adoption of any amendment adding any additional property or phases to the Condominium Regime shall be deemed to have acquiesced in such amendments of this Declaration, By-Laws and the Condominium Plat as may be required for the purpose of adding additional property (and the buildings, the units and the common elements therein) to the Condominium Regime, and shall be deemed to have given Developer, its successors and assigns, an irrevocable power of attorney, coupled with an interest, to effectuate such amendments and to have agreed and covenanted to execute such further documents, if any, as may be required by Developer to properly accomplish such amendment or amendments and to carry out the expansion of the condominium and the submission of one or more of the Expansion Phases Property thereto.

12. Amendment of Declaration.

Except as provided in the Condominium Act, and as specifically provided in paragraph 11 ("Expanding Condominium") of this Condominium Declaration, this Declaration may be amended only in the following manner:

(a) By Developer. For so long as the Developer shall own all the units, the Developer shall have the sole right to amend the Declaration, including any amendments altering the percentage of ownership in common elements, which amendment need only be signed

and acknowledged by the Developer and recorded among the Land Records of the county. Such amendment shall specifically refer to this Condominium Declaration and its recording reference among the county's Land Records.

(b) By Unit Owners. This Condominium Declaration may be amended by the written consent of the unit owners comprising eighty percent (80%) of the total number of unit owners listed on the current roster of the condominium, provided, however, that notwithstanding the consent of eighty percent (80%) of the unit owners listed on the roster:

(i) No amendment to the Declaration shall change the boundaries of any unit, the undivided percentage interests in the common elements appurtenant to any unit, the liability for common expenses or the right to common profits of any unit, or the number of votes in the Council of Unit Owners of any unit without the written consent of every unit owner and mortgagee;

(ii) No amendment to the Declaration may modify in any way rights expressly reserved for the benefit of the Developer or provisions required by any governmental authority or for the benefit of any public utility;

(iii) No amendment to the Declaration may change residential units to nonresidential units without the written consent of every unit owner and mortgagee; and

(iv) No amendment to the Declaration may redesignate general common elements as limited common elements without the written consent of every unit owner and mortgagee.

(c) Procedure for Amendment by Unit Owners.

(i) Proposal. An amendment may be proposed by a resolution by the Board of Directors or by resolution of unit owners holding a majority of the votes entitled to be cast in the Council of Unit Owners as the Council is then constituted, either acting as the Council of Unit Owners or by instrument in writing signed by such majority.

(ii) Meeting for Discussion. Upon proposal of any amendment to the Condominium Declaration in the manner hereinabove specified, the matter shall be placed on the agenda of the next meeting of the Council of Unit Owners for discussion thereof and action thereon and each unit owner shall have advance written notice of the meeting together with the exact text of the proposed amendment or amendments.

(iii) Adoption. After full discussion of the proposed amendment, the Council of Unit Owners shall adopt the amendment if it is consented to, in writing, by unit owners comprising eighty percent (80%) of the unit owners listed on the current roster of the condominium.

(iv) Informal Action Not Prohibited. In lieu of the foregoing procedure the interested parties may approve an amendment informally provided that all unit owners are forwarded advance written notice of the exact text of the proposed amendment and that eighty percent (80%) of the unit owners listed on the current roster of the condominium consent, in writing, to such amendment.

(v) Recordation. Upon the adoption as hereinabove provided of any amendment, it shall be certified by the President and Secretary of the Council of Unit Owners as having been duly adopted. The amendment so certified, and executed with the same formalities as this Declaration, shall be recorded in the Land Records for the county. Such amendment shall specifically refer to this Condominium Declaration and the recording reference thereof among said Land Records.

13. Non-Waiver.

No provision contained in this Condominium Declaration, the By-Laws or any rules and regulations enacted pursuant to said By-Laws shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of breaches or violations which may, in fact, occur.

14. Conflict Between Act, Declaration, Plat or By-Laws.

This Condominium Declaration is adopted pursuant to and with the intention of compliance with the requirements of the Condominium Act. In the event of any conflict or inconsistency between said Condominium Act and the provisions of this Condominium Declaration, the Condominium Plat, the By-Laws of the condominium or any rules which may be adopted by the condominium pursuant to §11-111 of the Condominium Act, the provisions of each shall control in the order of priority listed hereinabove commencing with the "Condominium Act".

15. Severability.

The invalidity or unenforceability of any provisions of this Condominium Declaration shall not be deemed to impair or affect in any manner the validity, enforceability or affect of the remaining provisions of this Condominium Declaration and in such event all of the other provisions of the Condominium Declaration

shall continue in full force and effect as if such invalid or unenforceable provision had never been included herein.

16. Rules of Construction.

The captions contained in this Condominium Declaration are included for ease of reference only, but are not a part hereof and are not intended to limit or enlarge its terms and provisions. Whenever in this Condominium Declaration the context so requires or permits, the singular shall include the plural and vice versa, the use of any gender shall include all genders. Definitions shall be as provided herein and as set forth in the Condominium Act; "mortgagee" as used herein shall also refer to any trustee or beneficiary of any Deed of Trust applicable to any unit or other part of the condominium. The reference to any person herein shall include any natural person, partnership, corporation or other legal entity, his or its successors, heirs, personal representatives and assigns of the survivor, as the case may be.

WITNESS the hand and seal of the aforesaid Developer, the day and year first above written.

ATTEST:

HIDDEN HARBOUR VI, INC.

Mary Lm Parsons

By: *Thomas P. Monahan VP* (SEAL)
Thomas P. Monahan,
Vice President

STATE OF MARYLAND, COUNTY OF WICOMICO:

I HEREBY CERTIFY that on this 7th day of June, 1993, before me, the subscriber, a Notary Public of the State of Maryland, in and for Wicomico County aforesaid, personally appeared Thomas P. Monahan, who acknowledged himself to be Vice President of Hidden Harbour VI, Inc., who, being authorized to do so, executed the foregoing instrument by signing, in my presence, the name of the said Hidden Harbour VI, Inc.

AS WITNESS my hand and seal the day and year first above written.

My Commission Expires:
9-1-96

Shelley Evans Jones
Notary Public

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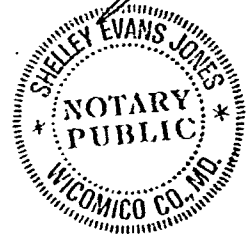


EXHIBIT "A-1"

To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)

Property Description for
the "Phase I Property"

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

Beginning for the outlines of same at a point on the westerly side of 125th Street at the point where the cul-de-sac marking the westerly terminus of 125th Street starts, said point of beginning being 922.72 feet along a bearing of North 83°11'42" West from the intersection of the westerly right-of-way line of Jamaica Avenue and the northerly right-of-way line of 125th Street; thence from said point of beginning:

(1) By and with the cul-de-sac at the westerly terminus of 125th Street in an arc having a radius of 45.00 feet and a chord of 81.41 feet along a bearing of South 32°02'33" West, an arc or distance of 101.73 feet to a point; thence

(2) South 85°44'04" West, 104.51 feet to a point; thence

(3) South 06°48'18" West, 48.11 feet to a point; thence

- Continued -

Exhibit "A-1"

Property Description for the "Phase I Property"

The Island at Hidden Harbour

Page 2

(4) South 41°21'41" West, 15.05 feet to a point; thence

(5) By and with a timber bulkhead and an existing unnamed manmade canal or lagoon to the east of the property South 08°37'04" West, 255.77 feet to a point to the "Phase II Property" set forth in Exhibit "A-2"; thence

(6) North 83°11'42" West, 93.34 feet to a point; thence

(7) South 06°48'18" West, 137.24 feet to a point; thence

(8) North 83°11'42" West, 179.46 feet to a point; thence

(9) North 06°48'18" East, 20.0 feet to a point; thence

(10) South 83°11'42" East, 9.0 feet to a point; thence

(11) North 06°48'18" East, 49.00 feet to a point; thence

(12) South 83°11'42" East, 99.46 feet to a point; thence

(13) North 06°48'18" East, 132.22 feet to a point; thence

(14) North 19°19'00" West, 93.35 feet to a point; thence

(15) North 70°40'59" East, 26.52 feet to a point; thence

(16) By and with the arc of a curve with a radius of 59.0 feet and a chord of 8.84 feet along a bearing of North 74°58'47" East, an arc or distance of 8.85 feet to a point; thence

(17) North 19°19'00" West, 134.79 feet to a point at the high water line of Assawoman Bay; thence

(18) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 6°45'43" East, 118.59 feet to a point; thence

- Continued -
Exhibit "A-1"
Property Description for the "Phase I Property"
The Island at Hidden Harbour
Page 3

(19) Continuing by and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 78°25'50" East, 23.76 feet to a point; thence

(20) South 83°11'42" East, 66.68 feet to a point; thence

(21) Continuing by and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: South 14°32'40" East, 14.58 feet to a point; thence

(22) Continuing by and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 85°05'27" East, 66.88 feet to a point; thence

(23) South 83°11'42" East, 63.44 feet to a point; thence

(24) Continuing by and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: South 9°11'15" East, 53.83 feet to a point; thence

(25) Continuing by and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: South 89°19'16" East, 31.57 feet to a point; thence

(26) Continuing by and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 16°35'51" West, 52.72 feet to a point; thence

(27) South 83°11'42" East, 138.02 feet to a point and the place of the beginning.

- Continued -

Exhibit "A-1"

Property Description for the "Phase I Property"

The Island at Hidden Harbour

Page 4

The within-described property being shown as the "Phase I Property" consisting of 109,456.96 square feet, or 2.512 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993 _____, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a part only of the lands conveyed unto Hidden Harbour VI, Inc., a Maryland corporation, by deed from Larmar Corporation dated June 7, 1993 _____ and recorded among the Land Records of Worcester County, Maryland at Liber R.H.O. No. _____, Folio _____.

EXHIBIT "A-2"

**To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)**

**Property Description for
the "Phase II Property"**

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

Beginning for the outlines of same at a point on the southerly boundary line of the "Phase I Property" of "The Island at Hidden Harbour" (A Condominium) as set forth in Exhibit "A-1" to the Condominium Declaration for that condominium, said point of beginning being the point at the end of the 5th course of the "Phase I Property" description aforesaid; thence

(1) By and with a timber bulkhead and the existing unnamed manmade canal or lagoon South 08°37'04" West, 200.34 feet to a point and the northerly property line of the "Phase III Property" within the condominium; thence

(2) North 83°11'42" West, 275.46 feet to a point; thence

(3) North 06°48'18" East, 20.00 feet to a point; thence

(4) South 83°11'42" East, 9.00 feet to a point; thence

- Continued -

Exhibit "A-2"

Property Description for the "Phase II Property"

The Island at Hidden Harbour

Page 2

(5) North 06°48'18" East, 43.00 feet to a point; thence
(6) South 83°11'42" East, 179.46 feet to a point; thence
(7) North 06°48'18" East, 137.24 feet to a point; thence
(8) South 83°11'42" East, 93.34 feet to a point and the place
of the beginning.

The within-described property being shown as the "Phase II Property" consisting of 29,541.39 square feet, or 0.678 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a part only of the lands conveyed unto Hidden Harbour VI, Inc., a Maryland corporation, by deed from Larmar Corporation dated June 7, 1993 and recorded among the Land Records of Worcester County, Maryland at Liber _____ No. _____, Folio _____.

