

BYLAWS
OF
HOMEVIEW CONDOMINIUM
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BYLAWS

ARTICLE 1

General Provisions

Section 1.1. Name. These Bylaws provide for the governance of the Condominium by the Unit owners Association pursuant to the requirements of Article 3 of the Condominium Act. The name of the Unit Owners Association shall be the name of the Condominium followed by the words "Unit Owners Association."

Section 1.2. Office. The office of the Condominium, the Unit owners Association and the Board of Directors shall be located at the Property or at such other place as may be designated from time to time by the Board of Directors.

Section 1.3. Definitions. Terms used herein without definition shall have the meanings specified for such terms in the Declaration to which these Bylaws are attached as Exhibit B, or if not defined therein, the meanings specified for such terms in section 55-79.41 of the Condominium Act. The following terms have the following meanings in the condominium instruments:

(a) "Board of Directors" or "Board" means the executive organ established pursuant to Article 3 of these Bylaws.

(b) "Common Element Interest" means the number assigned to each unit by Exhibit C to the Declaration which establishes each unit's undivided interest in the common elements, common expenses and common profits and votes in the Unit Owners Association.

(c) "Declarant Control Period" means the period prior to the earliest of (i) the date on which units to which seventy-five percent or more of the aggregate Common Element Interests appertain have been conveyed to unit owners other than the Declarant; (ii) five years after the date of the first conveyance of a condominium unit to a unit owner other than the Declarant (the maximum time period permitted by section 55-79.74(a) of the Condominium Act); or (iii) the date specified by the Declarant in a notice to the Unit Owners Association that the Declarant Control Period is to terminate on that date. For the purposes of the preceding sentence, the calculation of Common Element Interests shall be based, at any given time, on the Common Element Interests to be assigned to all units which the Declarant has reserved the right to create.

(d) "Limited Common Expenses" means expenses separately assessed against one or more but less than all of the condominium units generally in accordance with the use of the services, as permitted by section 55-79.83(a) and (b) of the Condominium Act and Section 5.1 of these Bylaws. Except where the context requires otherwise, common expenses shall include Limited Common Expenses.

(e) "Majority Vote" means a simple majority (more than fifty percent) of the votes actually cast in person or by proxy at a duly held meeting at which a quorum is present. Any specified percentage vote means that percentage vote with respect to the votes actually cast in person or by proxy at a duly held meeting at which a quorum is present. Any specified percentage approval or vote of the Mortgagees means approval or a vote by the Mortgagees of condominium units to which such percentage of the total number of votes appertain.

(f) "Mortgagee" means an institutional lender holding a first mortgage or first deed of trust ("Mortgage") encumbering a condominium unit in the Condominium which has notified the Unit Owners Association of its status and has requested all rights under the condominium instruments.

(g) "Officer" means any person holding office pursuant to Article 4 of these Bylaws, but contrary to section 55-79.41 of the Condominium Act, shall not mean members of the Board of Directors unless such directors are also officers pursuant to Article 4.

(h) "Reserved Common Element" means a common element in which the Board of Directors

has granted a revocable license for exclusive use by less than all of the unit owners.

(i) "Unit Owners Association" or "Association" means the unincorporated, non-profit association of all the unit owners owning condominium units in the Condominium.

ARTICLE 2

Unit Owners Association

Section 2.1. Composition. The Unit Owners Association shall consist of all of the unit owners. For all purposes the Unit Owners Association shall act merely as an agent for the unit owners as a group. The Unit Owners Association shall have the responsibility of administering the Condominium, establishing the means and methods of collecting assessments and charges, arranging for the management of the Condominium and performing all of the other acts that may be required or permitted to be performed by the Association by the Condominium Act and the Declaration. Except as to those matters which the Condominium Act specifically requires to be decided by the vote of the Unit Owners Association, the foregoing responsibilities shall be performed by the Board of Directors or managing agent as more particularly set forth in Article 3 of these Bylaws.

Section 2.2. Annual Meetings. The annual meetings of the Association shall be held on weekdays (other than legal holidays) at least forty-five days before the beginning of each fiscal year. The first meeting of the Association will be within one year after there is a unit owner other than the Declarant.

Section 2.3. Place of Meetings. Meetings of the Unit Owners Association shall be held at the principal office of the Association or at such other suitable place convenient to the unit owners as may be designated by the Board of Directors.

Section 2.4. Special Meetings.

(a) The President shall call a special meeting of the Unit Owners Association: (i) if so directed by resolution of the Board of Directors; (ii) after the termination of the Declarant Control Period, upon a petition signed and presented to the Secretary by unit owners of units to which of not less than twenty-five percent of the total Common Element Interest appertains; or (iii) during the Declarant Control Period, upon request of the Declarant. The signatures on a petition requesting a special meeting shall be valid for a period of one hundred-eighty days after the date of the first such signature. Such resolution, petition or request must (1) specify the time and place at which meeting is to be held, (2) either specify a date on which the meeting is to be held which will permit the Secretary to comply with Section 2.5 of these Bylaws, or else specify that the Secretary shall designate the date of the meeting, (3) specify the purposes for which the meeting is to be held, and (4) be delivered to the Secretary. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(b) Not later than the termination of the Declarant Control Period, a special meeting of the Unit owners Association shall be held at which a majority of the directors shall be elected by the unit owners, including the Declarant if the Declarant owns one or more units, to serve terms as provided in Section 3.3 of these Bylaws. If such election is held prior to the time required by this section, the directors elected at such election shall not take office until the earlier of the time such election is required to be held or resignation of a director appointed by the Declarant without appointment of a replacement within ten days. The elected directors shall assume office in the order of the highest number of votes received. Any remaining directors designated by the Declarant shall continue to serve until their terms expire.

Section 2.5. Notice of Meetings. The Secretary shall notify each unit owner of each annual or regularly scheduled meeting of the unit owners at least twenty-one but not more than thirty days, and of each special meeting of the unit owners at least seven but not more than thirty days, prior to such meeting, stating the time, place and purpose thereof. The giving of a notice of meeting in the manner provided in this section and Section 11.1 of the Bylaws shall be considered service of notice.

Section 2.6. Quorum and Adjournment of Meetings. Except as otherwise provided in these Bylaws, the presence in person or by proxy of unit owners owning units to which twenty-five percent or more of the total Common Element Interest appertains shall constitute a quorum at all meetings of the Unit Owners Association. If at any meeting of the Unit Owners Association a quorum is not present, unit owners of a majority of the Common Element Interests who are present at such meeting in person or by proxy may: (i) recess the meeting to such date, time and place as such unit owners may agree not more than forty-eight hours after the time the original meeting was called; or (ii) adjourn the meeting to a time not less than forty-eight hours after the time the original meeting was called, whereupon the Secretary shall make reasonable efforts to notify unit owners of such date, time and place.

Section 2.7. Order of Business. The order of business at all meetings of the Unit Owners Association shall be as follows: (a) roll call (proof of quorum); (b) proof of notice of meeting; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) report of Board of Directors; (f) reports of committees; (g) appointment of inspectors of election (when so required); (h) election of directors (when so required); (i) unfinished business; and (j) new business; provided, however, that balloting for election of directors may commence at any time.

