

THE MAJESTIC CONDOMINIUM

BYLAWS

These Bylaws are adopted this 6th day of May, 2004, by Majestic, LLC ("Declarant").

1. IDENTIFICATION OF THE CONDOMINIUM.

The name of the Condominium is: The Majestic Condominium. The address of the Condominium is 1324 Euclid Street, N.W., Washington, D.C. 20009. The name of the association of unit owners at the Condominium is: THE MAJESTIC CONDOMINIUM UNIT OWNERS ASSOCIATION (the "Association"). The Association shall be organized as a not for profit corporation.

2. DEFINITION.

Each of the following terms, as used in these Bylaws, shall have the same meaning as the meaning ascribed to it in Section 3 of the Condominium Declaration: "Act"; "Association"; "Board of Directors"; "Building"; "Bylaws"; "Commercial Unit"; "Common Elements"; "Common Expenses"; "Condominium"; "Condominium Amendment Act"; "Condominium Instruments"; "Condominium Plat"; "Condominium Plans"; "Condominium Unit"; "Declaration"; "First Mortgagee"; "General Common Elements"; "Identifying Number"; "Land"; "Limited Common Elements"; "Par Value"; "Parking Units"; "Percentage Interest"; "Person"; "Record"; "Residential Unit"; "Rules and Regulations"; "Unit"; "Unit Owner".

3. PURPOSE AND APPLICATION OF BYLAWS.

These Bylaws are adopted pursuant to the District of Columbia Condominium Act of 1976 Technical and Clarifying Amendment Act of 1992, as amended, and provide for the self-government of the Condominium. The administration and management of the Condominium and the actions of the Unit Owners and the Unit Owners Association and its Board of Directors and officers shall be governed by these Bylaws. All present and future Unit Owners and their tenants, licensees, invitees, servants, agents, employees and any other person or persons who are permitted to use the Condominium shall be subject to these Bylaws and the other Condominium Instruments and to the Rules and Regulations of the Association. Acquisition, rental or occupancy of a Unit shall constitute the Unit Owner's, tenant's and occupant's acceptance and ratification of, and agreement to comply with, these Bylaws and the other Condominium Instruments, and any Rules and Regulations now existent or hereafter adopted.

4. Unit Owners Association.

4.1 Membership.

All Unit Owners in the Condominium, acting as a group in accordance with the Condominium Amendment Act and the Condominium Instruments, constitute the Unit Owners Association (the "Association"). A person shall automatically become a member of the Association at the time that he becomes a Unit Owner and shall remain a member until such time as his ownership of a Unit ceases for any reason, at which time his membership in the Association shall automatically cease. The ownership of an interest in a Unit solely as security for the performance of an obligation does not entitle the owner of such interest to membership in the Association.

4.2 Powers and Responsibilities.

Pursuant to Section 42-1903.01 of the Condominium Amendment Act, and except as otherwise expressly provided in these Bylaws or in the Declaration, the powers and responsibilities assigned by the Condominium Amendment Act to the Association are delegated to the Board of Directors, as more particularly set forth in Section 5.

4.3 Meetings.

4.3.1 Place of Meetings. Meetings of the Association shall be held at such place as may be designated by the Board of Directors and stated in the notice of the meeting.

4.3.2 Annual Meetings. The first annual meeting of the Association shall be held at a time designated by the Board of Directors (i) within two years from the date that the first Unit is conveyed or (ii) within Ninety (90) days after Units to which 75% of the Percentage Interests appertain have been conveyed by the Declarant, whichever date first occurs, or (iii) on such earlier date as may be established by the Board of Directors. Thereafter an annual meeting of the Association shall be held on a date to be established by the Board of Directors, which shall be not more than 60 days prior to nor 30 days after the end of the fiscal year, except that the second annual meeting of the Association shall be held not less than 6 months nor more than 18 months after the date of the first annual meeting. The annual meeting of the Association shall be held for the election of directors and the conduct of such other business as may be properly brought before the meeting.

4.3.3 Special Meetings. A special meeting of the Association may be called by the Board of Directors or by the President and must be called by the President at the written request (stating the purposes of the meeting) of 25% or more of the Unit Owners. No business shall be transacted at a special meeting except that which is set forth in the notice of the meeting.

4.3.4 Notices. The Secretary shall send a notice of the meeting of the Association to each Unit Owner at least 21 days in advance of an annual meeting and at least 7 days in advance of a special meeting. The notice shall state the time, place and purposes of the meeting. The notice shall be given to each Unit Owner (i) by United States mail at his Unit address or to such other address as he may have designated to the Secretary in writing or (ii) by hand delivery and by posting it in at least two common areas of the Condominium; provided that if hand

delivered the Secretary shall certify that the notice was delivered to the Unit Owner. The mailing or hand delivery of a notice of meeting in the manner provided herein shall constitute service of notice.

4.3.5 Voting. Each Unit is allocated a number of votes in the Association equal to the Percentage Interest assigned to that Unit in the Declaration and set forth in Exhibit B to the Declaration. Each Unit Owner is entitled to cast the votes allocated to his Unit. Since a Unit Owner may be more than one person, if only one of such persons is present at a meeting of the Association, that person shall be entitled to cast the votes allocated to that Unit. But if more than one of such persons is present, the votes allocated to that Unit shall be cast only in accordance with the agreement of a majority of them, and such agreement shall be conclusively presumed if any one of them purports to cast the votes allocated to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. Except where a greater number is required by the Condominium Act, the Declaration, or these Bylaws, and subject to the quorum requirement, decisions or actions of the Association shall be taken by a majority of the votes cast in person or by proxy. If the Declarant owns or holds title to any Unit, the Declarant shall have the right to cast votes assigned to that Unit.

4.3.6 Proxies. The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner. Revocation of a proxy is not binding on the Association unless actual notice of the revocation is received by the officer presiding over the meeting. A proxy is not valid unless it is dated and signed by the Unit Owner or by a person having authority to execute deeds on behalf of the Unit Owner, and witnessed by a person who shall sign his or her name and address. A proxy purporting to be revocable without notice shall be void. A proxy shall terminate automatically upon the adjournment of the first meeting held on or after the date of the proxy, except as otherwise specifically provided in the form of proxy.

4.3.7 Quorum. The presence in person or by proxy of the Unit Owners entitled to cast at least 25% of the votes in the Association shall constitute a quorum for the conduct of business. A quorum shall be deemed to be present throughout a meeting of the Association until adjournment if persons entitled to cast at least 25% of the votes are present in person or by proxy at the beginning of such meetings. If a meeting cannot be organized because a quorum is not present, the Unit Owners present may recess the meeting from time to time until a quorum is present, whereupon any business may be transacted that may have been transacted at the meeting as originally called. No further notice thereof shall be required.

4.3.8 Order of Business. The order of business at a meeting of the Association shall be as follows: (i) proof of notice of meeting; (ii) determination of the presence of a quorum; (iii) election of inspectors of election, if applicable; (iv) election of directors, if applicable; (v) reports of the Board of Directors, officers and committees; (vi) unfinished business; and (vii) new business. Items (vi) and (vii) shall be omitted from the order of business of a special meeting held for the sole purpose of electing a director.

4.3.9 Conduct of Meeting. The President shall preside at meetings of the Association and the Secretary shall keep the minutes of meetings. Roberts Rules of Order shall

govern the conduct of all meetings of the Association when not in conflict with the Condominium Act or the Condominium Instruments.

5. BOARD OF DIRECTORS.

5.1 Powers and Duties.

The Board of Directors is the executive and administrative entity designated to act for the Association in governing the Condominium. The Board of Directors shall manage the affairs and business of the Association. The Board of Directors may delegate to a director or officer, subject to the continuing control of the Board of Directors, any matters relating to the duties of the Managing Agent. In addition to other powers and duties granted or imposed by these Bylaws or by resolution of the Association, the Board of Directors shall have the power and duty to:

- (1) Prepare and adopt an annual budget for the Condominium.
- (2) Make and collect assessments (including special assessments) against the Unit Owners to defray the Common Expenses, establish the method of collecting such assessments from the Unit Owners, and establish the period of the installment payments of assessments.
- (3) Provide for the operation, care, upkeep, maintenance and surveillance of the Common Elements and for services to the Condominium.
- (4) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacements of the Common Elements, 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 the property of the Association.
- (5) Make and amend Rules and Regulations respecting the use of the Condominium.
- (6) Establish bank accounts for the Association.
- (7) Contract for the repair, additions, and improvements to, or alterations of, the Condominium and for the restoration of the Condominium, in accordance with the other provisions of these Bylaws.
- (8) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations and institute, maintain and defend proceedings and actions brought on behalf of or against the Association, or 2 or more unit owners on any matters that affect the Condominium.