EXHIBIT "A-3"

**To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)**

**Property Description for
the "Phase III Property"**

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

Beginning for the outlines of same at a point on the southerly boundary line of the "Phase II Property" of "The Island at Hidden Harbour" (A Condominium) as set forth in Exhibit "A-2" to the Condominium Declaration for The Island at Hidden Harbour, said point of beginning being along the timber bulkhead and an existing unnamed manmade canal or lagoon and at the end of the 1st course of the "Phase II Property" description aforesaid; thence

- (1) South 08°37'04" West, 55.63 feet to a point; thence
- (2) South 05°14'43" West, 177.04 feet to a point; thence
- (3) North 83°11'42" West, 90.06 feet to a point; thence
- (4) South 06°48'18" West, 10.93 feet to a point; thence
- (5) North 83°11'42" West, 71.00 feet to a point; thence
- (6) North 06°48'18" East, 111.51 feet to a point; thence

- Continued -
Exhibit "A-3"
Property Description for the "Phase III Property"
The Island at Hidden Harbour
Page 2

(7) North 83°11'42" West, 135.46 feet to a point; thence
(8) North 06°48'18" East, 26.00 feet to a point; thence
(9) South 83°11'42" East, 9.00 feet to a point; thence
(10) North 06°48'18" East, 63.00 feet to a point; thence
(11) South 83°11'42" East, 9.00 feet to a point; thence
(12) North 06°48'18" East, 43.00 feet to a point; thence
(13) South 83°11'42" East, 275.46 feet to a point and the
place of the beginning.

The within-described property being shown as the "Phase III Property" consisting of 54,129.56 square feet, or 1.242 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a part only of the lands conveyed unto Hidden Harbour VI, Inc., a Maryland corporation, by deed from Larmar Corporation dated June 7, 1993 and recorded among the Land Records of Worcester County, Maryland at Liber No. , Folio .

LIBER 1939 FOLIO 284

EXHIBIT "A-4"

**To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)**

**Property Description for
the "Phase IV Property"**

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

Beginning for the outlines of same at a point on the southerly boundary line of the "Phase III Property" of "The Island at Hidden Harbour" (A Condominium) as set forth in Exhibit "A-3" to the Condominium Declaration for "The Island at Hidden Harbour", said point of beginning being along the timber bulkhead and an existing unnamed manmade canal or lagoon to the east of the property and at the end of the 2nd course of the "Phase III Property" description aforesaid; thence

- (1) South 05°14'43" West, 123.12 feet to a point; thence
- (2) South 00°04'42" East, 122.25 feet to a point; thence
- (3) South 28°17'26" West, 10.44 feet to a point on the high water line on Assawoman Bay; thence

- Continued -
Exhibit "A-4"
Property Description for the "Phase IV Property"
The Island at Hidden Harbour
Page 2

(4) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 88°08'38" West, 89.19 feet to a point; thence

(5) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 73°10'39" West, 37.12 feet to a point; thence

(6) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 60°13'17" West, 35.10 feet to a point; thence

(7) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 88°50'32" West, 27.22 feet to a point; thence

(8) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: South 74°47'23" West, 19.02 feet to a point; thence

(9) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: South 85°44'52" West, 18.71 feet to the lands of the "Phase V Property" within the condominium; thence

(10) North 35°15'00" East, 116.66 feet to a point; thence

- Continued -

Exhibit "A-4"

Property Description for the "Phase IV Property"

The Island at Hidden Harbour

Page 3

(11) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 06°48'18" East, 23.43 feet to a point; thence

(12) North 83°11'42" West, 10.00 feet to a point; thence

(13) North 06°48'18" East, 118.16 feet to a point; thence

(14) South 83°11'42" East, 71.00 feet to a point; thence

(15) North 06°48'18" East, 10.93 feet to a point; thence

(16) South 83°11'42" East, 90.06 feet to a point and the place of the beginning.

The within-described property being shown as the "Phase IV Property" consisting of 43,261.97 square feet, or 0.993 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a part only of the lands conveyed unto Hidden Harbour VI, Inc., a Maryland corporation, by deed from Larmar Corporation dated June 7, 1993 and recorded among the Land Records of Worcester County, Maryland at Liber _____ No. _____, Folio _____.

EXHIBIT "A-5"

To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)

Property Description for
the "Phase V Property"

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon, said place of beginning being the point at the end of the 13th course of the "Phase IV Property" description aforesaid and along the dividing line between the "Phase IV Property" and "Phase V Property" within the condominium; thence

(1) South 06°48'18" West, 64.39 feet to a point; thence
(2) South 83°11'42" East, 10.00 feet to a point; thence
(3) South 06°48'18" West, 23.43 feet to a point; thence
(4) South 35°15'00" West, 116.66 feet to a point on the high water line on Assawoman Bay; thence

(5) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: South 85°44'52" West, 17.00 feet to a point; thence

(6) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows:

- Continued -
Exhibit "A-5"
Property Description for the "Phase V Property"
The Island at Hidden Harbour
Page 2

North 79°48'04" West, 73.07 feet to a point; thence

(7) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 18°46'29" East, 38.59 feet to a point; thence

(8) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 58°52'38" West, 25.86 feet to a point; thence

(9) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: South 72°24'47" West, 19.18 feet to a point; thence

(10) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: South 25°13'51" West, 21.68 feet to a point; thence

(11) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: South 86°12'11" West, 54.45 feet to a point; thence

(12) By and with the meanderings of the high water line of Assawoman Bay a course and distance approximately as follows: North 37°19'00" West, 66.40 feet to the "Phase VI Property" within the condominium; thence

(13) North 35°15'00" East, 179.76 feet to a point; thence

- Continued -
Exhibit "A-5"
Property Description for the "Phase V Property"
The Island at Hidden Harbour
Page 3

(14) By and with the arc of a curve with a radius of 52.00 feet and a chord of 22.43 feet along a bearing of North 42°17'51" West, an arc or distance of 22.60 feet to a point; thence

(15) North 29°50'42" West, 36.82 feet to a point; thence

(16) North 60°09'18" East, 67.00 feet to a point; thence

(17) South 29°50'42" East, 33.51 feet to a point; thence

(18) South 54°45'00" East, 175.57 feet to a point and the place of the beginning.

The within-described property being shown as the "Phase V Property" consisting of 53,458.31 square feet, or 1.227 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a part only of the lands conveyed unto Hidden Harbour VI, Inc., a Maryland corporation, by deed from Larmar Corporation dated June 7, 1993 and recorded among the Land Records of Worcester County, Maryland at Liber _____ No. _____, Folio _____.

LIBER 1939 FOLIO 290

EXHIBIT "A-6"

**To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)**

**Property Description for
the "Phase VI Property"**

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

Beginning for the outlines of same at a point on the northwesterly boundary line of the "Phase V Property" of "The Island at Hidden Harbour" (A Condominium) as set forth in Exhibit "A-5" to the Condominium Declaration for "The Island at Hidden Harbour", said point of beginning being the point at the end of the 16th course of the "Phase V Property" description; thence

(1) South 60°09'18" West, 67.00 feet to a point; thence

(2) South 29°50'42" East, 36.83 feet to a point; thence

(3) By and with the arc of a curve with a radius of 52.00 feet and a chord of 22.43 feet along a bearing of South 42°17'51" East, an arc or distance of 22.60 feet to a point; thence

(4) South 35°15'00" West, 179.76 feet to a point at the highwater line of Assawoman Bay; thence

- Continued -
Exhibit "A-6"
Property Description for the "Phase VI Property"
The Island at Hidden Harbour
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(5) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 37°19'00" West, 32.98 feet to a point; thence

(6) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 63°42'38" West, 51.35 feet to a point; thence

(7) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 35°15'00" West, 80.28 feet to a point; thence

(8) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 32°59'37" West, 102.25 feet to a point; thence

(9) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 36°25'49" West, 35.36 feet to a point; thence

(10) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 54°16'47" West, 24.09 feet to a point; thence

(11) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 77°41'07" East, 65.72 feet to a point; thence

- Continued -
Exhibit "A-6"
Property Description for the "Phase VI Property"
The Island at Hidden Harbour
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(12) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 77°16'29" East, 84.46 feet to a point; thence

(13) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 15°33'15" West, 39.56 feet to a point; thence

(14) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 78°14'15" West, 41.36 feet to a point; thence

(15) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 06°07'24" East, 26.45 feet to a point; thence

(16) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 09°39'03" West, 2.37 feet to a point; thence

(17) North 84°50'16" East, 117.88 feet to a point; thence

(18) Along a curve with a radius of 97.00 feet and a chord of 46.88 feet along a bearing of North 08°49'17" East, an arc or distance of 47.35 feet to a point; thence

(19) South 67°11'42" East, 47.32 feet to a point; thence

(20) Along a curve with a radius of 10.00 feet and a chord of North 15°35'21" East, 2.51 feet, an arc or distance of 2.52 feet to a point; thence

- Continued -
Exhibit "A-6"
Property Description for the "Phase VI Property"
The Island at Hidden Harbour
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(21) North 22°48'18" East, 7.54 feet to a point; thence
(22) South 83°11'42" East, 130.48 feet to a point; thence
(23) South 06°48'18" West, 43.00 feet to a point; thence
(24) North 83°11'42" West, 9.00 feet to a point; thence
(25) South 06°48'18" West, 26.00 feet to a point; thence
(26) North 83°11'42" West, 79.66 feet to a point; thence
(27) South 29°50'42" East, 68.26 feet to a point and the place
of the beginning.

The within-described property being shown as the "Phase VI Property" consisting of 69,037.82 square feet, or 1.584 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a part only of the lands conveyed unto Hidden Harbour VI, Inc., a Maryland corporation, by deed from Larimar Corporation dated June 7, 1993 and recorded among the Land Records of Worcester County, Maryland at Liber _____ No. _____, Folio _____.

LIBER 1939 FOLIO 294

EXHIBIT "A-7"

**To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)**

**Property Description for
the "Phase VII Property"**

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

Beginning for the outlines of same at a point on the northerly boundary line of the "Phase VI Property" of "The Island at Hidden Harbour" (A Condominium) as set forth in Exhibit "A-6" to the Condominium Declaration for that condominium, said point of beginning being the point at the end of the 22nd course of the "Phase VI Property" description aforesaid; thence

- (1) North 83°11'42" West, 130.48 feet to a point; thence
- (2) South 22°48'18" West, 7.54 feet to a point; thence
- (3) Along a curve having a radius of 10.00 feet and a chord of South 15°35'21" West, 2.51 feet, an arc or distance of 2.51 feet to a point; thence
- (4) North 67°11'42" West, 47.32 feet to a point; thence

- Continued -
Exhibit "A-7"
Property Description for the "Phase VII Property"
The Island at Hidden Harbour
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(5) Along a curve having a radius of 97.00 feet and a chord of South 08°49'17" West, 46.88 feet, an arc or distance of 47.35 feet to a point; thence

(6) South 84°50'16" West, 117.88 feet to a point and the highwater line of Assawoman Bay; thence

(7) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 09°39'03" West, 71.23 feet to a point; thence

(8) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 30°48'29" West, 84.24 feet to a point; thence

(9) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: South 88°58'34" East, 76.45 feet to a point; thence

(10) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 57°01'03" East, 65.08 feet to a point; thence

(11) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 54°12'29" East, 36.01 feet to a point; thence

- Continued -
Exhibit "A-7"
Property Description for the "Phase VII Property"
The Island at Hidden Harbour
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(12) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 56°59'54" West, 28.20 feet to a point; thence

(13) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 16°14'32" West, 13.82 feet to a point; thence

(14) South 67°11'42" East, 155.94 feet to a point; thence

(15) North 22°48'18" East, 3.14 feet to a point; thence

(16) South 83°11'42" East, 112.35 feet to a point; thence

(17) South 06°48'18" West, 43.00 feet to a point; thence

(18) North 83°11'42" West, 9.00 feet to a point; thence

(19) South 06°48'18" West, 63.00 feet to a point; thence

(20) North 83°11'42" West, 9.00 feet to a point; thence

(21) South 06°48'18" West, 20.00 feet to a point and the place of the beginning.