Section 2.8. Conduct of Meetings. The President shall preside over all meetings of the Unit Owners Association and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. The President may appoint a person to serve as parliamentarian at any meeting of the Unit Owners Association. The then current edition of Robert's Rules of order shall govern the conduct of all meetings of the Unit Owners Association when not in conflict with the Condominium Act or the condominium instruments. Tellers, appointed by the President or other officer presiding over the meeting, shall supervise the tallying of all votes, and the names and addresses of the tellers shall be recorded in the minutes of the meeting.

Section 2.9. Voting.

(a) Voting at all meetings of the Unit Owners Association shall be on a percentage basis and the percentage of the vote to which each unit owner is entitled shall be the Common Element Interest assigned to such unit owner's unit in the Declaration. Where the ownership of a unit is in more than one person, the person who shall be entitled to cast the vote of such unit shall be the person named in a certificate executed by all of the owners of such unit and filed with the Secretary (if such a certificate is on file) or, in the absence of such named person from the meeting, the person who shall be entitled to cast the vote of such unit shall be the person owning such unit who is present. If more than one person owning such unit is present, then such vote shall be cast only in accordance with their unanimous agreement pursuant to section 55-79.77(c) of the Condominium Act. If a unit owner is not a natural person, the vote for such unit may be cast by any natural person having authority to execute deeds on behalf of any person, excluding natural persons, which is, either alone or in conjunction with one or more other persons; a unit owner; provided, however, that such natural person is named in a certificate signed by an authorized officer of such person; and, provided, further, that any vote cast by a natural person on behalf of such unit owner shall be deemed valid unless successfully challenged prior to adjournment of the meeting at which such vote was cast. Such certificate shall be valid until revoked by a subsequent certificate similarly executed and filed. Subject to the requirements of the Condominium Act, wherever the approval or disapproval of a unit owner is required by the Condominium Act or the condominium instruments, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such unit at any meeting of the Unit Owners Association. There shall be no cumulative voting.

(b) Except where a greater number is required by the Condominium Act or the condominium instruments, a Majority Vote is required to adopt decisions at any meeting of the Unit Owners Association. If the Declarant owns or holds title to one or more units, the Declarant shall have the right at any meeting of the Unit Owners Association to cast the votes to which such units are entitled.

(c) No unit owner may vote at any meeting of the Unit Owners Association or be elected to or serve on the Board of Directors if payment by such unit owner of any financial obligation to the Association is delinquent more than sixty days and the amount necessary to bring the account current has not been paid at the time of such meeting or election.

Section 2.10. Proxies. A vote may be cast in person or by proxy. A proxy may be instructed (directing the proxy how to vote) or uninstructed (leaving how to vote to the proxy's discretion). Proxies may be granted by any unit owner in favor of only: (i) another unit owner, an Officer, the Declarant or such unit owner's Mortgagee, or (ii) additionally, in the case of a non-occupant, the unit owner's lessee, attorney or rental agent. No person other than the Declarant, the managing agent or an officer shall cast votes as a proxy for more than one unit not owned by such person; provided, however, that no Officer shall cast votes as an uninstructed proxy for more than five units not owned by such person and provided, further, that a Mortgagee or an attorney or a rental agent for a non-resident unit owner may cast votes as proxy for as many units as such person represents. Proxies shall be duly executed in writing, shall be witnessed, shall contain the full name and address of the witness, shall be dated, shall be signed by a person having authority at the time of the execution thereof to execute deeds on behalf of that person, shall be valid only for the particular meeting designated therein and any continuation thereof, and shall be filed with the Secretary. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such unit. Except with respect to proxies in favor of a lessee or Mortgagee, any proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of the proxy.

ARTICLE 3

Board of Directors

Section 3.1. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Unit Owners Association and may do all such acts and things as are not by the Condominium Act or the condominium instruments required to be exercised and done by the Association. The Board of Directors shall delegate to one of its members or to a person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the managing agent (as defined in Section 3.2 hereof), if any, which may arise between meetings of the Board as the Board deems appropriate. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall on behalf of the Association:

- (a) Prepare and adopt an annual budget, in which there shall be expressed the assessments of each unit owner for the common expenses.
- (b) Make assessments against unit owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the unit owners and establish the period of the installment payment of the annual assessment for common expenses.
- (c) Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Condominium.
- (d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the common elements and provide services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Property.
- (e) Collect the assessments against the unit owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Property.
- (f) Adopt and amend any Rules and Regulations; provided, however, that such Rules and Regulations shall not be in conflict with the Condominium Act or the condominium instruments.
- (g) open bank accounts on behalf of the Unit Owners Association and designate the signatories thereon.

(h) Make, or contract for the making of, repairs, additions and improvements to or alterations of the Property, and repairs to and restoration of the Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(i) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations, act on behalf of the unit owners with respect to all matters arising out of any eminent domain proceeding, and notify the unit owners of any litigation against the Unit Owners Association involving a claim in excess of ten percent of the amount of the annual budget.

(j) Obtain and carry insurance against casualties and liabilities, as provided in Article 6 of these Bylaws, pay the premiums therefor and adjust and settle any claims thereunder.

(k) Pay the cost of all authorized services rendered to the Unit Owners Association and not billed to unit owners of individual units or otherwise provided for in Sections 5.1 and 5.2 of these Bylaws.

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the expenses of maintenance and repair of the common elements and any other expenses incurred. Such books and vouchers accrediting the entries therein shall be available for examination by the unit owners, their attorneys, accountants, Mortgagees and authorized agents during general business hours on business days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the unit owners. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once each year by an independent auditor retained by the Board of Directors. The cost of such audit shall be a common expense.

(m) Notify a Mortgagee of any default hereunder by the unit owner of the unit subject to such Mortgage, if such default continues for more than sixty days.

(n) Borrow money on behalf of the Condominium when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the common elements; provided, however, that (except during the Declarant Control Period) either a Majority Vote obtained at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws or the written approval of unit owners of units to which more than fifty percent of the votes in the Unit Owners Association appertain, shall be required to borrow any sum in excess of fifteen percent of the total annual assessment for common expenses for that fiscal year. If any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this subsection (n) is not repaid by the Unit Owners Association, a unit owner who pays to the creditor a percentage of the total amount due equal to such unit owner's Common Element Interest in the Condominium shall be entitled to obtain from the creditor a release of any judgment or other lien which such creditor shall have filed or shall have the right to file against such unit owner's condominium unit, and the Unit Owners Association shall not be entitled to assess the unit for payment of the remaining amount due such creditor.

(o) Acquire, hold and dispose of condominium units and mortgage the same without the prior approval of the Unit Owners Association if such expenditures and hypothecation's are included in the budget adopted by the Unit Owners Association.

(p) In its sole discretion, from time to time to designate certain common elements as Reserved Common Elements and impose such restrictions and conditions on the use thereof as the Board of Directors deems appropriate.

(q) Furnish those portions of the statement required by Sections 55-79.84(h) and 55-79.85 of the Condominium Act and those portions of section 55-79.97 of the Condominium Act applicable to non-residential condominiums substantially in the form set forth on Exhibit A to these Bylaws and designated "Certificate for Resale" within ten days after the receipt of a written request therefor from any unit owner.

(r) Do such other things and acts not inconsistent with the Condominium Act or the condominium instruments which the Board of Directors may be authorized to do by a resolution of the Unit Owners Association.

Section 3.2. Managing Agent. The Board of Directors shall employ for the Condominium a "managing agent" at a compensation to be established by the Board.