(9) Purchase and maintain insurance required by Article 10 of these Bylaws.

(10) Pay the cost of services rendered to the Condominium for which the Association, as distinct from individual Unit Owners, is liable.

(11) Keep the books of the Association with detailed accounts of the receipts and expenditures affecting the Condominium, specifying all expenses incurred, including prepaid expenses. The books and supporting vouchers and records shall be available for examination by the Unit Owners, their duly authorized agents or accountants or attorneys, during regular business hours at the time and in the manner set by the Board of Directors. All books and records shall be kept in accordance with generally accepted accounting principles, and shall be subjected to an independent audit annually, and also may be subjected to an independent audit upon the request of unit owners to which at least 33 1/3% of the votes in the Association appertain. The cost of such audit shall be a Common Expense.

(12) Purchase Units on behalf of the Association at foreclosure or other judicial sale, if the Board of Directors determines that such purchase is in the best interest of the Association, and otherwise hold, acquire, encumber or convey in the name of the Association, any right, title or interest to real or personal property.

(13) Enforce obligations of Unit Owners, allocate Common Profits and Common Expenses, and take such other actions as may be necessary or proper for the sound management of the Condominium. The Board of Directors shall have the power to levy fines against Unit Owners for violations of the Rules and Regulations, and/or for late payment of assessments. No fine may be levied for more than twenty-five (\$25.00) dollars for any one violation; but for each day that a violation continues, after notice, it shall be considered a separate violation. Collection of fines may be enforced against a Owner as if the fines were an assessment for Common Expenses owed by the Unit Owner. If a Unit Owner persists in violating the Rules and Regulations, the Board of Directors may require him to post a bond, satisfactory to it, to secure future compliance with the Rules and Regulations.

(14) Lease, grant licenses, easements, rights-of-way and other rights of use in all or part of the Common Elements of the Condominium.

(15) Establish from time to time a minimum term for which a Unit may be leased by a Unit Owner, which shall initially be six months. .

(16) Do such things and acts (not inconsistent with the Condominium Amendment Act and with the Condominium Instruments) which may be authorized by the Association, including the exercise of any power set forth in Section 42-1903.08 of the Act, the foregoing delineation of powers not being intended in any manner to limit the powers set forth in such Section.

5.2 Number and Appointment of Directors Prior to the First Annual Meeting of the Association.

The number of directors, which constitutes the initial Board of Directors, is three (3). The initial Board of Directors shall be appointed by the Declarant and shall serve (i) until the election of directors at the first annual meeting of the Association or (ii) until replaced by the Declarant. The Declarant's appointees need not be Unit Owners or residents of the Condominium, and the Declarant shall have the right in its sole discretion to replace such directors and to designate their successors if vacancies occur for any reason. However, the By-Laws and Condominium Act require that (i) at the time Units to which 25% of the percentage interests in the Condominium have been conveyed, the Association shall hold a special meeting at which time not less than 25% of the members of the Board of Directors shall be elected by Unit owners other than the Declarant; and (ii) at the time Units to which 50% of the percentage interests in the Condominium have been conveyed, the association shall hold a special meeting at which time not less than 33 1/3% of the members of the Board of Directors shall be elected by Unit owners other than the Declarant. Notwithstanding anything contained in these Bylaws to the contrary, until the first annual meeting of the Association the Declarant shall have the right to appoint a majority of the Board of Directors and to fill any vacancy occurring from the death, resignation or removal of a director appointed by the Declarant or by the Association, except a director elected by the Unit Owners other than the Declarant pursuant to this Section 5.2.

5.3 Number and Election of Directors from and after the First Annual Meeting of the Association.

From and after the first annual meeting of the Association, the number of directors which constitutes the entire Board of Directors shall be increased to five (5). For the purposes of electing directors, each Unit Owner may cast the number of votes allocated to his Unit based on the Par Values assigned to the Unit for the candidate such Unit Owner selects. The five candidates receiving the highest number of votes are elected as the Board of Directors. The term of office of two members of the Board of Directors receiving the highest number of votes shall be fixed at three years; the term of office of two members of the Board of Directors receiving the third and fourth highest number of votes shall be fixed at two years; and the term of office of the remaining member of the Board of Directors shall be fixed at one year. At the expiration of the initial term of office of each member of the initial elected Board of Directors, a successor shall be elected to serve for a term of three years. The members of the Board of Directors shall hold office until their respective successors shall have been elected and have held their first meeting. Except for the Directors appointed by the Declarant, a Director must be a Unit Owner, but if a Unit is owned by a legal entity (i.e. a corporation, limited liability company or a partnership), a representative of such entity may be a Director. A person shall cease to be a director at such time as he ceases to be a Unit Owner. A Director shall hold office until his successor is elected and qualified.

5.4 Meetings.

5.4.1 Annual Meetings. An annual organizational meeting of the Board of Directors should be held within 10 days after each annual meeting of the Association. No notice shall be necessary to the newly elected directors in order legally to constitute such meeting, providing a majority of the entire Board is present at the meeting.

5.4.2 Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place as shall be determined from time to time by the Board of Directors, but at least two meetings shall be held in each fiscal year.

5.4.3 Special Meetings. Special meetings of the Board of Directors may be called by the President and shall be called by the President or Secretary on the written request of at least two directors.

5.4.4 Notice and Waiver of Notice. Notice of regular or special meetings of the Board of Directors shall be given to each director, by mail or hand delivery, at least 72 hours prior to the time of the meeting, and shall state the time and place of the meeting. Notice of a special meeting shall state the purposes of the meeting. Placing the notice under or on the entrance door of the director's Unit constitutes hand delivery of the notice. The mailing or hand delivery of a notice of meeting in the manner provided herein shall constitute service of notice. Notice of a meeting of the Board of Directors may be waived in writing by a director either before or after the meeting. Attendance at a meeting constitutes waiver of notice of that meeting, unless the director states at the commencement of the meeting that the notice of the meeting was not given in accordance with the Bylaws or is otherwise defective. If all of the members are present at any meeting of Board of Directors, no notice shall be required and any business may be transacted at such meeting.

5.4.5 Quorum. A majority of the entire Board of Directors, i.e., three, shall constitute a quorum for a meeting of the Board of Directors. The votes of a majority of the members present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If less than a quorum is present at a meeting, the majority of those present may recess the meeting to a designated time and place. A recessed meeting may be held as designated without further notice, and when a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

5.4.6 Conduct of Meeting. The President shall preside at meetings of the Board of Directors and the Secretary shall keep the minutes of the proceedings.

5.4.7 Action by Directors without a Meeting. Any action required or permitted to be taken by the Board of Directors at any meeting may be taken without a meeting if all of the members of the Board of Directors consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

5.5 Vacancies.

Except as provided in Section 5.2, a vacancy on the Board of Directors caused by any reason, other than removal of a director by a vote of the Association, shall be filled by a vote of the majority of the remaining directors, even though they constitute less than a quorum; and each person so elected shall serve until the next annual meeting of the Association and until his successor is elected. A vacancy occurring on the Board of Directors by reason of an increase in the number of directors constituting the entire Board of Directors or by reason of the removal of

a director by a vote of the Association shall be filled by the Association at an annual meeting or at a special meeting called for that purpose.

5.6 Removal of Directors.

Except as provided in Section 5.2, a director may be removed only for cause at a special meeting of the Association called for such purpose. Any director whose removal has been proposed shall be given at least 10 days' notice of the calling of the meeting and the purpose thereof, and opportunity to be heard at the meeting. A director may be removed for cause only by the vote of Unit Owners entitled to cast at least two-thirds of the votes entitled to be cast at such meeting.

5.7 Compensation.

A director shall not receive compensation from the Condominium for serving on the Board of Directors, but a director may be reimbursed for reasonable out-of-pocket expenses incurred by him in the proper performance of his duties.

5.8 Annual Report of the Board of Directors.

The Board of Directors shall present at each annual meeting of the Association, and when called for by vote of the Association at any special meeting of the Association, a complete statement of the operative and financial condition of the Condominium.