The within-described property being shown as the "Phase VII Property" consisting of 49,472.14 square feet, or 1.135 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a

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- Continued -
Exhibit "A-7"
Property Description for the "Phase VII Property"
The Island at Hidden Harbour
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part only of the lands conveyed unto Hidden Harbour VI, Inc., a
Maryland corporation, by deed from Larmer Corporation dated
June 7, 1993 and recorded among the Land Records of
Worcester County, Maryland at Liber _____ No. _____, Folio
_____.

LIBER 1939 FOLIO 298

EXHIBIT "A-8"

**To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)**

**Property Description for
the "Phase VIII Property"**

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

Beginning for the outlines of same at a point on the westerly boundary line of the "Phase I Property" of "The Island at Hidden Harbour" (A Condominium) as set forth in Exhibit "A-1" to the Condominium Declaration for that condominium, said point of beginning being the point at the end of the 11th course of the "Phase I Property" description aforesaid; thence from said point of beginning:

- (1) South 06°48'18" West, 49.00 feet to a point; thence
- (2) North 83°11'42" West, 9.00 feet to a point; thence
- (3) South 06°48'18" West, 20.00 feet to a point; thence
- (4) North 83°11'42" West, 112.35 feet to a point; thence
- (5) South 22°48'18" West, 3.14 feet to a point; thence

- Continued -

Exhibit "A-8"

Property Description for the "Phase VIII Property"

The Island at Hidden Harbour

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(6) North $67^{\circ}11'42''$ West, 155.94 feet to a point at the highwater line of Assawoman Bay; thence

(7) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North $16^{\circ}14'32''$ West, 20.97 feet to a point; thence

(8) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North $00^{\circ}12'44''$ East, 33.61 feet to a point; thence

(9) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North $59^{\circ}03'03''$ East, 25.95 feet to a point; thence

(10) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North $53^{\circ}03'53''$ East, 45.23 feet to a point; thence

(11) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North $21^{\circ}29'19''$ West, 28.08 feet to a point; thence

(12) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North $14^{\circ}04'09''$ West, 31.74 feet to a point; thence

- Continued -
Exhibit "A-8"
Property Description for the "Phase VIII Property"
The Island at Hidden Harbour
Page 3

(13) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North $03^{\circ}09'08''$ East, 31.54 feet to a point; thence

(14) Due East 59.85 feet to a point; thence

(15) Along a curve having a radius of 3.00 feet and a chord of South $45^{\circ}00'00''$ East, 4.24 feet, an arc or distance of 4.71 feet to a point; thence

(16) Due South 2.00 feet to a point; thence

(17) Due East 22.62 feet to a point; thence

(18) Along a curve having a radius of 15.00 feet and a chord of 15.59 feet along a bearing of South $58^{\circ}41'35''$ East, an arc or distance of 16.39 feet to a point; thence

(19) South $27^{\circ}23'10''$ East, 4.48 feet to a point; thence

(20) North $62^{\circ}36'50''$ East, 23.00 feet to a point; thence

(21) Along a curve having a radius of 50.00 feet and a chord of 12.95 feet along a bearing of South $34^{\circ}49'40''$ East, an arc or distance of 12.99 feet to a point; thence

(22) South $42^{\circ}16'10''$ East, 82.79 feet to a point; thence

(23) Along a curve with a radius of 50.00 feet and a chord of 5.94 feet along a bearing North $57^{\circ}12'16''$ East, an arc or distance of 5.94 feet to a point; thence

- Continued -

Exhibit "A-8"

Property Description for the "Phase VIII Property"

The Island at Hidden Harbour

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(24) South 29°23'25" East, 20.00 feet to a point; thence

(25) Along a curve with a radius of 30.00 feet and a chord of 19.44 feet along a bearing of South 41°42'27" West, an arc or distance of 19.79 feet to a point; thence

(26) South 22°48'18" West, 75.28 feet to a point; thence

(27) South 83°11'42" East, 80.76 feet to a point and the place of the beginning.

The within-described property being shown as the "Phase VIII Property" consisting of 44,453.56 square feet, or 1.020 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a part only of the lands conveyed unto Hidden Harbour VI, Inc., a Maryland corporation, by deed from Larmer Corporation dated June 7, 1993 and recorded among the Land Records of Worcester County, Maryland at Liber _____ No. _____, Folio _____.

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EXHIBIT "A-9"

**To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)**

**Property Description for
the "Phase IX Property"**

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

Beginning for the outlines of same at a point on the west side of the "Phase I Property" within the condominium, said point of beginning being a point in the 14th call of said "Phase I Property" description being 26.34 feet distant from the point at the end of the 13th call of said property description along the bearing in the 14th call of North 19°19'00" West, the said point of beginning also being the southeast corner of the "Phase IX Property" herein described and the northernmost point of the "Phase XI Property" description for Pool A within the condominium; thence from said point of beginning:

(1) South 70°41'00" West, 147.29 feet to a point; thence

- Continued -
Exhibit "A-9"
Property Description for the "Phase IX Property"
The Island at Hidden Harbour
Page 2

(2) By and with a curve having a radius of 30.00 feet and a chord of 5.27 feet along a bearing of South 65°38'48" West, an arc or distance of 5.27 feet to a point; thence

(3) North 29°23'25" West, 20.00 feet to a point; thence

(4) Along a curve having a radius of 50.00 feet and a chord of 5.94 feet along a bearing of South 57°12'16" West, an arc or distance of 5.94 feet to a point; thence

(5) North 42°16'10" West, 82.79 feet to a point; thence

(6) Along a curve having a radius of 50.00 feet and a chord of 12.95 feet along a bearing of North 34°49'40" West, an arc or distance of 12.99 feet to a point; thence

(7) North 27°23'10" West, 21.32 feet to a point; thence

(8) Along a curve having a radius of 15.00 feet and a chord of 22.83 feet along a bearing of North 22°10'25" East, an arc or distance of 25.95 feet to a point; thence

(9) North 18°16'00" West, 2.00 feet to a point; thence

(10) Along a curve having a radius of 3.00 feet and a chord of 4.24 feet along a bearing of North 26°44'00" East, an arc or distance of 4.71 feet; thence

(11) North 71°44'00" East, 44.50 feet to a point; thence

(12) North 18°16'00" West, 134.03 feet to a point at the high water line of Assawoman Bay; thence

- Continued -
Exhibit "A-9"
Property Description for the "Phase IX Property"
The Island at Hidden Harbour
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(13) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North $82^{\circ}35'38''$ East, 20.55 feet to a point; thence

(14) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: South $65^{\circ}51'45''$ East, 76.16 feet to a point; thence

(15) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: South $42^{\circ}28'02''$ East, 36.23 feet to a point; thence

(16) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North $79^{\circ}05'41''$ East, 72.67 feet to a point; thence

(17) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North $06^{\circ}45'43''$ East, 20.91 feet to a point; thence

(18) South $19^{\circ}19'00''$ East, 134.79 feet to a point; thence

(19) Along a curve having a radius of 59.00 feet and a chord of 8.84 feet along a bearing of South $74^{\circ}58'47''$ West, an arc or distance of 8.85 feet to a point; thence

(20) South $70^{\circ}40'59''$ West, 26.52 feet to a point; thence

(21) South $19^{\circ}19'00''$ East, 67.00 feet to a point and the place of the beginning.

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- Continued -

Exhibit "A-9"

Property Description for the "Phase IX Property"

The Island at Hidden Harbour

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The within-described property being shown as the "Phase IX Property" consisting of 42,617.47 square feet, or 0.978 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a part only of the lands conveyed unto Hidden Harbour VI, Inc., a Maryland corporation, by deed from Larmer Corporation dated June 7, 1993 and recorded among the Land Records of Worcester County, Maryland at Liber _____ No. _____, Folio _____.

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EXHIBIT "A-10"

**To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)**

**Property Description for
the "Phase X Property"**

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

Beginning for the outlines of the same at a point on the north side of the "Phase VIII Property" within the condominium as set forth in detail on Exhibit "A-8" to this Condominium Declaration, said point of beginning being the point at the end of the 20th course of the "Phase VIII Property" description aforesaid; thence from said point of beginning:

- (1) South 62°36'50" West, 23.00 feet to a point; thence
- (2) North 27°23'10" West, 4.48 feet to a point; thence
- (3) Along a curve having a radius of 15.00 feet and a chord of 15.59 feet along a bearing of North 58°41'35" West, an arc or distance of 16.39 feet to a point; thence
- (4) Due West 22.62 feet; thence
- (5) Due North 2.00 feet; thence

- Continued -
Exhibit "A-10"
Property Description for the "Phase X Property"
The Island at Hidden Harbour
Page 2

(6) Along a curve having a radius of 3.00 feet and a chord of 4.24 feet along a bearing of North 45°00'00" West, an arc or distance of 4.71 feet, more or less; thence

(7) Due West 59.85 feet to a point at the highwater line of Assawoman Bay; thence

(8) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 03°09'08" East, 62.30 feet to a point; thence

(9) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 01°13'58" West, 56.19 feet to a point; thence

(10) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 27°54'35" West, 72.14 feet to a point; thence

(11) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 61°09'18" East, 36.99 feet to a point; thence

(12) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: South 89°53'29" East, 25.08 feet to a point; thence

- Continued -
Exhibit "A-10"
Property Description for the "Phase X Property"
The Island at Hidden Harbour
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(13) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 80°02'38" East, 93.50 feet to a point; thence

(14) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 79°00'54" East, 41.53 feet to a point; thence

(15) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 71°09'09" East, 115.58 feet to a point; thence

(16) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: South 26°44'13" East, 33.28 feet to a point; thence

(17) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: South 59°54'29" West, 111.30 feet to a point; thence

(18) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North 70°32'17" West, 53.56 feet to a point; thence

(19) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: South 72°35'30" West, 64.26 feet to a point; thence

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- Continued -
Exhibit "A-10"
Property Description for the "Phase X Property"
The Island at Hidden Harbour
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(20) By and with the meanderings of the highwater line of Assawoman Bay a course and distance approximately as follows: North $82^{\circ}35'38''$ East, 46.96 feet to a point; thence

(21) South $18^{\circ}16'00''$ East, 134.03 feet to a point; thence

(22) South $71^{\circ}44'00''$ West, 44.50 feet to a point; thence

(23) Along a curve having a radius of 3.00 feet and a chord of 4.24 feet along a bearing of South $26^{\circ}44'00''$ West, an arc or distance of 4.71 feet to a point; thence

(24) South $18^{\circ}16'00''$ East, 2.00 feet to a point; thence

(25) Along a curve having a radius of 15.00 feet and a chord of 22.83 feet along a bearing of South $22^{\circ}10'25''$ West, an arc or distance of 25.95 feet to a point; thence

(26) South $27^{\circ}23'10''$ East, 21.32 feet to a point and the place of the beginning.

The within-described property being shown as the "Phase X Property" consisting of 35,657.15 square feet, or 0.818 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a part only of the lands conveyed unto Hidden Harbour VI, Inc., a

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Exhibit "A-10"
Property Description for the "Phase X Property"
The Island at Hidden Harbour
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Maryland corporation, by deed from Larmer Corporation dated
June 7, 1993 and recorded among the Land Records of
Worcester County, Maryland at Liber _____ No. _____, Folio
_____.