(a) Requirements. The managing agent shall be a bona fide business enterprise, which manages similar properties. The managing agent must be able to advise the Board of Directors regarding the administrative operation of the Condominium and shall employ personnel knowledgeable in the areas of condominium insurance, accounting, contract negotiation, labor relations and condominium regulation.

(b) Duties. The managing agent shall perform such duties and services as the Board of Directors shall direct. Such duties and services may include, without limitation, the duties listed in subsections 3.1 (a), (c), (d), (e), (h), (i), (j), (k), (l), (m), (q) and (r). The Board of Directors may delegate to the managing agent all of the powers granted to the Board of Directors by these Bylaws other than the powers set forth in subsections 3.1 (b), (f), (g), (n), (o) and (p). The managing agent shall perform the obligations, duties and services relating to the management of the property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

(c) Standards. The Board of Directors shall impose appropriate standards of performance upon the managing agent. Unless the managing agent is instructed otherwise by the Board of Directors:

(1) the accrual method of accounting shall be employed and expenses required by these Bylaws to be charged to more than one but less than all unit owners shall be accounted for and reported separately;

(2) two or more persons shall be responsible for handling cash to maintain adequate financial control procedures;

(3) cash accounts of the Unit Owners Association shall not be commingled with any other entity's accounts;

(4) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Unit Owners Association whether in the form of commissions, finders fees, service fees or otherwise; any discounts received shall benefit the Association;

(5) any financial or other interest which the managing agent may have in any firm providing goods or services to the Unit Owners Association shall be disclosed promptly to the Board of Directors; and

(6) a monthly financial report shall be prepared for the Unit Owners Association containing:

(A) an "income statement" reflecting all income and expense activity for the preceding period on an accrual basis;

(B) an "account activity statement" reflecting all receipt and disbursement activity for the preceding period on a cash basis;

(C) an "account status report" reflecting the status of all accounts in an "actual" versus "projected" (budget) format;

(D) a "balance sheet" reflecting the financial condition of the Unit Owners Association on an unaudited basis;

(E) a "budget report" reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the operating reserves or ten percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and

(F) a "delinquency report" listing all unit owners who are delinquent in paying condominium assessments and describing the status of any actions to collect such assessments.

(d) Limitations. During the Declarant Control Period, the Board of Directors shall employ a managing agent for an initial term not to exceed two years. The Unit Owners Association and the Board of Directors shall not undertake "self management" or fail to employ a managing agent without the consent of at least sixty-seven percent of the unit owners and at least fifty-one percent of the Mortgagees. Any contract with the managing agent must provide that it may be terminated, without payment of a termination fee, without cause on no more than ninety days written notice and with cause on no more than thirty days written notice.

Section 3.3. Number and Term of Office.

(a) Designated Members. During the Declarant Control Period, the Declarant shall be entitled to designate directors not elected pursuant to Section 2.4 of these Bylaws. The initial Board of Directors shall consist of no less than three nor more than five persons, all of whom shall be designated by the Declarant. The term of office of at least two directors shall expire at the third annual meeting after the special meeting held pursuant to subsection 2.4(b); the term of office of up to two additional directors shall expire at the second annual meeting after the special meeting held pursuant to subsection 2.4(b); and the term of office of any other directors shall expire at the first annual meeting after the special meeting held pursuant to subsection 2.4(b). The term of each designee shall be fixed by the Declarant. At the special meeting required by subsection 2.4(b), a number of the directors designated by the Declarant shall resign if necessary so that a majority of the directors shall have been elected in accordance with subsection 2.4(b). The persons elected shall serve for the remainder of the terms of office of the resigning directors who such persons replace, or if no resignation was required, for the terms of office necessary so that the term of office of one-third of the directors shall expire at each of the first three annual meetings after their election. The directors receiving the greatest vote shall be elected for the longest available terms. At the expiration of the term of office of all directors designated by the Declarant or elected at the special meeting held pursuant to subsection 2.4(b), all successor directors shall be elected to serve for a term of three years.

(b) Elected Members. No later than the first annual meeting of the Unit Owners Association after the special meeting held pursuant to subsection 2.4(b), the Board of Directors shall be composed of five persons, all of whom shall be unit owners or agents (officer, partner, etc.) or an employee of a unit owner, Mortgagees (or designees of Mortgagees) or designees of the Declarant. An elected director shall serve for a term of three years unless elected to fill a vacancy, in which case such director shall serve as provided in Section 3.6. Except for resignation or removal, the directors shall hold office until their respective successors shall have been elected by the Unit Owners Association.

Section 3.4. Election of Directors.

(a) Elections Committee. At least sixty-five days prior to the special meeting required by subsection 2.4(b) and each annual meeting of the Unit Owners Association, the Board of Directors shall appoint an Elections Committee consisting of a member of the Board whose term is not then expiring and at least three other unit owners. The Elections Committee shall develop election procedures and administer such procedures as are approved by the Board providing for election of directors by ballot of the unit owners at annual meetings and, where appropriate, special meetings.

(b) Nominations. A call for nominations shall be sent to all unit owners at least forty-five days prior to sending notice of an election. Persons qualified to be directors may be nominated for election only by a nominating petition submitted to the chairman of the Elections Committee at least thirty-five days before the meeting at which the election is to be held signed by persons owning fee simple interests in and representing in the aggregate at least three units and either signed by the nominee or accompanied by a document signed by the nominee indicating the willingness to serve as a director; provided, however, that additional nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Board of Directors for

which no more than one person has been nominated by petition. The nominee must either be present and consent to the nomination or have indicated in writing the willingness to serve. This subsection (b) does not apply to persons appointed to the Board by the Declarant.

(c) Qualifications. No person shall be eligible for election as a member of the Board of Directors unless such person is (alone or together with one or more other persons) a unit owner, or an agent (officer, partner, etc.) or an employee of a unit owner, a Mortgagee (or a designee of a Mortgagee) or a designee of the Declarant. No person affiliated with a unit owner nor any unit owner shall be elected as a director or continue to serve as a director if such person is more than sixty days delinquent in meeting financial obligations to the Unit Owners Association and a lien has been filed against such person's unit.

Section 3.5. Removal or Resignation of Directors. Except with respect to directors designated by the Declarant, at any regular or special meeting of the Unit Owners Association duly called, any one or more of the directors may be removed with or without cause by a Majority Vote of the unit owners (as defined in subsection 1.3(e) of these Bylaws) and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the unit owners shall be given at least seven days notice of the time, place and purpose of the meeting and shall be given an opportunity to be heard at the meeting. A director may resign at any time and, except for directors who are designees of the Declarant, shall be deemed to have resigned upon disposition of the unit which made such person eligible to be a director as provided for officers in section 55-79.78(a) of the Condominium Act, or if not in attendance at three consecutive regular meetings of the Board, unless the minutes reflect the Board's consent to such absence.

Section 3.6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the unit owners shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum because a quorum is impossible to obtain. Each person so elected shall be a director until a successor is elected by the unit owners at the next annual meeting of the Association. The term of the replacement director so elected shall expire so that the staggered terms of directors shall remain unaffected. During the Declarant Control Period, the Declarant shall designate the successor to any director previously designated by the Declarant who resigns or is removed.

Section 3.7. Meetings of Directors.

(a) Organization Meeting. The first meeting of the Board of Directors following the annual meeting of the Unit Owners Association shall be held within thirty days thereafter at such time and place as shall be determined by a majority of the directors at the annual meeting.