5.9 Fidelity Bonds.

The Board of Directors shall obtain and maintain adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of the Unit Owners' Association, and for anyone else who either handles or is responsible for funds held or administered by either the Board or the Unit Owners' Association, including the Managing Agent. All bonds should name the Association as the obligee. The Managing Agent should be covered by its own fidelity bond, which must provide the same coverage required of the Unit Owners' Association. The Unit Owners' Association should be named as an additional obligee of the Management Agent's bond. The fidelity bond coverage should cover the greater of (i) a sum equal to three months aggregate assessments of all Units plus reserve funds or (ii) the maximum funds, including reserve funds, that will be in the custody of the Unit Owner's Association or its Management Agent at any time while the bond is in force. The fidelity coverage should contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employees" or similar expression. All bonds must include a provision that calls for ten days' written notice to the Unit Owners' Association or the Insurance Trustee before the bond can be canceled or substantially modified for any reason. The same notice must also be given to each servicer that services a FHLMC, VA, FHA or FNMA-owned mortgage in the Condominium.

5.10 Liability of the Board of Directors.

The directors and officers shall not be liable to the Association or to the Unit Owners for mistakes of judgment or for negligence unless amounting to willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the directors and officers from and against all contractual liability to others arising out of contracts made by the Board of Directors or officers on behalf of the Association or the Unit Owners unless such contract was made in bad faith or contrary to the provisions of the Condominium Instruments. The directors and officers shall not be personally liable for contracts made by them on behalf of the Association. The 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 he is or was a director or officer of the Association against expenses (including reasonable attorney's fee), judgments, fines and amounts paid in settlement incurred by him in conjunction with such action, suit or proceedings if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association.

5.11 Common or Interested Directors.

The directors shall exercise their powers and duties in good faith and with a view to the interest of the Association and consistent with the purposes set forth in these Bylaws. No contract or other transaction between the Association and one or more of its directors, or between the Association and any corporation, firm, entity or association in which one or more of the directors are directors or officers or are peculiarly or otherwise interested, shall be either void or voidable because such director or directors are present at the meeting of the Board of Directors or any committee thereof which authorized or approved the contract or transaction, if any of the conditions specified in any of the following subparagraphs exist:

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

(2) the fact of the common directorate or interest is disclosed or known to the Unit Owners, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

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

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

5.12 Board of Directors as Attorney-In-Fact.

The Board of Directors is hereby irrevocably appointed as attorney-in-fact 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 so as to permit the Board of Directors to fulfill all of its powers hereunder and to deal with the Building upon its destruction and the proceeds of any insurance indemnity as hereafter provided. This power shall include, but shall not be limited to, the power to grant easements and licenses from time to time affecting the Common Elements with respect to sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, underground conduits, or such other purposes related to the provision of public utilities or as may be considered necessary or appropriate by the Board of Directors for the preservation of the health, safety, convenience, or welfare of the Unit Owners, or any of them. The foregoing shall be deemed to be a power coupled with an interest, and the acceptance by any person or entity of any interest in any Unit shall constitute an appointment of the Board of Directors as such attorney-in-fact. This power shall be in addition to any authority to grant easements or licenses given to the Board of Directors by the Act, the Declaration or these Bylaws.

6. OFFICERS.

6.1 Principal and Other Officers.

The principal officers of the Association are a President, one or more Vice Presidents, a Secretary and a Treasurer. The Board of Directors may appoint assistant secretaries and an assistant treasurer. With the exception of the President, no officer need be a member of the Board of Directors. The same person may hold two or more offices, except that the President shall not hold any other office. An officer must be a Unit Owner, the spouse of a Unit Owner or a resident of the Condominium, except officers appointed prior to the first annual meeting of the Association.

6.2 Election of Officers.

The officers of the Association shall be elected annually by the Board of Directors at its annual organizational meeting and shall hold office at the pleasure of the Board of Directors.

6.3 Removal of Officers; Vacancies.

An officer may be removed by the Board of Directors with or without cause by the affirmative vote of a majority of the entire Board of Directors. A successor may be elected at any regular meeting of the Board of Directors or at any special meeting called for that purpose.

6.4 President.

The President is the chief executive officer of the Association; he shall preside at meetings of the Association and the Board of Directors and shall be an ex-officio member of all committees; he shall have general and active management of the business of the Association, subject to the control of the Board of Directors, and shall see that all orders and resolutions of

the Board of Directors are carried into effect. The President must be a member of the Board of Directors.

6.5 Vice President.

The Vice President shall perform the duties and exercise the powers of the President in the absence or disability of the President and shall perform such other duties as the Board of Directors may prescribe.

6.6 Secretary.

The Secretary shall attend all meetings of the Board of Directors and the Association, and shall record the voting and the minutes of all proceedings in a book to be kept by him for that purpose. He shall give notice of meetings of the Association and the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary shall compile and keep current at the principal office of the Condominium a record of the name of each Unit Owner and his last known post office address. This record of Unit Owners shall be open to inspection by all Unit Owners at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the minute books of the proceedings of the Association and the Board of Directors. An Assistant Secretary shall perform the duties and exercise the powers of the Secretary in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe.

6.7 Treasurer

The Treasurer shall have custody of all funds and securities except those funds which are placed under the control of the Managing Agent, and, with the assistance of the Managing Agent, shall keep full and accurate records of receipts and disbursements and shall deposit all funds in such depositories as may be designated by the Board of Directors. He shall disburse funds as ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at the regular meetings of the Board of Directors, or whenever they may require, an account of all of his transactions as Treasurer and of the financial condition of the Association. An Assistant Treasurer shall perform the duties and exercise the powers of the Treasurer in the absence or disability of the Treasurer and shall perform such other duties as the Board of Directors may prescribe.

6.8. Compensation of Officers.

No officer shall receive any compensation from the Association for acting as such unless such compensation is approved by a vote of Unit Owners entitled to cast at least 75% of the votes in the Association. An officer shall be reimbursed for reasonable out-of-pocket expenses incurred by him in the performance of his duties.

7. OPERATION OF THE CONDOMINIUM.

7.1 Agreements, Contracts, Deeds, Checks.

All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations in excess of \$2,000 shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board of Directors. All instruments for expenditures or obligations of \$2,000 or less may be executed by any one officer of the Association or by such other person as may be designated by the Board of Directors.

7.2 Managing Agent.

The Board of Directors may employ for the Association a professional managing agent (the "Managing Agent"), at a compensation fixed by the Board of Directors, to perform such duties as the Board of Directors may authorize. Any agreement with the Managing Agent shall be in writing and shall provide that it may be terminated, with or without cause, at the end of any calendar month upon 30 days' prior written notice. The Declarant, or an affiliate of the Declarant, may be employed as Managing Agent. (After the initial Managing Agent has been named, the Board of Directors shall not employ any new Managing Agent without 30 days' prior written notice to the First Mortgagees, if such notice is required by the the servicing rules of FHLMC, VA, FHA or FNMA, to the extent that there are mortgages in the Condominium which are subject to the rules of any such servicer.

7.3 Determination of Common Expenses and Assessments Against Unit Owners.

7.3.1 Fiscal Year. The fiscal year of the Condominium shall be the calendar year and shall remain so unless changed by the Board of Directors.

7.3.2 Annual Budget. On or before a date which is not less than 45 days prior to the end of each fiscal year, the Board of Directors shall adopt an annual budget for the Condominium for the succeeding fiscal year (hereinafter called the "Annual Budget"). The Annual Budget shall contain an estimate of the amount necessary to pay the Common Expenses for the applicable fiscal year in a reasonably itemized form and a statement of the amount of the Common Expenses to be assessed against each Unit. Common Expenses shall include the amounts necessary to create and maintain reasonable reserves authorized by the Board of Directors, including the reserves authorized by Section 7.3.4. Any reserve may be carried forward to succeeding fiscal years. If the funds received by the Association from condominium assessments exceed the Common Expenses for any fiscal year, then the Board of Directors, in its discretion, may credit such surplus funds against condominium assessments levied in succeeding fiscal years in proportion to the respective Par Values of the Units or distribute such surplus funds to the then current Unit Owners in proportion to the respective Par Values of the Units. The Board of Directors shall send to each Unit Owner at least 10 days prior to the commencement of each fiscal year a copy of the Annual Budget for the fiscal year. Notwithstanding the foregoing, within thirty (45) days of the election of the initial Board of Directors after the termination of Declarant control, the Board of Directors shall review the then

existing budget for the fiscal year and make any changes to the budget which they may determine to be necessary, which amended budget shall remain in effect for the balance of such fiscal year.

7.3.3 Assessments for Common Expenses. The total amount of the estimated funds required to pay the Common Expenses of the Condominium set forth in the Annual Budget adopted by the Board of Directors for the fiscal year shall be assessed against the Units in proportion to the respective Par Value of the Units, provided projected Limited Common Expense Assessments for the fiscal year may be taking into account in making this allocation. The Board of Directors has the discretionary power to determine at any time (either before or after an assessment has been made) that any assessment against the Units can be paid in installments and that a default by a Unit Owner in the payment of any installment of an assessment will accelerate the time for payment of all remaining installments by the defaulting Unit Owner. Unless otherwise determined by the Board of Directors, the annual assessment against each Unit for its proportionate share of the Common Expenses shall be payable in 12, equal, monthly installments, and each installment shall be payable in advance on the first day of the month.