LIBER 1939 FOLIO 311

EXHIBIT "A-11"

**To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)**

**Property Description for
the "Phase XI Property"
(Pool A)**

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

Being the piece or parcel of land surrounded generally by the "Phase I", "Phase VIII" and "Phase IX" properties within the condominium and being shown and designed as the "Phase XI Property" (Pool A) on the condominium plat hereinafter referred to; and beginning for the outlines of the same at a point on the westerly side of the "Phase I Property" of the condominium aforesaid at the same place of beginning as the "Phase IX Property" description to this condominium declaration; thence from said point of beginning:

(1) South 70°41'00" West, 147.29 feet to a point; thence

(2) By and with a curve having a radius of 30.00 feet and a chord of 5.27 feet along a bearing of South 65°38'48" West, an arc or distance of 5.27 feet to a point; thence

- Continued -

Exhibit "A-11"

Property Description for the "Phase XI Property"

The Island at Hidden Harbour

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(3) By and with the arc of a curve having a radius of 30.00 feet and a chord of 19.44 feet along a bearing of South $41^{\circ}42'27''$ West, an arc or distance of 19.79 feet to a point; thence

(4) South $22^{\circ}48'18''$ West, 75.28 feet to a point; thence

(5) South $83^{\circ}11'42''$ East, 180.21 feet to a point; thence

(6) North $06^{\circ}48'18''$ East, 132.22 feet to a point; thence

(7) North $19^{\circ}19'00''$ West, 26.34 feet to a point and the place of the beginning.

The within-described property being shown as the "Phase XI Property (Pool A)" consisting of 20,065.08 square feet, or 0.460 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a part only of the lands conveyed unto Hidden Harbour VI, Inc., a Maryland corporation, by deed from Larmar Corporation dated June 7, 1993 and recorded among the Land Records of Worcester County, Maryland at Liber R.H.O. No. _____, Folio _____.

EXHIBIT "A-12"

**To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)**

**Property Description for
the "Phase XII Property"
(Pool B)**

All that piece or parcel of land situate, lying and being in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland, and located generally to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

Being the piece or parcel of land surrounded generally by the "Phase III", "Phase IV", "Phase V" and "Phase VI" properties within the condominium and being shown and designed as the "Phase XII Property" (Pool B) on the condominium plat hereinafter referred to; and beginning for the outlines of the same at the end of the 5th course of the "Phase III Property" phase description; thence from said point of beginning:

- (1) North 83°11'42" West, 215.11 feet to a point; thence
- (2) South 29°50'42" East, 101.77 feet to a point; thence
- (3) South 54°45'00" East, 175.56 feet to a point; thence
- (4) North 06°48'18" East, 165.27 feet to the place of the beginning.

LIBER 1939 FOLIO 314

- Continued -
Exhibit "A-12"
Property Description for the "Phase XII Property"
The Island at Hidden Harbour
Page 2

The within-described property being shown as the "Phase XII Property" (Pool B) consisting of 21,538.14 square feet, or 0.494 acres, more or less, on that certain condominium plat for "The Island at Hidden Harbour" (A Condominium), prepared by John H. Plummer & Associates, Inc., Registered Land Surveyors, dated May 26, 1993, and recorded or intended to be recorded immediately prior hereto among the Plat Records of Worcester County, Maryland; and being a part only of the lands conveyed unto Hidden Harbour VI, Inc., a Maryland corporation, by deed from Larmer Corporation dated June 7, 1993 and recorded among the Land Records of Worcester County, Maryland at Liber _____ No. _____, Folio _____.

EXHIBIT "B"

**To Condominium Declaration for
"THE ISLAND AT HIDDEN HARBOUR"
(A CONDOMINIUM)**

**SCHEDULE OF PERCENTAGE INTERESTS IN THE COMMON
ELEMENTS, COMMON EXPENSES AND COMMON PROFITS
FOR EACH UNIT IN THE CONDOMINIUM**

Each unit in the condominium shall have the same percentage interest in the common elements, common expenses, and common profits as every other unit therein. The percentage interest of each unit in the Condominium Regime is hereby declared to be a fraction, the numerator of which is one (1) and the denominator of which is the total number of condominium units within the condominium as then constituted, which denominator may increase from time to time as Developer avails itself of its right to expand the condominium by the addition of "Phase II Property", "Phase III Property", "Phase IV Property", "Phase V Property", "Phase VI Property", "Phase VII Property", "Phase VIII Property", "Phase IX Property", "Phase X Property", and the "Phase XII Property" (as set forth in Exhibits "A-2", "A-3", "A-4", "A-5", "A-6", "A-7", "A-8", "A-9", "A-10", and "A-12" hereof) to the Condominium Regime pursuant to the powers reserved in paragraph 11 of this Condominium Declaration.

BY-LAWS

for

"THE ISLAND AT HIDDEN HARBOUR"

(A Condominium)

ARTICLE I

Name and Location

Section 1. **Name and Location.** The name of the condominium is **"THE ISLAND AT HIDDEN HARBOUR"**. Its principal office is located in the town of Ocean City, Tenth Election District, Worcester County, state of Maryland to the south of the lands of the Town of Ocean City known as Northside Park, and located generally to the west and south of the cul-de-sac at the end of 125th Street therein and located generally west of the lands of Hidden Harbour V Condominium and west of an existing unnamed manmade canal or lagoon.

ARTICLE II

Definitions

Section 1. **Condominium Declaration.** "Condominium Declaration" as used herein means that certain Condominium Declaration (hereinafter the "Declaration") made and executed simultaneously with these By-Laws by Hidden Harbour VI, Inc., a Maryland corporation, pursuant to §11-101, et seq., of the Real Property Article of the Annotated Code of Maryland, as amended, by which certain described property including land, is submitted to a Condominium Regime and which Condominium Declaration is recorded among the Land Records of Worcester County, Maryland, immediately prior hereto and to which these By-Laws are appended.

Section 2. **Other Definitions.** Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Condominium Declaration or in the Condominium Act, §11-101, et seq. of the Real Property Article, of the Annotated Code of Maryland, as amended.

ARTICLE III

Ownership

Section 1. **Owners.** Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, which owns a condominium unit within the condominium as the same is constituted from time to time shall be a member of the

Council of Unit Owners, hereinafter called "Council," provided, however, that any person, group of persons, corporation, trust or other legal entity, or any combination thereof, which holds such interest solely as security for the performance of an obligation shall not be an owner.

Section 2. By-Laws Applicability. The provisions of these By-Laws are applicable to the condominium. The term "condominium" as used herein shall include the land, as well as the improvements thereon. In construing these By-Laws, and the administration of the condominium pursuant thereto, the provisions of the Corporations and Associations Article of the Annotated Code of Maryland, as amended, pertaining to the government of non-stock business corporations, shall govern to the extent not inconsistent with the provisions of the Condominium Act, the Condominium Declaration and these By-Laws. This Council is incorporated. The mailing address of the Council of Unit Owners is: c/o Thomas P. Monahan, 218 East Main Street, Salisbury, Maryland 21801.

ARTICLE IV Meeting of Council of Unit Owners

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

Section 2. Annual Meetings. The organizational and first meeting of the Council of the condominium shall be held within sixty (60) days from the date that units representing fifty percent (50%) of the votes in the condominium have been conveyed by the Developer to the initial purchasers of units. Thereafter, annual meetings of the Council of the condominium shall be held on the first Saturday in November of each succeeding year. At such meeting there shall be elected by ballot of the Unit Owners a Board of Directors, in accordance with the requirements of Section 4 of Article V of these By-Laws. The Council may also transact such other business of the condominium as may properly come before it.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the Council as directed by the President, by resolution of the Board of Directors or upon a petition signed by Unit Owners representing at least twenty-five percent (25%) of the total votes of the Condominium Regime, as then constituted, having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of

four-fifths (4/5ths) of the unit owners present, either in person or by proxy.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting; stating the purpose thereof as well as the time and place where it is to be held, to each unit owner of record, at his address as it appears on the Ownership Book of the condominium, or if no such address appears, at his last known place of address, at least fifteen (15), but not more than ninety (90), days prior to such meeting. Service may also be accomplished by the delivery of any such notice of the unit owner at his condominium unit or last known address. Notice by either such method shall be considered as notice served. Attendance by a unit owner at any meeting of the Council shall be a waiver of notice by him of the time, place and purpose thereof.

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

Section 6. Voting. At every meeting of the Council, each of the unit owners shall have the right to cast one (1) vote for each unit which he owns on each question. The votes established in the Condominium Declaration shall be applicable to voting rights. A majority of the votes cast at a meeting of the Council, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, unless more than a majority of votes cast is required by statute, by the Declaration, or by these By-Laws, in which case the express provision shall govern and control. No unit owner shall be eligible to vote or to be elected to the Board of Directors against whom the Council has recorded a Statement of Condominium Lien on his unit and the amount necessary to release the lien has not been paid at the time of the meeting.

Section 7. Proxies. A unit owner may appoint any other person as his proxy. Any proxy must be in writing and must be filed with the Secretary before the appointed time of each meeting. The proxy is effective for a maximum period of 180 days following its issuance, unless granted to a lessee or mortgagee. It may be revoked sooner by a written notice of revocation filed with the Secretary or by the death of the unit owner. A proxy who is not appointed to vote as directed by a unit owner may only be appointed for purposes of meeting quorums and to vote for matters of business

before the Council of Unit Owners, other than an election of officers and members of the Board of Directors. Only a unit owner voting in person or a proxy voting for candidates designated by a unit owner may vote for officers and members of the Board of Directors.

**ARTICLE V
Directors**

Section 1. Number and Qualification. The affairs of the condominium shall be governed by the Board of Directors composed of five (5) persons, all of whom, after the organizational and first meeting of the Council shall be unit owners.

Section 2. Initial Directors. The initial Directors, who shall serve until the organizational and first meeting of the Council of Unit Owners, shall be selected by the Developer, need not be five (5) in number and need not be unit owners. The names of the Directors who shall act as such from the date upon which the Condominium Declaration is recorded among the Land Records of Worcester County, Maryland until the organizational and first meeting of the Council or until such time as their successors are duly chosen and qualified are as follows: Thomas P. Monahan.

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

(a) To provide for the care, upkeep and maintenance of the Condominium Regime, as it is constituted from time to time and its general and limited common elements and services in a manner consistent with law and the provisions of these By-Laws and the Condominium Declaration;

(b) To establish and provide for the collection of assessments from the unit owners and for the assessment and/or enforcement of liens therefor in a manner consistent with law and the provisions of these By-Laws and the Condominium Declaration;

(c) To designate, hire and/or dismiss personnel for the good working order of the Condominium Regime and for the proper care of the general and limited common elements and to provide services for the project in a manner consistent with law and the provisions of these By-Laws and the Condominium Declaration; and

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(d) To promulgate and enforce such rules and regulations, and such restrictions on, or requirements, as may be deemed proper respecting the use, occupancy and maintenance of the project, and the use of the general and limited common elements, as they are designated, to prevent unreasonable interference with the use and occupancy of the condominium and of the general and limited common elements by the unit owners, all of which shall be consistent with law and the provisions of these By-Laws and the Condominium Declaration.

Section 4. Elections and Terms of Office. The term of the Directors named herein shall expire when their successors have been elected at the organizational and first annual meeting of the Council and are duly qualified. At the first annual meeting of the Council the term of office of the two (2) Directors receiving the greatest number of votes shall be fixed for two (2) years. The terms of office of the other Directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director (regardless of his initial term), his successor shall be elected to serve a term of one (1) year. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 5. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Council shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the Council at the next annual meeting to serve out the unexpired portion of the term.