(b) Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but such meetings shall be held at least quarterly during each fiscal year.

(c) Special Meetings. Special meetings of the Board of Directors may be called by the President on three business days notice to each director. The notice shall state the time, place 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 directors.

(d) Executive Session. All meetings of the Board of Directors shall be open to unit owners as observers, except that the President or presiding officer may call the Board into executive session on sensitive matters such as personnel, litigation strategy or hearings for violations of the condominium instruments. Any final action taken by the Board in executive session shall be recorded in the minutes.

(e) Notice. Notice of meetings of the Board of Directors shall be given to each director, personally or by mail, telegraph or telephone, at least three business days prior to the day named for such meeting. No notice of the organizational meeting shall be necessary if such meeting is held immediately following the annual meeting.

(f) Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice by such director of the time, place and purpose of such meeting. If all 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.

(g) Quorum of Board of Directors. At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn or recess the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A director who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

(h) Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Condominium Act or the condominium instruments.

Section 3.8. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 3.9. Compensation. No director shall receive any compensation from the Condominium for acting as such.

Section 3.10. Board of Directors as Agent. The Board of Directors shall have the power to act as agent for the unit owners of all of the units and for each of them, to manage, control and deal with the interests of such unit owners in the common elements of the Condominium to permit the Board of Directors to fulfill all of its powers, rights, functions and duties. The Board of Directors shall have the power to act as agent for each unit owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the Property to: (i) adjust and settle all claims arising under insurance policies purchased by the Board of Directors, (ii) execute and deliver releases upon the payment of claims and (iii) act on their behalf in any condemnation proceeding or action of eminent domain pursuant to section 55-79.44 of the Condominium Act; provided, however, that the consent of a Mortgagee shall be required if such Mortgagee notifies the Board of Directors pursuant to Section 11.1 of the Bylaws within thirty days after receipt of notice of the damage pursuant to subsection 6.2(c) of the Bylaws or notice of the taking in condemnation or by eminent domain pursuant to Section 8.2 of the Bylaws. The powers herein set forth shall be in addition to any rights granted by section 55-79.80(b) of the Condominium Act. The Board of Directors may grant and accept easements and licenses pursuant to section 55-79.80(b) of the Condominium Act.

Section 3.11. Liability of the Board of Directors, Officers, Unit Owners and Unit Owners Association.

(a) The officers, directors and members of the Covenants Committee shall not be liable to the Unit Owners Association or any unit owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners Association shall indemnify and hold harmless each of the Officers and directors from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act or the condominium instruments, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and directors shall have no personal liability with respect to any contract made by them on behalf of the Unit Owners Association. The liability of any unit owner arising out of any contract made by the officers or Board of Directors, or out of the indemnification of the Officers or directors, or for damages as a result of injuries arising in connection with the

common elements solely by virtue of ownership of a Common Element Interest therein or for liabilities incurred by the Unit Owners Association, shall be limited to the total liability multiplied by such unit owner's Common Element Interest. Every agreement made by the officers, the Board of Directors or the managing agent on behalf of the Unit Owners Association shall, if obtainable, provide that the Officers, the directors or the managing agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as unit owners), and that each unit owner's liability thereunder shall be limited to the total liability thereunder multiplied by such unit owner's Common Element Interest. The Unit Owners Association shall indemnify and hold harmless each of the members of the Covenants Committee from and against all-liability to others arising out of the due exercise of their responsibilities unless their action shall have been taken in bad faith or contrary to the provisions of the Condominium Act or the condominium instruments. The Unit owners Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was an officer or director of the Association or a member of the Covenants Committee against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Condominium.

(b) The Unit Owners Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for as a common expense, or for injury or damage to person or property caused by the elements or by the unit owner of any condominium unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the common elements or from any pipe, drain, conduit, appliance or equipment. The Unit Owners Association shall not be liable to any unit owner for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the common elements or from any action taken by the Unit Owners Association to comply with any law, ordinance or with the order or directive of any governmental authority.

Section 3.12. Common or Interested Directors. Each director shall exercise such director's powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Unit Owners Association and any of its directors, or between the Association and any corporation, firm or association (including the Declarant) in which any of the directors of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such director is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because such director's vote is counted for such purpose, if any of the conditions specified in any of the following subsections exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to at least a majority of the unit owners, and the unit owners approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Unit Owners Association at the time it is authorized, ratified, approved or executed.

Any common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote at the meeting to authorize any contract or transaction with like force and effect as if such director of the Unit Owners Association were not an officer or director of such other corporation, firm or association or not so interested.

Section 3.13. Covenants Committee.

(a) Purpose. The Board of Directors shall establish a Covenants Committee, consisting of at least three members appointed by the Board, each to serve for a term of one year, in order to assure that the Condominium shall always be maintained in a manner: (1) providing for visual harmony and soundness of repair; (2) avoiding activities deleterious to the esthetic or property values of the Condominium; (3) furthering the comfort of the unit owners, their guests and tenants; and (4) promoting the general welfare and safety of the Condominium community.

(b) Powers. The Covenants Committee shall regulate the external design, appearance, use and maintenance of the units and the common elements. The Covenants Committee shall have the power to impose reasonable application fees as well as the costs of reports, analyses, or consultations required in connection with improvements or changes proposed by a unit owner. The Covenants Committee shall have the power to impose reasonable charges (pursuant to subsection 9.1(g) hereof) upon, and issue a cease and desist request to, a unit owner, a member of such unit owner's company or such unit owner's guests, invitees, or tenants, agents or employees whose actions are inconsistent with the provisions of the Condominium Act, the condominium instruments, the Rules and Regulations or resolutions of the Board of Directors (upon petition of any unit owner or upon its own motion). The Covenants Committee shall from time to time, as required, provide interpretations of the condominium instruments, Rules and Regulations and resolutions pursuant to the intents, provisions and qualifications thereof when requested to do so by a unit owner or the Board of Directors. Any action, ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party deemed by the Board to have standing as an aggrieved party and the Board may modify or reverse any such action, ruling or decision.

(c) Authority. The Covenants Committee shall have such additional duties, powers and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve the Covenants Committee of any of its duties, powers and authority either generally or on a case-by-case basis. The Covenants Committee shall carry out its duties and exercise its powers and authority in the manner provided for in the Rules and Regulations or by resolution of the Board of Directors. The Covenants Committee shall act on all matters properly before it within forty-five days; failure to do so within the stipulated time shall constitute an automatic referral of such matters to the Board of Directors for consideration.

ARTICLE 4

Officers

Section 4.1. Designation and Duties. The principal officers of the Unit Owners Association shall be the President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary. The principal Officers may, but need not be unit owners or directors. Each Officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent (if any) inconsistent with the Condominium Act or the condominium instruments, and shall perform such other duties as may be assigned to such office by resolution of the Board of Directors. If any Officer is unable for any reason to perform the duties of the office, the President (or the Board of Directors if the President fails to do so) may appoint another qualified person to act in such officer's stead on an interim basis.