7.3.4 Reserve Fund for Capital Improvements, Replacements and Major Repairs. The Board of Directors shall establish and maintain a reasonable reserve for capital improvements replacement and major repairs by providing for a reserve in the Annual Budget, segregating such reserve on the books of the Condominium, and allocating and paying monthly to such reserve one-twelfth of the total amount budgeted for such reserve for the current fiscal year. The portion of the Unit's assessments paid into such reserve shall be conclusively deemed to be contributions to the capital of the Condominium by the Unit Owners. Such reserve may be expended for the purposes of capital improvements, replacements and major repairs. If for any reason, including non payment of any Unit's assessments, such reserve is inadequate to defray the cost of a required capital improvement, replacement or major repair, the Board of Directors may at any time levy an additional assessment against the Units in proportion to the respective Par Value of the Units, payable into such reserve in a lump sum or in installments as the Board of Directors may determine, provided that if such assessment is in excess of the amount specified in Section 7.3.5 below for approval of special assessments, it shall be subject to the provisions of Section 7.3.5 below. The Board of Directors shall give notice to the Unit Owners of any such further assessment by a statement in writing giving the amount and reasons therefore, and such additional assessments shall become due and payable, unless otherwise specified in the notice, with the next monthly assessment payment which is due more than 30 days after the delivery or mailing of such notice of additional assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the additional assessment is not payable in installments, the amount of such assessment.

7.3.5 Special Assessments. In addition to any other assessment authorized by these Bylaws, the Board of Directors may levy a special assessment for the purposes of defraying the cost of any unexpected repair or other non-recurring contingency, or to meet any deficiencies occurring from time to time, provided that any such assessment in excess of 10% of the then current annual assessment shall have the assent of owners of Units to which a majority of the Percentage Interests in the Condominium appertain at a special meeting called to consider such assessment at which a quorum is present; further provided, however, that such limitation

and assent by the Unit Owners shall not be applicable to any special assessment arising as a result of an emergency affecting life or property. The fund resulting from such a special assessment shall be segregated on the books of the Condominium and expended solely for the purposes for which it was assessed; provided, however, that if the special assessment is for the purposes set forth in Section 7.8, the provisions of that Section will control with respect to obtaining approval of any proposed special assessments. A special assessment authorized by this Section shall be assessed in the manner provided in Section 7.3.4 for assessments payable to the reserve for capital improvements, replacements and major repairs.

7.3.6 Effect of Failure to Adopt an Annual Budget. The failure or delay of the Board of Directors to adopt the Annual Budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his allocable share of the Common Expenses as herein provided, and in the absence of an Annual Budget or adjusted Annual Budget, each Unit Owner shall continue to pay (with or without notice) a monthly assessment at the rate established for the preceding fiscal year until an assessment is made under a current Annual Budget or adjusted Annual Budget and notice thereof has been sent to the Unit Owner.

7.3.7 Liability of Unit Owners. The liability of any Unit Owner, if any, arising out of any contract made by the Board of Directors or arising out of the indemnification of the Board of Directors shall be limited to that proportion of the total liability thereunder as the Par Value of his Unit bears to the aggregate Par Values of all Units. Every agreement made by the Board of Directors or by the Managing Agent on behalf of the Unit Owners shall provide, to the extent possible, that the members of the Board of Directors or the Managing Agent, as the case may be, are acting only as agents for the Association, and that no Unit Owner shall have any personal liability thereunder (except as a Unit Owner).

7.3.8 Account. Any amounts collected by the Board of Directors with respect to assessments against the Units may be co-mingled in a single fund.

7.4 Liability for Common Expenses.

A Unit Owner shall be personally liable for all lawful assessments, or installments thereof, levied against his Condominium Unit which become due while he is the owner of a Unit; and this liability of the Unit Owner is in addition to the Association's statutory lien on the Condominium Unit for such assessments. No Unit Owner may exempt himself from liability with respect to the Common Expenses by waiver of the enjoyment of the right to use any of the Common Elements or by abandonment of his Unit or otherwise. A selling Unit Owner shall not be liable for the payment of any part of the Common Expenses assessed against his Unit subsequent to a sale, transfer or other conveyance by him of such Unit. . The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments against the Unit up to the time of the conveyance without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefore; provided,

however, that any such purchaser shall be entitled to a statement from the appropriate officer of the Association, setting forth the amount of the unpaid assessments against the Unit 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. If the First Mortgagee of record or other purchaser of a Unit obtains title to the Unit as a result of foreclosure or deed (or assignment) in lieu of foreclosure of a first mortgage, such purchaser, its successors and assigns shall not be liable for, and such Unit shall not be subject to a lien for the payment of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to a foreclosure sale, conveyance or assignment, except as expressly set forth in Section 14.8.5 below. Such unpaid share of Common Expenses assessed prior to the acquisition of title to such Unit by such purchaser pursuant to the foreclosure sale, conveyance or assignment shall be collectible from all Unit Owners, including the purchaser in proportion to the Par Value of their respective Units. No amendment to this Section shall affect the rights under any First Mortgage recorded prior to recordation of such amendment unless the First Mortgagee joins in the execution of such amendment.

7.5 Collection of Assessments; Late Fee and Interest.

The Board of Directors shall take prompt action to collect any assessment (or installment) for Common Expenses which remains unpaid for more than 15 days after the due date for the payment thereof. The Board of Directors may charge and a Unit Owner shall be obligated to pay a late fee for any condominium assessments (or installment) not paid by the Unit Owner on the due date. In addition to any late fee authorized by the Board of Directors, in the event of a default by any Unit Owner in the payment of any condominium assessment (or installment) on the due date which continues for a period in excess of 10 days, such Owner shall be obligated to pay interest on the amounts due (including any late fee) at the rate of 10% per annum, compounded monthly, or the legal rate chargeable in the District of Columbia on such amounts due (whichever is lower) from the due date thereof. Any late fee or interest payable by a Unit Owner shall be deemed to be a condominium assessment. The Board of Directors shall also have the power to suspend the voting rights in the unit owners association of any unit owner who is in arrears in his or her payment of a common expense assessment by more than 30 days, and the suspension may remain in effect until the assessment has been paid in full. The Board of Directors shall also have the power to suspend a Unit Owner's right to use of Condominium recreational facilities until such time as Unit Owner's assessment has been paid in full.

7.6 Statement of Unpaid Assessments.

7.6.1 Upon written request to the President of the Association by a Unit Owner or purchaser of a Unit or a First Mortgagee, the Board of Directors or a duly designated agent shall furnish (within the time period prescribed by the Act) a recordable statement setting forth the amount of unpaid assessments levied against such Unit.

7.6.2 The Board of Directors may impose a reasonable fee for each statement of unpaid assessments requested, and payment of the fee shall be a prerequisite to the issuance of the statement.

7.7 Maintenance and Repair.

7.7.1 By the Association. The Association, acting through the Board of Directors, shall be responsible for the maintenance, repair and replacement of the following:

(i) The Common Elements, including the General and Limited Common Elements, whether located inside or outside of the Units, provided that ordinary cleaning, maintenance and upkeep of the Limited Common Elements shall be the responsibility of the Unit Owner.

(ii) All portions of the Units which contribute to the support of the Building, excluding, however, the surfaces of all entrance doors, the interior side door, windows, skylights, walls, floors and ceilings of a Unit; provided the replacement or major repair of the windows in the Units shall be deemed a common expense and all decisions regarding major repairs to and/or replacements of the windows shall be determined by the Association and shall be included as part of the reserves.

(iii) Incidental damage caused to a Unit by work done by the Association.

Assessment and liability for the cost of the maintenance, repair and replacement of the Common Elements are governed by Section 7.3. This Section 7.7.1 shall not relieve the Unit Owner of liability for damage to the Common Elements caused by the Unit Owner's negligence, misuse, or intentional torts. This shall include move-in and move-out damage.