Section 6. Removal of Director. At a regular or special meeting duly called, any Director may be removed with or without cause by the affirmative vote of the majority of the entire Council and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Council shall be given an opportunity to be heard at the meeting. The term of any Director who has an unreleased Statement of Lien recorded against him shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 5 of this Article.

Section 7. Compensation. Except for those Directors named as such in Section 2 of Article V of these By-Laws, and any of their successors elected prior to the first annual meeting of the Council, no remuneration shall be paid to any Director who is also a unit owner for service performed by him for the condominium in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors

before the services are undertaken.

Section 8. Organizational Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected. Directors and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors shall be open, except as permitted by §11-109.1 of the Condominium Law, and may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board of Directors shall be given to the Council of Unit Owners and to each Director, personally or by mail, telephone or telegraph, not less than ten (10), nor more than ninety (90), days prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on not less than ten (10), nor more than ninety (90), days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all the meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting.

Section 13. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting, except the adoption of a budget, may be taken without a meeting, if all of the members of the Board of Directors shall individually or

collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 14. Fidelity Bonds. The Board of Directors may require that all officers and employees of the condominium handling or responsible for Council or trust funds furnish fidelity bonds in an amount not less than one hundred fifty percent (150%) of the estimated annual operating expenses for the project including reserves. The premiums on such bonds shall be paid by the condominium.

ARTICLE VI Officers

Section 1. Designation. The principal officers of the Council shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The officers, except for officers elected by the initial Directors, other than the President of the Council need not be unit owners. The Directors may appoint an Assistant Secretary and an Assistant Treasurer and such other officers as in their judgment may be necessary. The offices of the Secretary and Treasurer may be filled by the same person.

Section 2. Election of Officers. The officers of the Council shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

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

Section 4. President. The President shall be the chief executive officer of the Council and a member of the Board of Directors. He shall preside at all meetings of the Council and the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of the President of a corporation including, but not limited to, the power to appoint committees from among the unit owners from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Council.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the

President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Council of Unit Owners, he shall have charge of the "Ownership", "Mortgagees" and such other books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incidental to the office of the Secretary, including counting the votes at meetings of the Council.

Section 7. Treasurer. The Treasurer shall have responsibility for Council funds and securities, and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Council. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit of the Council in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Compensation. The Board of Directors shall have the power to fix the compensation for all officers of the Council, with approval of the Council.

ARTICLE VII
Liability and Indemnification
of Officers and Directors

Section 1. Liability and Indemnification of Officers and Directors. The Council of Unit Owners shall indemnify every officer and Director of the Council against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or Director in connection with any action, suit or other proceedings, including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Council, to which he may be made a party by reason of being or having been an officer or Director of the Council, whether or not such person is an officer or Director at the time such expenses are incurred, to the extent permitted by §2-418 of the Corporations and Associations Article of the Maryland Annotated Code, applied to the condominium's Council of Unit Owners whether or not incorporated. The officers and Directors of the Council shall be liable to the unit owners for any negligence including their own individual willful misconduct or bad faith (but shall not be liable for

mistakes of judgment or otherwise if made in good faith). The officers and Directors of the Council shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Council, except to the extent that such officers or directors may also be unit owners, and the Council shall indemnify and forever hold each officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Council, or former officer or Director of the Council may be entitled.

**ARTICLE VIII
Management**

Section 1. Management of Common Expenses. The Board shall operate and maintain the Condominium Regime, and, for the benefit of units and the unit owners thereof, shall enforce the provisions hereof and may pay out of the common expense fund, herein elsewhere provided for, the following, which itemization shall not act as a limitation on Council:

(a) The cost of providing water, sewer, garbage and trash collection, electrical (including street lighting), gas and other necessary utility services for the common elements and, to the extent that the same are not separately metered or billed to each unit, for the units.

(b) The cost of fire and extended liability insurance on the common elements and the cost of such other insurance as the Council may effect.

(c) The cost of the services of a person or firm to manage the Condominium Regime to the extent deemed advisable by the Council, together with the services of such other personnel as the Board of Directors of the Council shall consider necessary for the operation of the Condominium Regime.

(d) The cost of providing such legal and accounting services as may be considered necessary to the operation of the Condominium Regime.

(e) The cost of painting, maintaining, replacing, repairing and landscaping the general and limited common elements, and such furnishings and equipment for the general and limited common elements as the Board of Directors shall determine are necessary and proper, and the Board of Directors shall have the exclusive right and duty to acquire the same, provided, however,

that nothing herein contained shall require the Council to paint, repair, or otherwise maintain the exterior or interior of any unit or any fixtures or equipment located therein.

(f) The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like which the Council is required to secure to pay for by law, or otherwise, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the general and limited common elements; provided, however, that if any of the aforementioned are provided or paid for the benefit of a particular unit or units, the cost thereof shall be specially assessed to the unit owner or owners thereof in the manner provided in subsection (g) of Section 1 of this Article.

(g) The cost of the maintenance or repair of any unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the general limited common elements or to preserve the appearance or value of the condominium or is otherwise in the interest of the general welfare of all unit owners; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and reasonable written notice to the unit owner of the unit proposed to be maintained; and, provided, further, that the cost thereof shall be assessed against the unit on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the then unit owner of said unit at which time the assessment shall become due and payable and a continuing lien and obligation of said unit owner in all respects as provided in Article IX of these By-Laws.

(h) Any amount necessary to discharge any lien or encumbrance levied against the condominium, or any portion thereof, which may, in the opinion of the Board of Directors, constitute a lien against any of the general or limited common elements rather than the interest of the unit owner of any individual condominium unit.

Section 2. Management Agent. The Board may delegate any of its duties, powers or functions to a Management Agent, provided that such delegation shall be revocable upon thirty (30) days' written notice. The Board shall not be liable for an omission or improper exercise by the Management Agent of any such duty, power or function so delegated.

Section 3. Duty to Maintain. Except for maintenance requirements herein imposed upon the Board, if any, the unit owner

of any unit shall, at his own expense, maintain the exterior and interior of his unit and any and all equipment, appliances or fixtures therein situated and its other appurtenances in good order, condition and repair, and in a clean and sanitary condition, and shall do all redecorating, painting and the like which may at any time be necessary to maintain the good appearance of his unit and such appurtenances. In addition to the foregoing, the unit owner of any unit shall, at his own expense, maintain, repair or replace any plumbing fixtures, porches, patios or sun decks, heating and air conditioning equipment, lighting fixtures, refrigerators, freezers, dishwashers, disposals, ranges and/or other equipment that may be in, or appurtenant to such condominium unit.

Section 4. Right of Entry. Each unit owner shall and does hereby grant right of entry to any person authorized by the Board of Directors in case of any emergency originating in, or threatening, his unit, whether the unit owner is present at the time or not, provided, however, that reasonable effort shall be made to notify the owner, except in cases of manifest danger.

Section 5. Easements for Utilities and Related Purposes. In accordance with the powers contained in its Condominium Declaration, the Council of Unit Owners shall have authority to grant specific easements, rights of way, licenses and other similar interest affecting the common elements of the condominium if the grant is approved by the affirmative vote of unit owners having sixty-seven percent (67%) or more of the votes and with the express written consent of the mortgagees holding an interest in those units as to which unit owners vote affirmatively. Any easement, right of way, license of similar interest granted by the Council of Unit Owners under the subsection shall state that the grant was approved by unit owners having at least sixty-seven percent (67%) of the votes and by the First Mortgagees as provided in the Declaration.

Section 6. Limitation of Liability. The Council shall not be liable for any failure of water supply or other services not to be obtained by the Council or paid for out of the common expenses, or for injury or damage to persons or property caused by the elements or by the unit owner of any unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the general or limited common elements or from any pipe, drain, conduit, appliance or equipment. The Council shall not be liable to the owner of any unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the general or limited common elements. No diminution or abatement of common expense assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvement to the general or limited common

elements or from any action taken by the Council to comply with any law, ordinance, or with the order or directive of any municipal or other governmental authority.

Section 7. Termination of Contracts Executed While Council was Under Developer's Control. Within three (3) years following the date on which units have been granted by the Developer to unit owners having a majority of votes in the Council of Unit Owners, any lease, management contract, employment contract, or other contract to which the Council of Unit Owners is a party (other than any contract or grant between the Council of Unit Owners and any governmental agency or public utility), entered into between the date the property subjected to the Condominium Regime was granted to the Developer and the date on which units have been granted by the Developer to unit owners having a majority of votes in the Council of Unit Owners may be terminated by the Council of Unit Owners by a majority vote thereof, without liability to the opposite party thereto for such termination. The termination shall become effective upon thirty (30) days' written notice of the termination from the Council of Unit Owners to such opposite party.

**ARTICLE IX
Annual Budget**

Section 1. Proposed Budget. The Board of Directors of the condominium shall prepare and submit to the unit owners a proposed budget on an annual basis in accordance with the following:

(a) **Thirty (30) Days' Minimum Advance Notice.** The proposed budge shall be submitted to the unit owners for review at least thirty (30) days in advance of the meeting at which the budget is to be voted upon.

(b) **Contents of Proposed Budget.** The proposed annual budget shall provide for at least the following items: (1) income; (2) administration; (3) maintenance; (4) utilities; (5) general expenses; (6) reserves adequate to fund the replacement of improvements to the common elements and those limited common elements which the Council is obligated to maintain; and (7) capital items.

Section 2. Adoption of Budget. The budget shall be adopted at an open meeting of the Council.

Section 3. Expenditures to Conform to Budget Adopted. The Board of Directors shall endeavor to conform, as far as reasonably possible, its expenditures during the condominium's fiscal year to the budget adopted for that period. Any expenditure made or

proposed to be made (other than an expenditure made due to conditions which, if not corrected, could reasonably result in a threat to the health or safety of the unit owners or a significant risk of damage to the condominium) that would result in an increase in the amount of assessments for the current fiscal year of the condominium in excess of fifteen percent (15%) greater than the amount allocated for same in the budget, shall be approved by an amendment to the budget adopted at a special meeting of the Council of Unit Owners upon not less than ten (10) days' advance written notice to unit owners.

Notwithstanding the foregoing, the adoption of a budget shall not impair the authority of the Council of Unit Owners to incur obligations or make expenditures for any purpose consistent with its duties pursuant to the Condominium Declaration, these By-Laws or the Condominium Act, as any of them may be amended from time to time.

ARTICLE X
Condominium Assessments

Section 1. Annual Condominium Assessments.

(a) Procedure and Amount. Promptly after the adoption of a budget for the condominium, the Board of Directors shall determine the amount of money necessary to fund all items in the approved budget, to put the condominium on a sound and responsible fiscal basis for the forthcoming annual period and to make due and reasonable allowance for unforeseen contingencies and events during said period (hereinafter, the "total operating needs" of the condominium). After determining the figure representing the condominium's total operating needs for the forthcoming year, the Board shall then assess each unit owner his proportionate share thereof by multiplying said figure by the percentage interest for each respective unit owner as set forth in the Condominium Declaration.

(b) Monthly Installments. The condominium assessments thus determined shall be payable in monthly level installments on the first of each calendar month commencing with the first day of the condominium's fiscal year.

(c) Notice. Promptly after annual condominium assessments are fixed by the Board and at least thirty (30) days in advance of the due date of the first installment thereof the Board shall send written notice of the assessment applicable to each unit within the condominium to each unit owner at the address maintained by the Secretary of the condominium.