Section 4.2. Election of Officers. The Officers of the Unit Owners Association 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. Any Officer may hold more than one position; provided, however, that the offices of President, Vice President and Secretary shall be held by three different individuals. Except for death, resignation or removal, the Officers shall hold office until their respective successors shall have been elected by the Board.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Board of Directors any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4.4. President. The President shall: be the chief executive officer of the Unit Owners Association; preside at all meetings of the Association and of the Board of Directors; have general and active direction of the business of the Association subject to the control of the Board; see that all orders and resolutions of the Board are carried into effect; and appoint committees from time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4.5. Secretary. The Secretary shall: keep the minutes of all meetings of the Unit Owners Association and of the Board of Directors; have charge of such books and papers as the Board may direct; give or cause to be given all notices required to be given by the Association; maintain a register setting forth the place to which all notices to unit owners and Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary.

Section 4.6. Treasurer. The Treasurer shall (together with the managing agent): be responsible for unit Owners Association funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare all required financial data; deposit all monies and other valuable effects in the name of the Board of Directors, the Association or the managing agent, in such depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the office of treasurer.

Section 4.7. Execution of Documents. Unless otherwise provided in the resolution of the Board of Directors: (i) all agreements, contracts, deeds, leases, checks and other instruments of the Unit Owners Association for expenditures or obligations in excess of two percent of the total annual assessment for common expenses for that fiscal year, and all checks drawn upon reserve accounts, shall be executed by any two persons designated by the Board of Directors; and (ii) all such instruments for expenditures or obligations of two percent of the total annual assessment for common expenses for that fiscal year or less, except from reserve accounts, may be executed by any one person designated by the Board of Directors. Any Officer of the Unit Owners Association may be designated by Board resolution to sign Certificates for Resale on behalf of the Association. Any officer may also be designated by Board resolution to sign any amendment to subdivide a unit or relocate boundaries between units on behalf of the Association or at the request of a unit owner, pursuant to sections 55-79.69 or 55-79.70 of the Condominium Act.

Section 4.8. Compensation of Officers. No Officer who is also a director shall receive any compensation from the Unit Owners Association for acting as such officer.

ARTICLE 5

Operation of the Property

Section 5.1. Determination of Common Expenses and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Unit Owners Association shall be the calendar year unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

(1) At least seventy-five days before the beginning of each fiscal year, the Board of Directors shall adopt a budget for the Unit Owners Association containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the common elements and those parts of the units as to which it is the responsibility of the Association to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses by the Condominium Act, the condominium instruments or a resolution of the Association and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Property and the rendering to the unit owners of all related services. The budget shall also reflect the separate assessment of Limited Common Expenses.

(2) Such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for contingencies

and replacements. At least sixty-five days before the beginning of each fiscal year, the Board of Directors shall send to each unit owner a copy of the budget in a reasonably itemized form which sets forth the amount of the common expenses and any special assessment payable by each unit owner. Such budget shall constitute the basis for determining each unit owner's assessment for the common expenses of the Condominium.

(c) Assessment and Payment of Common Expenses.

(1) Subject to the provisions of subsection 9.1(a) hereof, the total amount of the estimated funds required from assessments for the operation of the Property set forth in the budget adopted by the Board of Directors shall be assessed against each unit owner in proportion to such unit owner's respective Common Element Interest, except for Limited Common Expenses (including without limitation those specified in subsection (h)), which shall be assessed against each unit owner benefited in proportion to the relative Common Element Interest of such units inter se, or in accordance with use of the services, as appropriate. The assessment for common expenses, including Limited Common Expenses, shall be a lien against each unit owner's unit as provided in Section 9.2 of these Bylaws. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven months in such fiscal year, each unit owner shall be obligated to pay to the Board of Directors or the managing agent (as determined by the Board), one-twelfth of such assessment. Within ninety days after the end of each fiscal year, the Board of Directors shall supply to all unit owners, and to each Mortgagee requesting the same, an itemized accounting of the common expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors, be placed in reserve accounts, be placed in a special account to be expended solely for the general welfare of the unit owners, be credited according to each unit owner's Common Element Interest to the next periodic installments due from unit owners under the current fiscal year's budget, until exhausted, or distributed to the unit owners. Unless the Board of Directors directs otherwise, any net shortage shall be assessed promptly against the unit owners in accordance with their Common Element Interests and shall be payable either: (1) in full with payment of the next periodic assessment which is due more than ten days after delivery of notice of such further assessment; or (2) in not more than six equal periodic installments, as the Board of Directors may determine.

(2) Any common expenses paid or incurred in making available the same off-site amenities or paid subscription television service to some or all of the unit owners shall be assessed equally against the condominium units involved, and (ii) any common expenses paid or incurred in providing metered utility services to some or all of the units shall be assessed against each condominium unit involved based on its actual consumption of such services. Further, the Board of Directors may assess other expenses on other bases to the extent permitted by section 55-79.83.

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations (including losses due to insurance deductibles), contingencies and replacements. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves. Except for normal maintenance expenses shown in the annual operating budget, all expenses for repair and replacement of physical assets maintained by the Association shall be charged first against such reserves. Unless otherwise determined by a vote of three-fourths of the directors, the amount held as reserves shall not substantially exceed the amount reasonably required to assure the Association's ability to replace components as they reach the end of their useful lives. If regular annual maintenance extends the useful life of components so that reserves are excessive, the reserves shall be adjusted by reallocation to other budget items or by distribution to the unit owners. If the reserves are inadequate for any reason, including non-payment of any unit owner's assessment, the Board of Directors may at any time levy a further assessment, which shall be assessed against the unit owners according to their respective Common Element Interests, and which may be payable in a lump sum or in installments as the Board may determine. The Board of Directors shall serve notice of any such further assessment on unit owners by a statement in writing giving the amount and reasons therefor, and such further assessment shall, unless otherwise specified in the notice, become effective with the next periodic payment which is due more than ten days after the delivery of such notice of further assessment. All unit owners so notified shall be obligated to pay the adjusted periodic amount or, if such further assessment is not payable in installments, the amount of such assessment. Such assessment shall be a lien as of the effective date as set forth in subsection (c).

(c) Initial Budget and Initial Capital Payment.

(i) Upon taking office, the first Board of Directors elected or designated pursuant to these Bylaws shall determine the budget, as defined in this section, for the period commencing thirty days after such election and ending on the last day of the fiscal year in which such election occurs. Assessments shall be levied and become a lien against the unit owners during such period as provided in subsection (c).

(ii) The Declarant, as the agent of the Board of Directors, will collect from each initial purchaser at the time of settlement an "initial capital payment" equivalent to twice the estimated periodic installment of the annual assessment for common expenses and limited common element parking space charges, if any, for such purchaser's unit. The Declarant will deliver the funds so collected to the Board of Directors to provide the necessary working capital for the Unit Owners Association. Such funds may be used for certain prepaid items, initial equipment, supplies, organizational costs and other start-up costs, and for such other purposes as the Board of Directors may determine.

(f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a unit owner's obligation to pay the allocable share of the common expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each unit owner shall continue to pay each periodic installment at the rate established for the previous fiscal year until notified of the periodic payment which is due more than ten days after such new annual or adjusted budget is adopted.

(g) Accounts. All sums collected by the Board of Directors with respect to assessments against the unit owners or from any other source may be commingled into a single fund or held for each unit owner in accordance with such unit owner's Common Element Interest.

(h) Allocation of Limited Common Expenses. The owner of the convertible space will perform and pay for all maintenance and services related to the convertible space and the land on which it is located. The office condominium units (excluding the convertible space) shall pay as a Limited Common Expense the cost of all maintenance and services which benefit solely those units.