7.7.2 By the Unit Owner. Except for the portion of his Unit required to be maintained, repaired or replaced by the Association, each Unit Owner shall be responsible for and shall bear the cost of the maintenance and repair of (i) his Unit, including but not limited to the following: interior walls, interior surface ceilings, walls and floors; tile, carpeting, other floor coverings and hardwood floors; interior unit entrance doors; door locks and hardware; glass for and ordinary repair and maintenance of windows; fixtures; kitchen and bathroom fixtures, appliances and equipment; the Unit's air handling unit, and thermostat serving that Unit, whether located in or outside the boundaries of the Unit; and water and sewage pipes located within the boundaries of the Unit and serving only that Unit; and (ii), if applicable, the Limited Common Elements balcony or terrace assigned to the Unit, requiring non-structural upkeep or repair, including ensuring that all drains located in any limited common element terrace, patio or balcony, if any, shall be kept free of snow, debris, leaves and other materials which might cause the drains to become clogged or otherwise inoperable. Each Unit Owner shall keep the interior of his Unit and its equipment and appurtenances in good order, condition and repair and in clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of the Unit. In addition, each Unit Owner shall be responsible for all damage to any and all other Units or to the Common Elements resulting from his failure to make any of the repairs required to be made by him by this Section. Each Unit Owner shall promptly report to the Board of Directors or the Managing Agent any defects or need for repairs for which the Association is responsible.

7.7.3 Manner of Repair and Replacement. All repairs and replacements shall be of first class quality and as nearly as practicable similar to the character of the construction or installation that existed immediately prior to the occasion that necessitated the repairs or replacements. Repairs and replacements may be done with contemporary building materials and equipment.

7.7.4 Public Areas. Anything contained in these Bylaws to the contrary notwithstanding, the public areas of the Condominium and any areas exposed to public view (including portions of a Unit) shall be kept in good appearance by the Association or the Unit Owner, as the case may be, and shall be maintained in a first-class condition in conformity with the dignity and character of the Condominium, and in a manner which does not adversely alter the value of the Condominium.

7.8 Additions, Alterations or Improvements by the Association.

Whenever the Board of Directors determines that the Common Elements require additions, alterations or improvements (not otherwise scheduled for repair or replacement pursuant to an adopted schedule of reserves) costing in excess of \$20,000 during any period of 12 consecutive months, and the making of such additions, alterations or improvements is approved by Unit Owners owning Units to which a majority of the percentage interests in the Condominium appertain the Board of Directors shall proceed with such additions, alterations or improvements and shall assess all Unit Owners for the cost thereof as a Common Expense. Any additions, alterations or improvements costing less than \$20,000 during any period of 12 consecutive months may be made by the Board of Directors without approval of the Unit Owners and the cost thereof shall be a Common Expense. Notwithstanding the foregoing, if, in the opinion of not less than 66 2/3% of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Unit Owner or Unit Owners requesting the same, such requesting Unit Owner or Unit Owners shall be assessed therefore, in such proportion as they jointly approve, if more than one Unit Owner, or, if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

7.9 Structural Additions, Alterations or Improvements by Unit Owners.

No Unit Owner shall make any structural addition, structural alteration or structural improvement in or to his Unit or any Limited Common Element appurtenant thereto, or any change which might affect the Common Elements (including without limitation the electrical and plumbing systems which constitute part of the Common Elements) without the prior written consent of the Board of Directors. No Unit Owner shall paint or alter the exterior of the Building, including the exterior of a Unit's entrance doors and any surface of a window pane. The Board of Directors shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, structural alteration or structural improvement to such Unit Owner's Unit within 45 days after such request is made, and its failure to do so within the stipulated time shall constitute a consent of the Board of Directors to the proposed addition, alteration or improvement. The Board of Directors may condition its consent upon such terms and conditions as it deems to be desirable or necessary to protect the Condominium and its use

and enjoyment. Any application to any governmental authority for a permit to make an addition, alteration or improvement to any Unit or Limited Common Element shall be executed by the Board of Directors only, without, however, incurring any liability on the part of the Board of Directors to any contractor or materialmen on account of such addition, alteration, or improvement, or to any person having any claim or injury to a person or damage to property arising therefrom. The provisions of this Section 7.9 shall not apply to Units owned by the Declarant or its designee until a deed for such Unit has been delivered to a purchaser thereof. The Board of Directors is expressly reserved the right to designate a committee made up of no less than three (3) Unit Owners to act as a Covenant Committee or similar committee to oversee all requests under this Section.

7.10 Right of Access.

Each Unit Owner grants a right of access to his Unit to the Board of Directors, the Managing Agent and to any other person authorized by the Board of Directors for the purpose of making inspections, or correcting any condition originating in his Unit and threatening another Unit or a Common Element or performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit or elsewhere in the Building, or correcting any illegal condition which violates the provisions of any mortgage covering another Unit, provided 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 at the time. The Board of Directors of the Association shall retain a pass-key to all Units. No Unit Owner or occupant shall alter any lock or install a new lock without the written consent of the Board of Directors. Where such consent is given, the Unit Owner shall provide the Association with an additional key for the use of the Association, pursuant to its right of access.

7.11 Limitation of Liability.

The 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 resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Elements or from any wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any Unit Owner or other person 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 Common Expense assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements, or to any Unit, or from any action taken by the Association to comply with any law or ordinance or with the order or directive of any municipal or other governmental authority or for the dispossession of the Unit Owner by reason of fire or other casualty, except to the extent covered by insurance.

8. RULES AND REGULATIONS.

The Board of Directors is authorized to promulgate, amend and enforce Rules and Regulations concerning the operation and use of the Condominium; but the Rules and Regulations shall not be contrary to or inconsistent with the Act, the Declaration or these Bylaws. A copy of the Rules and Regulations is attached as Exhibit IV-C to the Public Offering Statement. Any amendments thereto shall be furnished by the Board of Directors to each Unit Owner at the time any such amendment becomes effective. In the event of any inconsistencies between the Rules and Regulations and the “Restrictions on Use of Units” set forth in Section 9 below, the provisions of Section 9 shall control.

9. RESTRICTIONS ON USE OF UNITS.

9.1 Signage.

In order to maintain the quality appearance and to protect the architectural integrity of the Condominium, no Unit Owner (other than the Declarant) or other occupant of the Condominium shall post any signs, advertisements or posters of any kind in or on the Condominium unless authorized by the Board. The Declarant and its agents have the right to post and utilize advertisements, signs and posters in selling and leasing the Units.

9.2 Use of Units and Compliance with Condominium Instruments.

A Unit shall be used solely for private residential purposes in accordance with applicable zoning law and for no other purpose unless a different use, consistent with applicable zoning laws, is approved by the Association. All present and future Unit Owners, tenants and occupants of Units and any person who uses any part of the Condominium in any manner, are subject to, and shall comply with the provisions of the Condominium Instruments and the Rules and Regulations. The acquisition, rental or occupancy of a Unit or the uses of any part of the Condominium by any person shall constitute his agreement to be subject to and bound by the provisions of the Condominium Instruments and the Rules and Regulations and such provisions shall be deemed to be enforceable equitable servitudes and covenants running with the land and shall bind any person having at any time any interest or estate in such Unit, as though such provisions were recited and stipulated in full in each and every deed of conveyance or lease thereof. Failure to comply with any of such provisions shall be grounds for legal and equitable relief, maintainable by the Board of Directors on behalf of the Association or, in a proper case, by an aggrieved Unit Owner. In any such action at law or in equity which is successfully brought by or on behalf of the Association, the Association shall be entitled to recover all reasonable costs and expenses of any such action, including reasonable attorney's fees. The provisions of this Section 9.2 shall not be construed to prevent the Declarant from using any Unit for a model, sales office or display purposes, to prohibit the leasing of Units owned by the Declarant, nor to prohibit use of parking spaces by the Declarant for marketing and/or construction activities; and the Declarant, in adopting the Condominium Instruments, specifically reserves an easement and express right and power to so utilize these Units. No activity shall be conducted or maintained in any Unit or upon any of the Common Elements which is not in conformity with the zoning regulations of the District of Columbia.

9.3 Trash

No clothing, laundry, rugs or wash shall be hung from or spread upon or from any window or exterior portion of a Unit or in or upon any Common Element. All refuse and trash shall be placed in plastic bags and deposited in bins or chutes designated for such purposes.

9.4 Pets

The maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be prohibited within any Unit or upon the Common Elements, except that the keeping of one (1) domestic pet (e.g., dog, cat or caged bird) is permitted, subject to the rules and regulations promulgated by the Board of Directors; provided, however that such pets are not kept or maintained for commercial purposes or for breeding and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Condominium Property upon ten (10) days' written notice from the Board of Directors. Such pets shall not be permitted upon the Common Elements unless accompanied by an adult and unless carried or leashed. Any Unit Owner who keeps or maintains any pet upon any portion of the property shall be deemed to have indemnified and agreed to hold the Condominium, 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 pet within the Condominium. All such pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. Each pet owner shall be required to clean up to the satisfaction of Board of Directors, any and all excrement caused by his pet on the Common Elements of the Condominium. Any Unit Owner, tenant or guest who keeps or maintains any pet in a Unit shall be responsible and may be assessed by the Board of Directors for any costs incurred by the Condominium in enforcing these Rules and Regulations and for the cost of repairing any damage caused by such pet to the Common Elements. The Association is expressly reserved the right to limit the number of pets kept at a Unit, provided any limitation shall apply to all Units.