(d) No Waiver. No unit owner may exempt himself from liability for assessments by a waiver of the use or enjoyment of any of the common elements of the condominium or by abandonment of any unit belonging to him.

Section 2. Special Assessments.

(a) In General. In addition to the annual assessments, the Board may levy in any fiscal year a special assessment or assessments, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a capital improvement at the condominium or for such other unusual or extraordinary cause as the Board may find makes such a special assessment necessary or appropriate. Any special assessment shall be authorized by a majority of unit owners present in person or by proxy (provided that a quorum shall be present at such meeting) at a special meeting of the Council of Unit Owners, advance written notice of which shall be sent in accordance with these By-Laws. If the special assessment is approved at such meeting notice thereof substantially in the form set forth in Section 1 of this article shall be sent to all of the unit owners in the condominium.

(b) Deadlock or Failure to Act. The procedure set forth in this section for special assessments shall apply in any case in which the Board of Directors is deadlocked, is unable to or otherwise fails to fix regular assessments in accordance with Section 1 of this article for the current, forthcoming or any fiscal year or other period. In such event the assessment fixed for the preceding period (and the monthly installment of such assessment) shall continue until a new assessment is fixed.

Section 3. Nonpayment and Enforcement.

(a) Interest and Late Charges. Any assessment or installment thereof not paid when due shall bear interest from the date when due until paid at the maximum legal rate permitted by the Condominium Act from time to time (currently eighteen percent (18%) per annum). In addition, any unit owner who is delinquent in the payment of assessment or installment thereof for not less than fifteen (15) days shall be subject to and liable for a late charge in the amount of Fifteen and 00/100 Dollars (\$15.00) or one-tenth (1/10th) of the total amount of any such delinquent assessment or installment, whichever is greater, provided that a late charge may not be imposed more than once for the same delinquent payment.

(b) Acceleration of Installments. In the event that a unit owner fails to pay a monthly installment when due, the Board may demand payment of the whole remaining annual assessment

coming due for that fiscal year. The Board shall, within fifteen (15) days of the unit owner's failure to pay a monthly installment, notify him that if he fails to pay the monthly installment within fifteen (15) days of the notice, full payment of the whole remaining annual assessment will then be due.

(c) Lien.

(i) Lien Proceedings to Follow Maryland Contract Lien Act. In the event that any assessment or installment, interest or late charges thereon are due and unpaid by any unit owner, the Council of Unit Owners, acting through its Board of Directors, may obtain and secure a lien in the amount thereof, together with the costs of collection thereof and reasonable attorneys' fees incurred by the Board in connection therewith, against his unit, by complying with the Maryland Contract Lien Act, Maryland Annotated Code, Real Property Article, §14-201, et seq., as amended from time to time. Proceedings to establish and enforce the lien allowed under this section shall be maintained by the Board of Directors of the condominium; the lien allowed hereby shall operate as such against the condominium unit whose unit owner has failed to timely pay the amounts due under this section; and the provisions of the Maryland Contract Lien Act shall govern all such proceedings for the establishment of a lien, including but not limited to the form and mailing of any necessary notice of the Board's intent to claim a lien; the right to a complaint and hearing by the unit owners; the form for the Statement of Lien; and as to the recordation and release of lien.

(ii) Fines May be Subject of Lien. If the Board adopts rules and regulations under §11-111 of the Condominium Act and fines a unit owner under §11-113 of the Act, the fine thus imposed is enforceable by a lien under the provisions hereof.

(iii) Lien Binding Upon Successor. In the event that a Statement of Lien in proper form is recorded among the Land Records, the grantee of any voluntary grant of that unit shall be jointly and severally liable with the grantor for all unpaid assessments, installments or other charges up to the time of the grant. Notwithstanding such joint and several liability the grantee shall have a right of indemnity against his grantor for any and all amounts paid by him on account of assessments, installments and other condominium charges falling due prior to the time he took title to said unit.

(d) Enforcement. The Board of Directors may enforce the obligation of any unit owner to pay condominium assessments, installments thereof, interest and other charges by filing an appropriate civil action or by taking and maintaining any

other action available to it for the enforcement of such obligations, the intent hereof being that the condominium Council of Unit Owners through the Board shall have a full, ample and complete set of remedies available to it for the enforcement and collection of the same. In its enforcement of said obligations, the Board may pursue such remedies alone or in combination, successively or cumulatively and shall not be required to make any election between or among the various enforcement mechanisms available to it.

(e) Default Notice to Mortgagees. The Board shall notify the holder of the first mortgage on any unit for which any assessments or installment levied pursuant to these By-Laws becomes delinquent for a period in excess of thirty (30) days, and in any other case, where the unit owner is in default with respect to the performance of any other obligation hereunder for a period in excess of thirty (30) days.

Section 4. Miscellaneous.

(a) Certificate of Compliance. The Board shall, upon demand at any time, furnish to any unit owner liable for any assessment levied pursuant to the By-Laws (or any other party legitimately interested in the same), a certificate in writing signed by an officer of the condominium setting forth the status of said assessment, i.e., whether the same is paid or unpaid. Such certificate shall be conclusive evidence of the payment of any assessment therein stated to have been paid. A charge not to exceed Ten and 00/100 Dollars (\$10.00) may be levied in advance by the Board for each certificate so delivered.

(b) Priority of Lien. The lien established by this article shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:

(i) general and special ad valorem real estate taxes that are levied on the unit; and

(ii) the lien of any bona fide deed of trust or mortgage that has been duly recorded on the unit prior to the recordation of the Statement of Condominium Lien.

Provided, however, that such subordination shall apply only to assessments of common expenses and installments thereof which have become due and payable prior to a sale of the unit pursuant to a foreclosure of the deed of trust or mortgage or to the making of any deed, assignment or other arrangement in lieu of foreclosure. Any holder of any deed of trust or mortgage that has been duly

recorded on the unit and made in good faith and for value received who comes into possession of the unit pursuant to a foreclosure or a deed, assignment or other proceeding or arrangement in lieu of foreclosure, and any other purchaser at a foreclosure sale, shall take the unit free of any claims for unpaid assessments levied against the unit which have become due and payable prior to the time such holder comes into possession of the unit or prior to the foreclosure sale and for any charges in respect of such assessments. Such foreclosure, deed, assignment or other proceeding or arrangement in lieu of foreclosure shall not relieve the mortgage in possession or the purchaser at any foreclosure sale from any liability on lien for or in respect of any assessments thereafter becoming due.

ARTICLE XI Litigation; Arbitration

Section 1. By or on Behalf of Council of Unit Owners. Except for an action to enforce payment of any condominium assessment, special assessment, installment thereof, or fine (which the Board of Directors may institute as provided in Article X of the By-Laws), and subject to any provision of the Condominium Act, the Declaration or these By-Laws requiring a different or greater majority, no civil action, legal, administrative or other proceeding or complaint, including an action or proceeding in the nature of arbitration as set forth hereinbelow, may be instituted by the Council of Unit Owners, by the Board, or by one or more past or present unit owners, as such, on behalf of himself, herself, or themselves or on behalf of the Council or the Board against any person or for any cause affecting the condominium or any part thereof or relating thereto in any manner whatsoever, except pursuant to the express authority of a majority of the unit owners within the condominium as then constituted at any regular or special meeting of the Council, duly convened upon notice as provided elsewhere in the By-Laws, upon motion duly made and carried after full discussion of the likelihood of success, risks and likely expenses and other relevant considerations involved in the proposed litigation.

Section 2. Against Council. Civil actions, legal proceedings or complaints brought by any person against the Council of Unit Owners, the Board of Directors or the officers, employees or agents thereof in their respective capacities as such, or against the condominium property as a whole, shall be directed to the Board of Directors which shall promptly give written notice of such action to the unit owners. Such actions shall be defended by the Board of Directors, by and through any liability insurance carrier in any case in which liability insurance is available to the condominium,

and the unit owners shall have no right to participate in such actions or proceedings other than through the Board of Directors responsible for conducting the defense thereof. The expenses of such defense, including reasonable counsel fees, not covered by any policy or policies of insurance available to the condominium, shall be a common expense to be borne by the unit owners within the condominium collectively.

Section 3. Against Developer. Any dispute, disagreement or controversy whatsoever between the Council, the Board of Directors, any officer, agent or employee thereof or one or more past or present unit owners, as such, on the one hand and the Developer on the other hand, which the two sides are unable to resolve within sixty (60) days by negotiation between them, shall be resolved and decided by "Binding Arbitration" as hereinafter provided.

"Binding Arbitration" shall mean the following procedure:

(a) Designation of Arbitration Panel. Each of the two (2) parties to the dispute or disagreement, within fifteen (15) days after the expiration of the sixty (60) day negotiation period, shall appoint one (1) arbitrator; the two (2) arbitrators thus appointed shall, within fifteen (15) days after the second of them is appointed, jointly appoint a disinterested, mature and competent person as a third impartial arbitrator. If the two (2) original arbitrators cannot agree on the third impartial arbitrator, either of them (and/or the parties to the arbitration) may petition the Circuit Court for Worcester County to make such appointment pursuant to §3-211 of the Maryland Annotated Code, Courts and Judicial Proceedings Article (hereinafter the Maryland Uniform Arbitration Act); or they may jointly request, informally, that one of the Judges of said Court make such appointment. In the event that an arbitrator dies, becomes incapacitated, resigns, or ceases to act at any time up to the rendition of the award, the party who designated that arbitrator (or, in the case of the third impartial arbitrator, the two (2) original arbitrators or the Circuit Court in the event of their inability to agree) shall have the right to replace such arbitrator unable or ceasing to act.

(b) Hearing; Decision and Award. Not later than sixty (60) days after the third, impartial arbitrator is selected in accordance with the above procedure, the three (3) arbitrators shall hold and conduct a hearing as provided in the Maryland Uniform Arbitration Act; and shall settle and decide the disagreement by issuing a written arbitration award, as provided in said Uniform Act, within sixty (60) days of the conclusion of the hearing. The concurrence of a majority of the arbitrators shall be sufficient to determine any question which arises in the course of the arbitration and to render a final award which shall be final

and binding upon the parties to the arbitration proceeding.

(c) Uniform Arbitration Act Governs. In any case not expressly provided for herein, the Maryland Uniform Arbitration Act's provisions shall govern and control the proceedings.

**ARTICLE XII
Use Restrictions**

Section 1. Residential Use. All units shall be used for residential purposes exclusively except for such temporary non-residential uses as may be permitted from time to time by the Board of Directors and by state, county and local laws. Nothing in these By-Laws shall be construed to prohibit the Developer from either using units which Developer owns or leases from others for promotional or display purposes as "Model Apartments" or from leasing any unit or units which Developer owns.

Section 2. Prohibited Uses and Nuisances.

(a) No noxious or offensive trade or activity shall be carried on within the Regime or within any unit situate thereon, nor shall anything be done therein or thereon which may be or become an annoyance to the neighborhood or the other unit owners.

(b) There shall be no obstruction of any general or limited common elements, except as herein provided. Nothing shall be stored upon any general or limited common elements, except as herein provided, without the approval of the Board of Directors. Vehicular parking upon general common elements may be regulated by the Board of Directors. Parking spaces may be assigned by the Board of Directors for use by the unit owners of particular units.

(c) Nothing shall be done or maintained in any unit, or upon any general or limited common elements, which will increase the rate of insurance on any unit or general or limited common elements, or result in the cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done or maintained in any unit or upon general or limited common elements which would be in violation of any law. No waste shall be committed upon any general or limited common elements.