Section 5.2. Payment of Common Expenses. Each unit owner shall pay the common expenses, including Limited Common Expenses, assessed by the Board of Directors pursuant to the provisions of Section 5.1 hereof. No unit owner may be exempted from liability for the assessment for common expenses by reason of waiver of the use or enjoyment of any of the common elements or by abandonment of the unit. No unit owner shall be liable for the payment of any part of the common expenses assessed against the unit subsequent to the date of recordation of a conveyance by such unit owner in fee of such unit. Prior to or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a unit shall be jointly and severally liable with the selling unit owner for all unpaid assessments against the latter for the proportionate share of the common expenses up to the time of such recordation, without prejudice to the purchaser's right to recover from the selling unit owner amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling unit owner within five business days following a written request therefor to the Board of Directors or managing agent and such purchaser shall not be liable for, nor shall the unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth; and Provided, further, that each Mortgagee who comes into possession of a condominium unit by virtue of foreclosure or by deed or assignment in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the condominium unit free of any claims for unpaid assessments or charges against such unit which accrue prior to the time such Mortgagee or purchaser comes into possession thereof, except for claims for a pro rata share of such assessments or charges resulting from a pro rata reallocation of such assessments or charges to all condominium units including the mortgaged condominium unit.

Section 5.3. Collection of Assessments. The Board of Directors, or the managing agent at the request of the Board, shall take prompt action to collect any assessments for common expenses due from any unit owner which remain unpaid for more than thirty days from the due date for payment thereof. If a unit owner is delinquent for more than sixty days, the Board of Directors shall file a memorandum of lien in compliance with section 55-

79.84 of the Condominium Act prior to the ninetieth day, unless the Board decides by a two-thirds vote not to do so. Any assessment, or installment thereof, not paid within ten days after due shall accrue a late charge in the amount of twenty-five dollars, or such other amount as may be established from time to time by the Board of Directors.

Section 5.4. Statement of Common Expenses. The Board of Directors shall promptly provide any unit owner, contract purchaser or Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for common expenses due from such unit owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

Section 5.5. Maintenance, Repair, Replacement and Other Common Expenses.

(a) Chart of Maintenance Responsibilities. Notwithstanding the general provisions for maintenance set forth in subsections (b) and (c), specific maintenance responsibilities and the costs attributable thereto shall, to the extent set forth thereon, be determined pursuant to the Chart of Maintenance Responsibilities attached as Exhibit B hereto.

(b) By the Unit Owners Association. The Unit Owners Association shall be responsible for the maintenance, repair and replacement of all of the common elements (including the limited common elements) as defined herein or in the Declaration, whether located inside or outside of the units, the cost of which shall be charged to all unit owners as a common expense; provided, however, that the Board of Directors may elect not to do so if in the opinion of a majority of the Board of Directors such maintenance, repair or replacement was necessitated by the negligence, misuse or neglect for which a unit owner is responsible pursuant to subsection 9.1(a) of these Bylaws; and provided, further, that each unit owner shall perform normal maintenance on the limited common elements appurtenant to such unit owner's unit and any portion of the remaining common elements which the Board of Directors pursuant to the Rules and Regulations has given such unit owner permission to utilize, including without limitation the items enumerated in subsection (c).

(c) By the Unit Owner.

(1) Each unit owner shall keep the unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition. Each unit owner shall perform this responsibility in such manner as shall not unreasonably disturb or interfere with the other unit owners. Each unit owner shall promptly report to the Board of Directors or the managing agent any defect or need for repairs for which the Unit Owners Association is responsible.

(2) The unit owner of any unit to which a limited common element porch is appurtenant shall perform the normal maintenance for such limited common element, including keeping it in a clean and sanitary condition, free and clear of snow, ice and any accumulation of water and shall also make all repairs thereto caused or permitted by such unit owner's negligence, misuse or neglect. All structural repair or replacement shall be made by the Unit Owners Association as a common expense, as provided in subsection (b).

(3) Any unit owner permitted by the Board of Directors to use a specific portion of the common elements for storage is responsible for the maintenance and care of such portion and shall use such portion in a safe and sanitary manner.

(d) Manner of Repair and Replacement. All repairs and replacements shall be substantially similar to the original construction and installation and shall be of first-class quality, but may be done with contemporary building materials and equipment. The method of approving payment vouchers for all repairs and replacements shall be determined by the Board of Directors.

Section 5.6. Additions, Alterations or Improvements by the Board of Directors. Except during the Declarant Control Period, whenever in the judgment of the Board of Directors the common elements shall require additions, alterations or improvements costing in excess of twenty percent of the total annual assessment for common expenses for that fiscal year during any period of twelve consecutive months, the making of such additions, alterations or improvements requires a Majority Vote, and the Board of Directors shall assess all unit owners benefited for the cost thereof as a common expense (or Limited Common Expense). Any addition, alterations or

improvements costing less than twenty percent of the total annual assessment for common expenses for that fiscal year during any period of twelve consecutive months may be made by the Board of Directors without approval of the unit owners and the cost thereof shall constitute a common expense or Limited Common Expense, depending on the nature of the additions, alterations or improvements. Notwithstanding the foregoing, if, in the opinion of not less than eighty percent of the directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the unit owners requesting the same, such requesting unit owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportion as may be determined by the Board of Directors.

Section 5.7. Additions, Alterations or Improvements by the Unit Owners. No unit owner shall make any structural addition, alteration or improvement in or to the unit without the prior written consent of the Board of Directors or the Covenants Committee as appropriate. No unit owner shall paint or alter any common element or the exterior of the unit, including the doors and windows, nor shall any unit owner paint or alter the exterior of any building, without the prior written consent of the Board Of Directors or the Covenants Committee as appropriate. Except when a request is being handled by the Covenants Committee, the Board of Directors shall be obligated to answer any written request by a unit owner for approval of a proposed structural addition, alteration or improvement in such unit owner's unit within forty-five days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration or improvement. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any unit requires execution by the Unit Owners Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by an authorized Officer only, without however incurring any liability on the part of the Board of Directors, the Association or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom. Subject to the approval of any Mortgagee of such affected units, the Board of Directors and any unit owner affected, any unit may be subdivided or may be altered so as to relocate the boundaries between such unit and any adjoining units. The Secretary shall record any necessary amendment to the Declaration to effect such action as provided in sections 55-79.69 or 55-79.70 of the Condominium Act. The provisions of this section shall not apply to units owned by the Declarant until deeds of conveyance of such units shall have been recorded; provided, however, that the Declarant's construction or alterations shall be architecturally compatible with existing units. The Declarant shall have the right to make such alterations or subdivisions without the consent of the Board of Directors, and an authorized Officer shall execute any such application required. The Declarant shall also have the right to make improvements to the common elements to complete development of the Property without approval from the Board of Directors or the Covenants Committee.

Section 5.8. Restrictions on Use of Units and Common Elements; Rules and Regulations.

(a) Restrictions. Each unit and the common elements shall be occupied and used as follows:

(1) No unit shall be used for residential purposes or for purposes not permitted by the applicable zoning.

(2) Nothing shall be done or kept in any unit or in the common elements which will increase the rate of insurance for the Property or any part thereof applicable for permitted commercial uses without the prior written consent of the Board of Directors. No unit owner shall permit anything to be done or kept in the unit or in the common elements which will result in the cancellation of insurance on the Property or any part thereof or which would be in violation of any law, regulation or administrative ruling. No waste will be committed on the common elements.