9.5 Noise

Unit Owners, residents and lessees shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, televisions and amplifiers that may disturb other Unit Owners.

9.6 Nuisance

No nuisance or use or practice which is a source of annoyance to the Condominium residents or which interferes with the peaceful possession or proper use of the Condominium by its residents shall be allowed in the Condominium.

9.7 Installations

No Unit Owner, resident or lessee shall install wiring for electrical or telephone installation, television antennae or other equipment, which protrudes through the walls or the

roof of the Building or is otherwise visible on the exterior of the Building except as authorized by the Board of Directors.

9.8 Lawful Uses No Unit or Common Element of the Condominium may be used for any unlawful, immoral or improper purpose.

9.9 Prohibited Use of Common Elements A Unit Owner shall not place or cause to be placed in the public hallways, walkways, alleyways or other General Common Elements any furniture, packages or objects of any kind. The public hallways, walkways and alleyways shall be used solely for normal transit. Bicycles shall be placed only in those areas designated by the Board, if any.

9.10 Employees No Unit Owner, resident or lessee shall direct or engage any employee of the Condominium on any private business of such Unit Owner, resident or lessee, nor shall he direct, supervise or in any manner attempt to assert control over any such employee or over any contractor acting under a contract or agreement with the Association.

9.11 Insurance Risks No activity shall be done or maintained in any Unit or upon any Common Elements which will increase the rate of insurance on any Unit or the Common Elements or result in the cancellation of insurance thereon, unless such activity is first approved in writing by the Board of Directors and the Unit Owner involved has agreed in writing to pay such increase.

9.12 Compliance with Laws

In their use of the Units and the Common Elements of the Condominium, Unit Owners shall obey and abide by all valid laws ordinances and zoning and other governmental regulations affecting the same and all applicable Rules and Regulations adopted by the Board of Directors.

9.13 Proper Use of Common Elements

The Common Elements shall be used only for the furnishing of the services and facilities for which they are reasonably suited and which are incident to the use and occupancy of the Units.

9.14 Leasing

A Unit Owner shall not lease his Unit for a term of less than six (6) months or any other minimum Unit leasing term established from time to time by the Board of Directors (provided that such minimum period shall in no event exceed one (1) year) and under no circumstances permit his Unit to be used for a hotel or transient purposes. An increase in the minimum Unit leasing term shall not apply to any lease in existence immediately prior to the establishment of such increase. A fully conformed copy of the lease or renewal thereof shall be delivered to the Board of Directors within 7 days after execution; such lease shall be consistent with the provisions of the Condominium Instruments as the same may be amended from time to time, and with the Rules and Regulations of the Condominium; and the Board of Directors has the power

terminate such lease or to bring summary proceedings to evict the tenant in the name of the lessor thereunder, in the event of a default by the tenant in the performance of such lease. The Board of Directors, by Rules and Regulations promulgated under Section 5, may require that every lease agreement for a Unit shall contain (1) a provision obligating the tenant to comply with these Bylaws (and particularly the restrictions set forth in Section 9, (2) a provision empowering the Board of Directors to terminate such lease agreement or to bring summary proceedings to evict the tenant in the name of the lessor thereunder in the event of a violation of any provision of the lease agreement, and (3) any other provisions which the Board of Directors deems necessary or advisable to insure the enforcement of the Bylaws and the Rules and Regulations. The restrictions of this paragraph shall not apply to the Declarant or any mortgagee who comes into possession of a Unit pursuant to a foreclosure sale, judicial sale or transfer or conveyance in lieu of foreclosure.

9.15 Move-in/Move-Out The Board of Directors may promulgate reasonable rules regarding move-in and move-out from the Building, including limiting the time periods during which such move-ins or move-outs may be undertaken. Except for the initial move-in by the initial occupant of a Unit, there shall be a deposit of \$200 for each move-in or move-out. An inspection of the common area will be conducted by a representative designated by the Association before and after a move-in or move-out, and provided no damage was done, \$125 of the deposit will be refunded. A fee of \$75.00 will be imposed on each move-in or move out to cover the reasonable costs and expenses, and wear and tear associated with move-ins or move-outs. The fee shall be subject to adjustment as determined by the Board of Directors for the Association.

9.16 Parking Units Parking Units shall be used for the parking of authorized vehicles. Those portions of the common areas Area leading to and from the Parking Units shall remain unobstructed, and no party shall have the right to place any personal property, trash, equipment or goods in such areas, or otherwise park any vehicles in such areas.

9.17 Floor Coverings Rugs and padding shall be maintained on 75% of all floor surfaces in each room (excluding hallways, kitchens, foyers, closets and bathrooms) in each Unit located over another Unit to reduce transmission of sound between Units. In the event a Unit Owner replaces floor covering materials in a Unit, the Unit Owner shall use floor covering materials in the same quantities (i.e., square footage) and of an equivalent or better quality, design, and sound insulating qualities as the floor covering materials in the initial construction of the Unit.

9.18 Fireplaces No Unit Owner shall be permitted to install any type of fireplace within his Unit, without the prior written consent of the Board of Directors, provided the foregoing shall not apply to the initial construction of the Units, to the extent fireplaces are included. No open flame barbecue grills shall be allowed on the Condominium property, nor storage of flammable fuels.

9.20 Antennas, dishes, etc. Except as specifically permitted by applicable governmental regulations and as approved by the Board of Directors, no exterior antennas of any type, including, but not limited to, satellite dishes for reception or transmission, may be erected

or maintained within the Condominium. The Board of Directors may impose reasonable rules and regulations regarding the location and screening of any such allowed antennas, subject to government regulations. Antennas located entirely within a Unit and not visible from the exterior are permitted.

10. INSURANCE, DESTRUCTION, RESTORATION, CONDEMNATION AND DISTRIBUTION.

10.1 Authority.

The Board of Directors shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors, but in no event less than the amount required by Section 10.2. The insurance premiums paid by the Board shall be charged as items of Common Expense. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgagee endorsements to all First Mortgagees of the Units, if requested. Such insurance coverage shall be written on the Condominium and shall provide for the insurance proceeds covering any loss to be payable to the Board of Directors as Insurance Trustee for the benefit of each Unit Owner and his mortgagee as their interests appear.

10.2 Coverage.

10.2.1 The Condominium shall be insured, to the extent available, against casualty or physical damage in a minimum amount equal to the maximum insurable replacement value (i.e., 100% of replacement costs based upon the value of replacing the Building and all improvements of the Condominium utilizing contemporary building materials and technology) thereof (exclusive of excavations and foundations) as determined annually by the Board of Directors with assistance of the insurance company affording such coverage. The policy shall cover all the improvements of the Condominium except those made by a Unit Owner at its expense and shall contain a "condominium replacement cost" endorsement. Such coverage shall afford protection against:

(1) Loss or damage by fire, vandalism, malicious mischief, windstorm, and other hazards covered by the standard extended coverage endorsement together with coverage for Common Expenses with respect to condominium units during any period of repair or reconstruction; and

(2) such other risks as shall customarily be covered with respect to projects similar in construction, location and use as the Board of Directors in their sound discretion may deem advisable. Such coverage shall insure the Building (including all of the Units and bathroom, laundry and kitchen equipment, fixtures and cabinets, and electrical fixtures, together with all air-conditioning, heating and other equipment, but not including furniture, furnishings or other personal property supplied or installed by Unit Owners or their tenants) and other Condominium Property including all personal property included in the Common Elements. The Condominium shall also be insured against liability for personal injury and property damage in such amounts and such forms as shall be required by the Board of

Directors, which, however, in no event shall be less than \$1,000,000 with respect to any one occurrence. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Association as a group, the Board and each individual Unit Owner. The deductible, if any, on any policy of insurance purchased by the Board of Directors, shall be paid by the Association, except that if the claim relates solely to any item that is a component of the Unit, the deductible shall be paid by such Unit Owner. Workmen's Compensation insurance shall be obtained where necessary to meet the requirements of law. In addition to the foregoing, the Board of Directors may obtain such additional insurance coverage as it may deem advisable and appropriate or as may be requested from time to time by a majority of the Unit Owners. Any insurance obtained shall include Directors and Officers liability and umbrella coverage.