(d) No structural alteration, construction, addition or removal of any unit or general or limited common elements shall be commenced or conducted except in strict accordance with the provisions of these By-Laws and by state, county and local laws.

(e) The maintenance, keeping, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any unit, or upon any common elements, except that this shall not prohibit the keeping of two (2) dogs, two (2) cats and/or caged birds as domestic pets; provided that they are not kept, bred or maintained for commercial purposes; and provided further that the keeping of such dogs, cats and/or caged birds will not constitute such type of noxious or offensive activity as covered in subsection (a) of this section. All dogs must be kept inside their respective unit owner's unit and may be walked on the common elements, only on a leash.

(f) Except for such signs as may be posted by the Developer for promotional purposes, no signs of any character shall be erected, posted or displayed in, upon or about any unit or the general or limited common elements; provided, however, that one temporary real estate sign of customary and reasonable dimensions may be displayed in, upon or about any unit placed upon the market for sale or rent. The provisions of this subsection shall not be applicable to the holder of any deed of trust or mortgage in the process of enforcing his lien by foreclosure.

(g) Except as herein elsewhere provided; no junk vehicle or other vehicle, on which current registration plates are not displayed, trailer, truck, camper, camp truck, house trailer, boat or the like shall be kept upon any general or limited common elements, nor shall the repair or extraordinary maintenance of automobiles or other vehicles, be carried out thereon.

(h) No part of the general or limited common elements shall be used for commercial activities of any character. This subsection shall not apply to the use of units by the Developer for display, promotional or sales purposes.

(i) No burning of any trash, and no unreasonable or unsightly accumulation or storage of litter, new or used building material, or trash of any other kind, shall be permitted within any unit or upon any general or limited common elements. Trash and garbage containers shall not be permitted to remain in public view, except within the rear exclusive use easements hereinafter provided for.

(j) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any of the general or limited common elements at any time. Outdoor clothes dryers or clothes lines shall not be maintained upon any of the general or limited common elements at any time.

(k) No outside television or radio aerial or antenna, or other aerial or antenna for reception or transmission, shall be maintained upon any unit or upon any general or limited common elements without the prior written consent of the Board of Directors and in no event shall such aerial or antenna be located so as to extend upward above the highest point of the unit to which it is attached. No aerial or antenna shall be placed on the outside of any unit except on the rear building wall of said unit.

(l) Decks, porches, patios and platforms shall be maintained in neat, safe and orderly manner; and no items or material shall be hung over the deck railing, or on the outer side of said deck without the written approval of the Board of Directors.

(m) Between 11:00 p.m. and 9:00 a.m., there shall be no loud or unusual noises; and musical instruments, radios, televisions, record players, phonographs, Hi-Fi sets and amplifiers shall be used in such manner as not to disturb other unit owners.

(n) There shall be no violation of any rules for the use of the general or limited common elements which may from time to time be adopted by the Council of Unit Owners in accordance with §11-111 of the Condominium Act.

Section 3. Leasing Restrictions. No unit in the condominium shall be leased or rented for any period less than seven (7) consecutive days in duration, and any letting shall be by written agreement clearly subject to the requirements of the Condominium Declaration, By-Laws and other constituent documents, if any. The Council shall not be empowered to restrict leasing of units within the condominium beyond or except as herein set forth.

ARTICLE XIII Architectural Control

Section 1. Architectural Control Committee.

(a) Except for the original construction of the units situate within the property by the Developer and any improvements to any unit or to the general or limited common elements accomplished concurrently with said original construction, and except in these By-Laws provided, it shall be prohibited to install, remove or construct any lighting, shades, screens, awnings, television broadcasting or receiving devices, slabs, sidewalks, curbs, gutters, patios, decks, platforms, porches, driveways, fences, walls or to make any change or otherwise alter (including any alteration in color) the exterior of any unit or any

of the general or limited common elements within the property until and unless the complete plans and specifications of the proposed alteration showing its location, nature, shape, height, material, color, type of construction and any other information specified by the Board of Directors, or its designated committee, shall have been submitted to and approved in writing (as to harmony of external design, color and location in relation to surrounding structure and topography) by the Board of Directors, or by an "Architectural Control Committee" designated by it.

(b) In the event that the Board of Directors, or its designated committee, fails to approve, or disapprove, such design and location within sixty (60) days after said plans and specifications have been submitted to it, or, in any event, if no suit to enjoin the addition, alteration or change has been commenced prior to the completion thereof, approval will not be required, and this article will be deemed to have been fully complied with.

ARTICLE XIV Insurance

Section 1. Required and Permitted Insurance. Commencing not later than the time that the Condominium Regime is created by recordation among the Land Records of the county, the Council of Unit Owners shall maintain to the extent reasonably available property insurance on the common elements and units exclusive of improvements and betterments installed in units by unit owners and comprehensive general liability insurance including medical payments insurance in the form and minimum amount and with the extent and type of coverage and other terms and conditions as more fully set forth in §11-114 of the Condominium Act as same is in force from time to time. In addition the Council of Unit Owners shall maintain insurance of any other kind to the extent necessary to comply with any applicable law including the Worker's Compensation Law. In addition to insurance, the maintenance of which is mandatory pursuant to the aforesaid section of the Condominium Act or any other applicable law, the Council of Unit Owners may maintain to the extent reasonably available any other insurance it deems appropriate to protect the condominium, the Council of Unit Owners, its Directors and officers or the unit owners.

Section 2. FNMA Insurance Requirements. Notwithstanding the provisions of Section 1 of this article, commencing not later than the time that the Condominium Regime is created by recordation among the land records of the county, and continuing for so long as any mortgage or deed of trust on an individual unit within the

Condominium Regime is held by the Federal National Mortgage Association (FNMA or Fannie Mae) or by any investor following the purchase from FNMA or securitization under the auspices of any FNMA program (or the program of any successor agency or institution carrying out the same or similar programs in the future), the Council of Unit Owners shall maintain insurance coverages in compliance with FNMA Guidelines (Chapter 7. Insurance Requirements) of the Project Standards as set forth in the FNMA Seller's Guide (Edition of 6/30/90 with revisions through 1/1/92). Unless subsequently altered or modified by FNMA, the Council of Unit Owners shall maintain the following insurance coverages at a minimum:

(a) Hazard Insurance. The Council of Unit Owners shall maintain hazard insurance policies written by an insurance carrier which maintains a B general policyholder's rating or a financial performance index of 6 or better in the Best's Key Rating Guide, or an A or better rating from Demotech, Inc., or other rating requirements imposed by FNMA from time to time, including the maintenance of such policies with insurers not otherwise meeting FNMA's rating requirements if such carrier is covered by reinsurance with a company that does meet FNMA rating requirements, or policy issued by Lloyd's of London.

Such hazard insurance policies must protect against fire and all other hazards normally covered by the standard extended coverage endorsement, and all other perils customarily covered for similar condominium projects, including those covered by the standard "all risk" endorsement. The Council of Unit Owners shall maintain "master" or "blanket" types of insurance policies, covering all of the general limited common elements that are normally included in coverage, including without limitation, fixtures, building service equipment, and personal property and supplies belonging to the Council or held in common by the unit owners and administered by the Council. The policy must also cover fixtures, equipment, and other personal property inside individual units if and to the extent that they are financed by a mortgage or deed of trust purchased or securitized by FNMA or under its auspices, whether or not such property is a part of the common elements within the condominium.

Such policies of hazard insurance should cover 100% of the current replacement cost of the Project facilities, including the individual units in the Condominium Regime, exclusive, however, of land, foundations, excavations or other items usually excluded from such insurance coverages. Unless a higher maximum amount is required by state law, the maximum deductible amount for hazard insurance policies to be maintained by the Council of Unit Owners is the lesser of \$10,000 or 1% of the policy face amount.

Hazard insurance policies to be maintained by the Council of Unit Owners shall include the following endorsements, if applicable and to the extent practicable unless waived by or on behalf of FNMA: an Inflation Guard Endorsement, when it can be obtained; a Construction Code Endorsement in the event that there is a construction code provision that would require changes to undamaged portions of the Condominium Regime's buildings in the event that only part of a building is destroyed by an insured hazard. (Typical such endorsements include Demolition Cost Endorsements, Contingent Liability from Operation of Building Laws Endorsement, and Increased Cost of Construction Endorsement.)

The hazard insurance coverages to be maintained by the Council of Unit Owners in accordance with this paragraph shall also provide that any insurance trust agreement, and the insurance trust provision of these By-Laws, will be recognized by the insurer; that any right of subrogation otherwise held by the insurer against unit owners will be waived; that the insurance will not be prejudiced by any acts or omissions of individual unit owners that are not under the control of the Council of Unit Owners; and that the policy will be primary, even if a unit owner has other insurance that covers the same loss. (These endorsements are typically covered by a special Condominium Endorsement.)

Insurance policies for the Condominium Projects shall show the Council of Unit Owners as the named insured. The Council of Unit Owners' Board of Directors as the Council's representative shall serve as insurance trustee under all hazard insurance coverages maintained by the Council, and such insurance trustee may be a named insured on the hazard insurance policies. The loss payable clause of such policies shall show the Council and/or its insurance trustee as a trustee for each unit owner and the holder of each unit's mortgage or deed of trust. Such hazard insurance policies shall also contain the standard mortgage clause and shall name as mortgagee either FNMA or the servicers for the mortgages or share loans held by FNMA on units within the project. When a servicer is named as the mortgagee, its name shall be followed by the phrase "its successors and assigns".

The hazard insurance coverages to be maintained by the Council of Unit Owners hereunder shall also require the insurance company to notify in writing the Council of Unit Owners (or its insurance trustee) and each first mortgage holder named in the mortgage clause at least ten (10) days before it cancels or substantially changes any coverages maintained in respect to the Condominium Project.

(b) Flood Insurance. The Council of Unit Owners shall maintain a "master" or "blanket" policy of flood insurance,

which policy shall cover the common element buildings, the general and limited common elements within the Condominium, and any other common property therein. When the Condominium Project consists of high-rise or other vertical buildings, the Council shall have a separate flood insurance policy for each building that houses dwelling units.

Flood insurance policies shall be maintained in an amount at least equal to the lesser of 100% of the insurable value of the facilities or the maximum coverage available under the appropriate National Flood Insurance Administration program. For condominium projects consisting of high-rise or other vertical buildings, the building coverage shall equal 100% of the insurable value of the building, including machinery and equipment which are part of the building. The contents coverage shall include 100% of the insurable value of all contents, including any machinery and equipment that are not part of the building but which are owned in common by the unit owners and maintained by the Council of Unit Owners, or, if the required coverage exceeds the maximum coverage available under the National Flood Insurance Administration's programs, then such coverage shall be at least equal to the maximum amount available under those programs.

Unless a higher deductible amount is required by state law, the maximum deductible amount for flood insurance policies covering the common areas and common elements within the Condominium Project, or for those covering each building in a high-rise or vertical condominium project, is the lesser of \$5,000 or 1% of the policy's face amount. Funds to cover the amount of such deductible should be included in the Council's operating reserve account.

(c) Liability Insurance. The Council of Unit Owners shall maintain a comprehensive general liability insurance policy for the entire Condominium Project, including all general and limited common areas and common elements, public ways, and any other areas that are under the Council's supervision. Such insurance should also cover commercial spaces owned by the Council of Unit Owners, if any, even if they are leased to others. Such policies of liability insurance shall provide coverage for bodily injury and property damage resulting from the operation, maintenance, or use of the Condominium Project's common areas and common elements in an amount of at least \$1,000,000 bodily injury and property damage for any single occurrence, or in such other amount as may be required by or on behalf of FNMA from time to time.