(3) No improper, offensive or unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the unit owner or the Board of Directors, whichever shall have the obligation to maintain or repair such portion of the Property, and, if the latter, then the cost of such compliance shall be a common expense.

(4) No unit owner shall obstruct any of the common elements nor shall any unit owner place or cause or permit anything to be placed on or in any of the common elements (except those areas designated for such storage by the condominium instruments or the Board of Directors) without the approval of the Board. Nothing shall be altered or constructed in or removed from the common elements except with the prior written consent of the Board of Directors or the Covenants Committee, as appropriate.

(5) The common elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the units.

(6) No unit owner shall lease a unit other than on a written form of lease: (i) requiring the lessee to comply with the condominium instruments and Rules and Regulations; (ii) providing that failure to comply constitutes a default under the lease, and (iii) providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the lessor thereunder after forty-five days prior written notice to the unit owner, in the event of a default by the tenant in the performance of the lease. The Board of Directors may suggest or require a standard form lease for use by unit owners. Each unit owner of a condominium unit shall, promptly following the execution of any lease of a condominium unit, forward a conformed copy thereof to the Board of Directors. The foregoing provisions of this paragraph, shall not apply to units owned by the Association, to the Declarant, or to a Mortgagee in possession of a unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(7) Trailers, campers, recreational vehicles, boats and other large vehicles may not be parked on the Property without the prior written consent of the Covenants Committee. All vehicles shall be parked wholly within parking space lines; provided, however, that any unit owner having the right to use one or more limited common element parking spaces may use any adjacent area not within another unit owner's parking space if such space is not otherwise necessary for the use of the Unit Owners Association. The parking areas, including the limited common element parking spaces, shall be used only for parking, other than as provided above, nothing may be stored, erected, attached to or otherwise placed on the common elements in the parking areas without the prior written consent of the Board of Directors or the Covenants Committee, as appropriate. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the common elements. Except in areas designated by the Board of Directors, vehicle repairs other than emergency maintenance are not permitted on the common elements.

(8) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, is prohibited within any unit or upon the common elements, except that the keeping of guard dogs, guide animals and aquarium fish (and other limited species of animals which do not normally leave the unit and which do not make noise) is permitted, subject to the Rules and Regulations adopted by the Board of Directors; provided, however, that any such animals causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Property upon ten days written notice from the Board of Directors. Such animals shall not be permitted upon the common elements unless accompanied by someone who can control the animal and unless carried or leashed. Any unit owner who keeps or maintains any animal upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Unit Owners Association, each unit owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such animal within the Condominium.

(9) Except for such signs as may be posted by the Unit Owners Association or by the Declarant for promotional or marketing purposes, and except for signs complying with criteria established by the Covenants Committee, no signs of any character shall be erected, posted or displayed upon, in, from or about any unit or common element without the prior written approval of the Board of Directors. The foregoing provisions of this paragraph shall not apply to a Mortgagee in possession of a unit as a result of foreclosure, judicial sale or a

proceeding in lieu of foreclosure.

(10) Sufficient carpeting or rugs shall be maintained on a minimum of eighty percent of the floor surfaces (except kitchens, closets and bathrooms) in units located over other units to adequately reduce transmission of sound between units.

(11) No unit shall be subjected to or used for any timesharing, cooperative, licensing or other arrangement that would entail weekly, monthly or any other type of revolving or periodic occupancy by multiple unit owners, cooperators, licensees or timesharing participants.

(b) Changes to Rules and Regulations. Each unit and the common elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and changed by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each unit owner. Changes to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each unit owner upon request.

Section 5.9. Right of Access. By acceptance of the deed of conveyance, each unit owner thereby grants a right of access to the unit, as provided by section 55-79.79(a) of the Condominium Act and subsection 4.2(a) of the Declaration, to the Board of Directors or the managing agent, or any other person authorized by the Board or the managing agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities, including without limitation making inspections, correcting any condition originating in the unit or in a common element to which access is obtained through the unit and threatening another unit or the common elements, performing installations, alterations or repairs to the mechanical or electrical systems or the common elements in the unit or elsewhere in the Property or to correct any condition which violates any Mortgage; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the unit owner. In case of an emergency, such right of entry shall be immediate, whether or not the unit owner is present.

Section 5.10. Utility Charges; User Fees. The cost of utilities serving the Condominium not individually metered or sub-metered to specific units shall be common expenses allocated pursuant to Section 5.1 hereof. The cost of utilities serving one or more units and individually sub-metered shall be a Limited Common Expense payable by the units served based on actual consumption of such services in accordance with section 55-79.83(c) of the Condominium Act. Pursuant to sections 55-79.83(b) and (c) of the Condominium Act, the Board of Directors may impose reasonable user fees, whether or not designated as Limited Common Expenses, for the use of Reserved Common Elements or personal property of the Unit Owners Association or services provided by or arranged for through the Association.

Section 5.11. Parking Spaces. Each of the parking spaces so designated on the Plats and Plans shall be subject to designation as limited common elements appurtenant to certain designated units pursuant to the reservation set forth in Article 3 of the Declaration. Until assigned as a limited common element, all parking spaces shall be used by the unit owners for self-service parking purposes on a "first come, first served" basis, except as the Board of Directors may otherwise determine; provided, however, that no unit owner shall park on the common element parking spaces more than 9 vehicles (owned or leased by such unit owner, a member of such unit owner's company, an employee or a tenant leasing the unit or a client or guest) (excluding limited common element parking spaces) without the prior written consent of the Board of Directors. The cost of maintenance and repair of all parking areas (other than limited common element parking spaces) shall be a common expense.

Section 5.12. Disclaimer of Bailee Liability. The Board of Directors, the Unit Owners Association, any unit owner and the Declarant shall not be considered a bailee, of any personal property stored on the common elements (including property located in vehicles parked on the common elements), whether or not exclusive possession of the particular area is given to a unit owner for parking purposes, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

ARTICLE 6

Insurance

Section 6.1. Authority to Purchase; Notice.

(a) Except as otherwise provided in Section 6.5 hereof, all insurance policies relating to the Property shall be purchased by the Board of Directors. The Board of Directors, the managing agent and the Declarant shall not be liable for failure to obtain any coverage's required by this Article 6 or for any loss or damage resulting from such failure: (i) if such failure is due to the unavailability of such coverage's from reputable insurance companies; (ii) if such coverage's are so available only at demonstrably unreasonable cost; or (iii) if the Association's insurance professionals advise that the coverage's required by paragraph (2) of subsection 6.2(b) are not necessary. The Board of Directors shall promptly furnish to each unit owner written notice of the procurement of, subsequent changes in, or termination of, insurance coverage's obtained on behalf of the Unit Owners Association, in compliance with section 55-79.81(b) of the Condominium Act.

(b) Each such policy shall provide that:

(1) The insurer waives any right to claim by way of subrogation against the Declarant, the Unit Owners Association, the Board of Directors, the managing agent or the unit owners, and their respective guests, invitees, tenants, agents and employees and, in the case of the unit owners, the members of their companies;

(2) Such policy shall not be canceled, invalidated or suspended due to the conduct of any unit owner (including the members of such unit owner's company and such unit owner's guests, invitees, tenants, agents and employees) or of any member, officer or employee of the Board of Directors or the managing agent without a prior demand in writing that the Board or the managing agent cure the defect and neither shall have so cured such defect within sixty days after such demand; and

(3) Such policy may not be canceled or substantially modified (including cancellation for nonpayment of premium) without at least thirty days prior written notice to the Board of Directors, the managing agent and all Mortgagees.