10.2.2 The Board of Directors, at the request of any Unit Owner of any Unit or at the request of the mortgagee of any Unit, shall promptly obtain and forward to such Unit Owner or mortgagee:

- (1) an endorsement to any of the policies aforementioned in this Section showing the interest of such Unit Owner or mortgagee as it may appear;
- (2) certificates of insurance relating to any of such policies; and
- (3) copies of any such policies, duly certified by the insurer or its duly authorized agent.

10.3 Limitations.

Insurance obtained pursuant to the requirements of this Section 10 shall be subject to the following provisions:

(1) Each policy shall be written with a company or companies which are licenses to do business in the District of Columbia and which holds a rating of "A-X" or better in the current edition of Best's Key Rating Guide.

(2) No insurance coverage obtained and maintained pursuant to the requirements of this Section 10 shall be brought into contribution with insurance purchased individually by any of the Unit Owners or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Board of Directors pursuant to the requirements of this Section shall exclude such policies from consideration.

(3) That an insurer that has issued a policy under this section shall issue certificates or memoranda of insurance to the unit owners' association and, upon written request, to any unit owner, mortgage, or beneficiary under a deed of trust. The insurer that issues the policy may not cancel or refuse to renew the policy until 30 days after notice of the proposed cancellation or non-renewal has been mailed to the unit owner's association, any unit owner, and any mortgage or beneficiary under a deed of trust to whom a certificate or memorandum of insurance has been issued at their respective last known addresses.

(4) Each policy of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore or repair damage or reconstruct in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors.

(5) Each policy shall contain a waiver of subrogation by the insured as to any and all claims against the Unit Owners or member of the Unit owners household, the Association, the Board of Directors, the Managing Agent, and their respective agents, and of any defenses based upon coinsurance or invalidity arising from the acts of the insured.

(6) Each policy shall provide that (i) the policy's coverage shall not be prejudiced by any act or neglect of any employees, tenants, mortgagees or invitees when such act or neglect is not within the control of the insured or the Unit Owners collectively; and (ii) the policy shall not be prejudiced by 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.

(7) If the Association brings suit against a unit owner, or vice versa, with respect to any loss, the insurer shall provide for the defense of the defendant.

10.4 Notice of Insurance Coverage.

The Board of Directors shall promptly furnish to each Unit Owner or upon request, each First Mortgagee, written notice of the procurement, subsequent changes, or termination of each insurance policy obtained on behalf of the Association.

10.5 Individual Policies.

Each Unit Owner or any mortgagee may obtain at his own expense additional insurance, including a "condominium unit owner's endorsement" for improvements and betterments to a Unit made or acquired at the expense of the Unit Owner. Such insurance should contain the same waiver of subrogation provision as that required by Section 10.3. It is recommended that each Unit Owner obtain, in addition to the insurance hereinabove provided to be obtained by the Association, a "Condominium Unit Owner's Policy," or equivalent, to insure against loss or damage to personal property used or incidental to the occupancy of the Unit, additional living expense, vandalism or malicious mischief, theft, personal liability and the like. No Unit Owner shall maintain insurance coverage which will tend to decrease the amount which the Association may realize under any insurance policy which it may have in force at any particular time; the Board of Directors may require that each Unit Owner shall file with the Managing Agent and/or Board of Directors a copy of each individual policy insurance purchased by the Unit Owner within 30 days after its purchase. The Board of Directors may also require that each Unit Owner shall notify the Board of Directors of all improvements made by him to his Unit having a value in excess of \$1,000.

10.6 Insurance Trustee

10.6.1 All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Unit Owner's Association, the Unit Owners, their Mortgagees and the Declarant, as their interests may appear, and shall provide that, with respect to any single loss, if the proceeds thereof exceed \$50,000 then all such proceeds shall be paid in trust to such bank, insurance company, trust company or other agency, which may be located in the District of Columbia or in the Metropolitan Washington, D.C. area, with trust powers, as may be designated by the Board of Directors (which trustee is, herein referred to as the "Insurance Trustee"). If such proceeds do not exceed \$50,000, then all such proceeds shall be paid to the Board of Directors to be applied pursuant to the terms of this Article 10.

10.6.2 The Board of Directors shall enter into an Insurance Trust Agreement with the Insurance Trustee chosen by the Board of Directors, with the approval of a majority of the Mortgagees holding first Mortgages on affected Condominium Units, which shall provide that the Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of the coverage, the form or contents of the policies, the correctness of any amounts received on account of the proceeds of any insurance policies nor for the failure to collect any insurance proceeds. 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 stated in these Bylaws, and/or otherwise provided by District of Columbia law for the benefit of the insureds and their beneficiaries. All physical damage insurance policies purchased by the Board of Directors shall provide that any Insurance Trust Agreement will be recognized.

10.6.3 The Board of Directors or its authorized representative hereby is irrevocably appointed the exclusive agent and the attorney-in-fact 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 adjust and settle all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims.

10.7 Covenants for Benefit of Mortgagees.

Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the Unit Owner entitled thereto after first paying or making provision for the payment of the expenses of the Insurance Trustee, in the following manner:

(1) Proceeds are to be paid first to repair or restore damage or destruction, as elsewhere provided herein. After defraying the cost of the repair or restoration, all remaining proceeds shall be payable jointly to the Unit Owners and First Mortgagees, if any entitled thereto. This covenant is for the benefit of any First Mortgagee and may be enforced by such Mortgagee.

(2) If it is determined in the manner elsewhere provided herein that the damage for which the proceeds are paid shall not be reconstructed or repaired, then and in that event, the Condominium shall be deemed to be owned in common by the Unit Owners and shall be subject to an action for partition upon the suit of any Unit Owner or Mortgagee in which event the net proceeds of sale together with the net proceeds of any insurance shall be distributed

pro rata to the Unit Owners, after first paying off, out of the share of each Unit Owner, to the extent sufficient for that purpose, all liens, including mortgage liens, on the Unit of such Unit Owner. This is a covenant for the benefit of any Mortgagee and may be enforced by such Mortgagee.

10.8 Repair and Reconstruction After Fire or Other Casualty

10.8.1 When Repair and Reconstruction are Required

Subject to the provisions of 10.8.4 below, and further subject to Section 310 of the Condominium Act, in the event of damage to or destruction of all or any of the Units or the Building or Common Elements as a result of fire or other casualty, the Board of Directors shall give timely notice thereof to each institutional holder of a first Mortgage on any Unit and, if applicable, under the direction of the Insurance Trustee, shall arrange for and supervise the prompt repair and restoration of the Building.

10.8.2 Procedure for Reconstruction and Repair

(a) Cost Estimate. Immediately after a partial condemnation or a fire or other casualty causing damage to any part of the Building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the Building (including any damaged Units, and any kitchen and bathroom fixtures and appliances installed by the Declarant or its predecessors, but not including any other furniture, furnishings, fixtures or equipment installed by the Unit Owners in the Units) to a condition as good as that existing before such fire or other casualty. Such costs may also include professional fees and premiums for such bonds as the Board of Directors determines to be necessary.

(b) Assessments. If the proceeds of insurance maintained by the Condominium are not sufficient to defray such estimated costs, a special assessment shall be made against all the Units in proportion to the Par Value of the Units, in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for payment of the costs thereof are insufficient, assessments shall be made against all of the Units in proportion to the Par Value in sufficient amounts to provide funds for the payment of such costs.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the plans and specifications under which the Condominium was constructed originally, subject to the requirements of applicable law at the time of reconstruction or repair.

(d) Encroachments. Encroachments upon or in favor of Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis for any proceeding or action by the Unit Owner upon whose property such encroachment exists. Such encroachments shall be allowed to continue in existence for so long as the reconstructed Building(s) shall stand.

10.8.3 Disbursements of Construction Funds.

(a) Construction Fund and Disbursement. The net proceeds of insurance collected on account of casualty, and the sums received by the Board of Directors from collections of assessments against Unit Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payments of the costs of reconstruction and repair in the following manner: If the estimated costs of reconstruction and repair is Fifty Thousand Dollars (\$50,000) or more, the construction fund shall be disbursed in payment of such costs by the Insurance Trustee upon approval of an architect qualified to practice in the District of Columbia and employed by the Insurance Trustee to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, material, men, the architect and other persons who have rendered services or furnished materials in connection with the work and stating that: (a) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (b) there is no other outstanding indebtedness known to such architect for the services and materials described; and (c) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(b) Surplus. It shall be presumed that the first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be divided among the Unit Owners in proportion to their Percentage Interests and, in each case shall be distributed in accordance with the priority of interests of law or in equity in each Unit.