The liability insurance coverages to be maintained by the Council shall include either a "severability of interest" provision within its terms, or else a specific endorsement to preclude the

insurer's denial of a unit owner's claim because of negligent acts of the Council of Unit Owners or of other unit owners.

The liability policies shall provide for at least ten (10) days' written notice to the Council before the insurer may cancel or substantially modify the policy provisions. Similar notice shall also be given to each holder of a first mortgage or share loan on an individual unit within the Project.

(d) Fidelity Bonds. Commencing not later than the organizational and first meeting of the Council of Unit Owners (in accordance with Article IV, Section 2 hereof), the Council of Unit Owners shall maintain fidelity bond coverages in accordance with this subsection.

The Council shall procure and maintain blanket fidelity bonds for anyone who either handles, or is responsible for, funds that are held or administered by the Council, whether or not such individual receives compensation for such services. The bonds shall name the Council as the obligee and shall include a provision calling for ten (10) days' written notice to the Council or its insurance trustee, before the bond may be canceled or substantially modified for any reason. The same notice shall also be given to each servicer of a FNMA-owned or -securitized mortgage in the Condominium Project.

In the event that the Council or the Board of Directors employs or engages a management agent who handles funds for the Council and its Board, such management agent shall be covered by its own fidelity bond which shall provide coverage at least equal to that required by this subsection.

The fidelity bonds to be maintained by the Council hereunder shall cover the maximum dollar amount of funds that will be in the custody of the Council or its management agent at any time while the bond is in force. In the event that the Council adopts the following financial controls for the management of the funds in its custody, fidelity coverages must be maintained in a minimum amount at least equal to the sum total of three (3) months of assessments on all units within the Condominium Project. Such financial controls shall take one (1) or more of the following forms:

(i) The Council or its management agent, if any, shall maintain separate bank accounts for the working account and for the reserve account, each with appropriate access controls, and the bank in which the funds are deposited shall send copies of monthly bank statements directly to the Council;

(ii) The management company shall maintain separate records and bank accounts for each Council of Unit Owners or owners' association for condominium projects using its services, and such management company shall not have the authority to draw checks on, or to transfer funds from, the Council's reserve account; or

(iii) A minimum of two (2) members of the Board of Directors of the Condominium must sign any checks written on the reserve account.

Section 3. Endorsements, Etc. The Board of Directors, at the request of any unit owner or at the request of the mortgagee of any unit, shall promptly obtain and forward to such unit owner or mortgagee (a) an endorsement to any of the policies aforementioned in this article showing the interest of such unit owner or mortgagee as it may appear; and (b) certificates of insurance relating to any such policies; and (c) copies of any such policies, duly certified by the insurer or its duly authorized agent.

**ARTICLE XV
Casualty Damages -
Reconstruction or Repair**

Section 1. Use of Insurance Proceeds. In the event of damage or destruction by fire or other casualty the damage portions of the condominium shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications with the proceeds of insurance available for that purpose, if any, unless the Council of Unit Owners elects to proceed differently in accordance with §11-114 of the Condominium Act.

Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction by fire or other casualty, or in the event such damage or destruction is caused by any casualty not herein required to be insured against, then the repair or reconstruction of the damaged general and limited common elements shall be accomplished promptly by the Council as a common expense and the repair or reconstruction of any unit shall be accomplished promptly by the Council at the expense of the unit owner of the affected unit. Each unit owner's pro rata share of the expense of such repairs or reconstruction of the common elements may be assessed to the unit owners, and the lien for the same shall have all the priorities provided for in Article X of these By-Laws.

Section 3. Restoration Not Required. Repair or restoration of the condominium is not required in the event that the

condominium is validly terminated, repair or replacement would be illegal under any state or local health or safety statute or ordinance, or eighty percent (80%) of the unit owners (and every owner of a unit or assigned limited common element which will not be rebuilt) vote not to rebuild such portion.

In the event that all or part of the condominium is not repaired or restored, the distribution to unit owners of insurance proceeds shall be in accordance with applicable provisions of the Condominium Act.

**ARTICLE XVI
Eminent Domain**

Section 1. Allocation of Award. In the event that all or any part of the condominium project shall be taken under power of eminent domain, the damages for the taking thereof shall be apportioned and allocated as follows:

(a) Units. Each unit owner and his respective mortgagee as their interests may appear shall be entitled to the entire award for the taking of all or any part of his respective unit and for consequential damages to his unit.

(b) Limited Common Elements. Any award for the taking of limited common elements shall be allocated to the unit owners of the units to which the use of those limited common elements is reserved in proportion to their respective percentage interests in the common elements, and also to the mortgagees of such units as their interests may appear.

(c) General Common Elements. Any award for the taking of general common elements shall be allocated and apportioned to all unit owners in proportion to their respective percentage interests in the common elements, and such unit owners' respective mortgagees as their interests may appear.

Section 2. Effect on Percentage Interests and Votes.

(a) All of Unit Taken. In the event that any unit is taken in its entirety, the percentage interest and the right to vote appurtenant to that unit shall terminate and the percentage interest appurtenant to the unit shall vest pro rata in the other units remaining in the condominium project, and every unit in the Condominium Regime shall have the same percentage interest appurtenant to it as every other unit.

(b) Part of Unit Taken. In the event that any unit in the condominium shall be taken in part only under the power of eminent domain, then the percentage interest and vote appurtenant to such unit shall remain the same following the condemnation as it was prior to the condemnation proceeding, it being the intent hereof that notwithstanding any partial condemnation of units within the condominium, every unit in the condominium shall have the same percentage interest in the common elements, expenses and common profits of the condominium as every other unit and shall continue to have one (1) vote in the Council of Unit Owners.

Section 3. Duties of Council of Unit Owners. In the event of the taking of all or any part of the Condominium Regime under power of eminent domain or of the commencement of proceedings in the nature of eminent domain or of negotiations prior thereto, the Council of Unit Owners shall act for and on behalf of all unit owners and mortgagees having any interest in the condominium and to carry out its authority in this regard the Council of Unit Owners shall be deemed to have been given by any and all such unit owners, mortgagees and other persons, if any, having such an interest in the Condominium Regime an irrevocable power of attorney, coupled with an interest; provided, however, that the Council shall act in all events as a fiduciary toward all such persons and shall take care to insure that the inquisition judgment award or settlement in any such condemnation proceedings or negotiations shall separately categorize the damages or awards accruing as a result of the condemnation so that the allocation called for under Section 1 of this article can be faithfully carried out and funds equitably distributed. The Council shall promptly notify all unit owners and mortgagees on its roster of the commencement of proceedings or negotiations in the nature of eminent domain asserted against all or any part of the Condominium Regime.

Section 4. Reconstruction Following Taking. Following the taking of a part only of the condominium, the Council of Unit Owners shall not be obligated to replace improvements taken, but promptly shall undertake to restore the remaining improvements of the condominium, to the extent that same are general common areas, to a safe and habitable condition. Any costs or expenses in connection with such restoration shall be a common expense.

ARTICLE XVII Fiscal Management

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

of the Condominium Declaration, By-Laws and Condominium Plats. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should practice subsequently dictate.

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

Section 3. Auditing. At the close of each fiscal year, the Council shall furnish the unit owners with an annual financial statement, including the income and disbursements of the Council.

Section 4. Inspection of Books. The books and accounts of the Council and vouchers accrediting the entries made thereupon, shall be available for examination by the unit owners and/or their duly authorized agents, attorneys and mortgagees, during normal business hours and for purposes reasonably related to their interests as unit owners.

ARTICLE XVIII Amendment

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of unit owners representing sixty-seven percent (67%) or more of the total votes of the Condominium Regime, as then constituted, at any meeting of the unit owners duly called for such purpose in accordance with the provisions of §11-104 of the Condominium Act. The amendment(s) shall be effective upon recordation among the Land Records of Worcester County, Maryland, along with a certificate by the Secretary certifying to the amendment's approval pursuant to said section of the Act; amendments may be proposed by the Board of Directors or by Petition signed by the unit owners representing at least thirty percent (30%) of the total votes of the Condominium Regime, as then constituted. A description of any proposed amendment shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.

Section 2. Participation by Mortgagees in Amendment Process. In addition, the approval of not less than fifty-one percent (51%) of First Mortgagees as defined in the Declaration shall be required before any material amendment to these By-Laws may be effective.

ARTICLE XIX
Notice to Council

Section 1. Ownership Book. The Council shall maintain a current roster of names and addresses of each unit owner to which notice of meetings of the Council shall be sent and each unit owner shall furnish the Council with this information. No unit owner may vote at meetings of the Council until this information is furnished.

Section 2. Mortgagees. A unit owner who mortgages his unit shall notify the Secretary of the Board of Directors of the name and address of his mortgagee; and the Council shall maintain such information in a book entitled "Mortgagees of Units."

ARTICLE XX
Mortgagees

Section 1. Change in Percentage Interest in Common Elements. Except as provided in the Declaration, the consent of all mortgagees, obtained in advance in writing, is mandatory if the Council should adopt any change in the pro rata interest of the unit owners in the common elements of the condominium.

Section 2. Right to Inspect Books. All mortgagees shall have the right to inspect the books of the condominium, obtain financial statements and review budgets of the condominium.

Section 3. Notice of Loss or Taking. The Board of Directors shall notify all mortgagees in writing whenever (a) damage to a unit covered by a mortgage exceeds \$1,000.00, and (b) damage to common areas and related facilities exceeds \$10,000.00.

ARTICLE XXI
Compliance - Interpretation -
Miscellaneous

Section 1. Compliance. These By-Laws are established in compliance with the requirements of the Condominium Act, as amended.

Section 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Condominium Declaration and to the provisions of the Condominium Act, as amended. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Condominium Declaration of the aforesaid statute. In the event of any conflict between or among the provisions of the Condominium Act, the Condominium Declaration, the Condominium Plat, these By-Laws or any rules which may be adopted pursuant to §11-111 of the Condominium Act, the provisions of each shall control in the order of priority listed herein commencing with the "Condominium Act."

Section 3. Resident Agent; Registration with Department of Assessments and Taxation. Thomas P. Monahan, 218 East Main Street, Salisbury, Maryland 21801, a resident of the state of Maryland, is hereby designated as the authorized resident agent for the condominium pursuant to §11-119 of the Real Property Article of the Annotated Code of Maryland. The Board of Directors may, in its discretion, and shall, not later than the time that the Developer no longer owns any of the units in the condominium, substitute a new resident agent in accordance with the said section and promptly file such change with the Maryland Department of Assessments and Taxation.

Following the first annual meeting of the condominium, the Council of Unit Owners shall register with the Maryland State Department of Assessments and Taxation and shall provide the Department with the names and mailing addresses of the condominium's officers and directors. On or about April 15 of the following year and each year thereafter, the Department shall be provided with an updated list of the condominium's officers and directors together with the name and address of the resident agent and the managing agent, if any, of the condominium. The Council shall pay to the Department such registration or filing fees as are now or may hereafter be provided by law.

Section 4. Severability. In the event any provision of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provision hereof which can be given effect.

Section 5. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 6. Gender, Etc. Whenever in these By-Laws the context so required, the singular number shall include the plural

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and the converse; and the use of any gender shall be deemed to include all genders.

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PLATS RECORDED IN PLAT BOOK R.H.O. 135 pages 69 thru 74

1993 June 9 The foregoing Dedolm & By Laws & Plats filed
for record and is accordingly recorded among the land records of
Worcester County, Md. in Liber, R.H.O. No. 1939 folios 357 thru 348
Richard H. Cutter Clerk