(c) The Declarant, so long as Declarant shall own any unit, shall be protected by all such policies as a unit owner. The coverage provided to the Declarant under the insurance policies obtained in compliance with this Article 6 shall not be deemed to protect or be for the benefit of any general contractor engaged by the Declarant nor shall such coverage be deemed to protect the Declarant against liability for (or waive any rights with respect to) warranty claims.

(d) All policies of insurance shall be written by reputable companies licensed or qualified to do business in the Commonwealth of Virginia. Physical damage policies shall be in form and substance and with carriers acceptable to a majority of the Mortgagees.

(e) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a common expense; provided, however, that the Unit Owners Association may, pursuant to subsection 9.1(a) of these Bylaws, assess any deductible amount necessitated by the negligence, misuse or neglect for which a unit owner is responsible against such unit owner.

Section 6.2. Physical Damage Insurance.

(a) Subject to subsection 6.5(b), the Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, sprinkler leakage (if applicable), debris removal and water damage endorsements, insuring the entire Property (including without limitation all of the units and the fixtures initially installed therein by the Declarant, and replacements thereof up to the value of those initially installed by the Declarant, but not including furniture, wallcoverings, improvements and

additions, furnishings or other personal property supplied or installed by unit owners), together with all air-conditioning and heating equipment and other service machinery contained therein and covering the interests of the Unit Owners Association, the Board of Directors and all unit owners and their Mortgagees, as their interests may appear, (subject, however, to the loss payment and adjustment provisions in favor of the insurance trustee), in an amount equal to one hundred percent of the then current replacement cost of the Property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Board with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain such coverage on all real and personal property owned by the Unit Owners Association.

(b) Such policy shall also provide:

(1) a waiver of any right of the insurer to repair, rebuild or replace any damage or destruction, if a decision is made pursuant to these Bylaws not to do so;

(2) the following endorsements (or equivalent): (i) "no control" (to the effect that coverage shall not be prejudiced by any act or neglect of any occupant or unit owner or their agents when such act or neglect is not within the control of the insured, or the unit owners collectively; nor by any failure of the insured, or the unit owners collectively, to comply with any warranty or condition with regard to any portion of the Condominium over which the insured, or the unit owners collectively, have no control); (ii) "cost of demolition"; (iii) "contingent liability from operation of building laws or codes"; (iv) "increased cost of construction"; (v) "condominium replacement cost"; and (vi) "agreed amount" or elimination of coinsurance clause; and

(3) subject to subsection 6.5(b), that any "no other insurance" clause expressly exclude individual unit owners' policies from its operation so that the physical damage policy purchased by the Board of Directors shall be deemed primary coverage and any individual unit owners' policies shall be deemed excess coverage, and in no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder provide for or be brought into contribution with insurance purchased by individual unit owners or their Mortgagees, unless otherwise required by law.

(c) A duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies or certificates and endorsements issued thereunder, together with proof of payment of premiums, shall be delivered by the insurer to any Mortgagee requesting the same, at least thirty days prior to expiration of the then current policy. Prior to obtaining any policy of physical damage insurance or any renewal thereof the Board of Directors shall obtain an appraisal from an insurance company, or such other source as the Board may determine, of the then current replacement cost of the Property (exclusive of the Land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation, for the purpose of determining the amount of physical damage insurance to be secured pursuant to this section. All Mortgagees shall be notified promptly of any event giving rise to a claim under such policy arising from damage to the common elements in excess of one percent of the then current replacement cost of the Property. The Mortgagee of a unit shall be notified promptly of any event giving rise to a claim under such policy arising from damage to such unit.

Section 6.3. Liability Insurance. Subject to subsection 6.5(b), the Board of Directors shall obtain and maintain comprehensive general liability (including libel, slander, false arrest and invasion of privacy coverage) and property damage liability insurance in such limits as the Board may from time to time determine, insuring each director, the managing agent, each unit owner and the employees of the Unit Owners Association against any liability to the public or to the unit owners (and their guests, invitees, tenants, agents and employees) arising out of, or incident to the ownership or use of the common elements. Such insurance shall be issued on a comprehensive liability basis and shall contain: (i) a cross-liability endorsement under which the rights of a named insured under the policy shall not be prejudiced with respect to an action against another named insured; (ii) hired and non-owned vehicle coverage; (iii) host liquor liability coverage with respect to events sponsored by the Unit Owners Association; (iv) deletion of the normal products exclusion with respect to events sponsored by the Unit Owners Association; and (v) a "severability of interest" endorsement which shall preclude the insurer from denying liability coverage to a unit owner because of negligent acts of the Unit Owners Association or of another unit owner. The Board of Directors shall review such limits once each year, but in no event shall such insurance be less than one million dollars covering all claims for bodily injury or property damage arising out of one occurrence. Reasonable

amounts of "umbrella" liability insurance in excess of the primary limits shall also be obtained so that the total of the primary and excess limits are in an amount not less than four million dollars.

Section 6.4. Other Insurance. The Board of Directors shall obtain and maintain:

(a) adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Unit Owners Association and all others who handle, or are responsible for handling, funds of the Association, including the managing agent. Such fidelity bonds shall: (i) name the Unit Owners Association as an obligee; (ii) be written in an amount not less than one-half the total annual condominium assessments for the year or the amount required by the Mortgagees, whichever is greatest; and (iii) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression;

(b) if required by any governmental or quasigovernmental agency, flood insurance in accordance with the then applicable regulations of such agency;

(c) workers' compensation insurance if and to the extent necessary to meet the requirements of law (including a voluntary employees endorsement and an "all states" endorsement);

(d) directors and officers liability insurance in an amount not less than one million dollars; and

(e) such other insurance as the Board of Directors may determine or as may be requested from time to time by a Majority Vote.

Section 6.5. Separate Insurance. Each unit owner shall have the right to obtain insurance for such unit owner's benefit, at such unit owner's expense, covering the unit and such unit owner's personal property and personal liability, as well as any improvements made to the unit by such unit owner (under coverage normally called "improvements and betterments coverage"); and for such other risks as are normally insured; provided, however, that no unit owner shall be entitled to exercise this right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all unit owners, may realize under any insurance policy maintained by the Board or to cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by a unit owner. Each unit owner shall obtain general liability insurance in a minimum amount of one million dollars and shall provide a new certificate of insurance to the Board of Directors two weeks prior to the expiration date of such insurance. No unit owner shall obtain separate insurance policies on the Condominium except as provided in this section.

Section 6.6. Insurance Trustee.

(a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Unit Owners Association, the unit owners, their Mortgagees and the Declarant, as their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board as "insurance trustee" to be applied pursuant to the terms of Article 7.

(b) The sole duty of the insurance trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the insureds and their beneficiaries thereunder.

ARTICLE 7

Repair and Reconstruction After Fire or Other Casualty

Section 7.1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 7.4, if all or any part of any building is damaged or destroyed as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof (including without limitation any damaged units, and the floor coverings, fixtures and appliances initially installed therein by the Declarant, and