(c) Common Elements. When the damage is to both Common Elements and Units, the insurance proceeds shall be applied first to the cost of repairing those portions of the Common Elements which enclose and service the Units, next to the cost of repairing the perimeter walls of the Units, next to the cost of repairing the other Common Elements, and the balance, if any, to the cost of repairing the Units.

(d) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary, certifying (i) whether the damaged property is required to be reconstructed and repaired; (ii) the name of the payee and the amount to be paid with respect to disbursement from any construction fund or whether surplus funds to be distributed are less than the assessments paid by the Unit Owners; and (iii) all other matters concerning the holding and disbursing of any construction funds. Any such certificate shall be delivered to the Insurance Trustee promptly after request.

10.8.4 When Reconstruction Is Not Required

Notwithstanding any other provision of these Bylaws or of the Declaration to the contrary requiring a lesser percent approval by Owners or mortgagees, any portion of the Condominium for which insurance is required under this section that is damaged or destroyed

shall be repaired or replaced promptly by the Unit Owners' Association unless the Condominium is terminated, repair or replacement would be illegal under any health or safety statute, rule or regulation, or 80% of the Unit Owners, including every Owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild. If the entire Condominium is not repaired, the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium. The insurance proceeds attributable to the Units and Limited Common Elements that are not rebuilt shall be distributed to the Owners of those units and the Owners of the Units to which those Limited Common Elements appertained, or to lien holders, as their interests may appear. The remainder of the proceeds shall be distributed to all the Unit Owners or lien holders, as their interest may appear, in proportion to the interests in the Common Elements appertaining to all the Units. If the Unit Owners vote not to rebuild any Unit, that Unit's allocated interest shall be automatically reallocated upon the vote as if the Unit had been condemned under §45-1806 of the Act, and the Unit Owner's Association promptly shall prepare, execute, and record an amendment to the Condominium Instruments reflecting the reallocations. Notwithstanding the provisions of this subsection, §45-1838 of the Act governs the distribution of insurance proceeds if the Condominium is terminated.

10.9 Condemnation.

A taking of, injury to, or destruction of part or all of the property by the exercise of the power of eminent domain shall be considered to be included in the term damage or destruction as provided in Section 10.7 and the award or settlement may, or any other compensation arising out of any taking or condemnation shall, be treated in the same manner as insurance proceeds arising from a casualty loss.

10.10 Disbursements.

Any and all disbursements of funds, whether such funds consist of insurance proceeds, special assessments, sale proceeds, or any combination thereof, to be made by the Insurance Trustee for any purpose whatsoever, shall be made pursuant to and in accordance with a certified statement of the Association or the Board of Directors.

10.11 Notification.

The Board of Directors shall give written notice to: (a) the First Mortgagee of the Unit whenever damage to the Unit covered by the mortgage exceeds \$1,000; and (b) all First Mortgagees whenever damage to the Common Elements exceeds \$10,000.

10.12 Premiums and Deductibles.

Premiums (see Section 10.1) and deductibles (see Section 10.2) upon all insurance policies purchased by the Board of Directors shall be deemed to be a Common Expense.

11. MORTGAGES.

11.1 Notice to Board.

A Unit Owner who mortgages his Unit shall notify the Board of Directors, through the Managing Agent, if applicable, of the name and address of his Mortgagee; the Board shall maintain such information in a book entitled "Mortgagees of Units."

11.2 Notice of Unpaid Assessments.

The Board, whenever so requested in writing by a mortgagee, shall promptly report any then unpaid assessments due from the owner of the mortgaged Unit.

11.3 Notice of Default.

The Board shall give written notice to a Unit Owner of any default by the Unit Owner in the performance of any obligations under the Act or Condominium Instruments, and, if such default is not cured within 60 days, shall promptly send a copy of such notice to each holder of a mortgage covering such Unit whose name and address has theretofore been furnished to the Board.

11.4 Examination of Books.

Each Unit Owner and each First Mortgagee shall be permitted to examine the books and accounts of the Condominium at reasonable times upon reasonable notice, on business days.

11.5 Notice of Meetings.

Upon request, each First Mortgagee of a Unit shall receive notice, in writing, of all meetings of the Association, and shall be permitted to designate a representative to attend all such meetings.

12. NOTICE.

12.1 Manner of Notice.

Unless specified otherwise in other sections of these Bylaws, whenever any notice is required to be given under the provisions of the Act or of the Condominium Instruments to any mortgagee, director or Unit Owner, it shall not be construed to require personal notice, but such notice may be given in writing, by mail, by depositing the same in a post office or letter box, in a post-paid sealed wrapper, addressed to such mortgagee, director or Unit Owner at such address as appears on the books of the Condominium, and such notice shall be deemed to be given at the time when the same shall be thus mailed.

12.2 Waiver of Notice.

Whenever any notice is required to be given under the provisions of the Act or the Condominium Instruments, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent thereto.

13. AMENDMENT OF CONDOMINIUM INSTRUMENTS.

13.1 Amendment of Bylaws.

At a meeting of the Association called for that purpose, these Bylaws may be amended by the affirmative vote of Unit Owners representing at least two thirds of the votes in the Association; provided, however that: (a) Section 5.2 insofar as it relates to the selection of members of the Board of Directors by the Declarant, (b) Section 4.3.5 insofar as it provided that the Declarant, so long as it is the owner of one or more Units, may vote the votes appurtenant thereto, and (c) Section 9 may not be amended without the consent in writing of the Declarant, so long as the Declarant shall be a Unit Owner. Furthermore, notwithstanding the foregoing, so long as the Declarant is the owner of one or more Units, no amendment to the Bylaws or Rules and Regulations may be adopted which could interfere with the display, sale, lease, or other disposition of such Unit or Units. No amendment made in accordance herewith shall violate any provisions or limitations contained in the Condominium Amendment Act, including the provisions set forth in Section 42-1902.27 (e) of the Act. Amendments may be proposed by the Board of Directors or by petition signed by Unit Owners representing at least 30% of the votes in the Association. No amendments to the Bylaws shall become effective until recorded. The Declarant reserves the right to amend these Bylaws so long as there is no Unit Owner other than the Declarant.

13.2 Approval of Mortgagees

Unless other provisions of District of Columbia, these Bylaws or the Declaration require a greater percentage, to effect any amendment of a material nature to these Bylaws or the Declaration approval must be obtained from first trust mortgage holders who represent at least sixty-seven percent (67%) of the votes of units that are subject to mortgages. A change to any of the following would be considered as material:

- (1) voting rights;
- (2) assessments, assessment liens, or the priority of assessment liens;
- (3) reserves for maintenance, repair, and replacement of common areas;
- (4) responsibility for maintenance and repair of the several portions of the Condominium;
- (5) following partial condemnation, partial destruction or otherwise; reallocation of interests in the general or limited common areas, or rights to their use;

- permitted ;
- (6) redefinition of any unit boundaries, except as otherwise expressly permitted ;
 - (7) convertibility of Units into common areas or vice versa;
 - (8) expansion or contraction of the Condominium, or the addition, annexation, or withdrawal of property to or from the project;
 - (9) insurance or fidelity bond;
 - (10) leasing of Units;
 - (11) imposition of any right of first refusal or other restriction on a Unit Owner's right to sell, transfer or otherwise convey his or her Unit;
 - (12) a decision by the Owners' Association to establish self-management when professional management had been required previously by the project's documents or by an eligible mortgage holder;
 - (13) restoration or repair of the project (after a hazard damage or partial condemnation) in a manner other than that specified in the documents;
 - (14) any action to terminate the legal status of the project after substantial destruction or condemnation occurs;
 - (15) the purposes to which any Unit or common elements are restricted;
 - (16) rights to use of the common elements; and
 - (17) any provisions that expressly benefit mortgage holders, insurers, or guarantors.

Amendments unrelated to those matters stated above shall be considered non-material. The implied approval of a First Mortgagee may be assumed if such First Mortgagee fails to submit a response to any written proposal for an amendment within thirty(30) days after the proposal is sent to such First Mortgagee. Notwithstanding the foregoing, relocation of boundaries between adjacent units or the combination of two or more units into one shall require only the consent of the First Mortgagees of the affected Units.

13.3 Amendment by Declarant

Notwithstanding the provisions of Sections 13.1 and 13.2, the Declarant reserves the right to amend the Condominium Instruments in accordance with the provisions of the Condominium Act and or the Declaration.

13.4 Compliance with Act

Notwithstanding anything herein to the contrary, the Condominium Instruments may be amended in accordance with the terms of the Condominium Amendment Act.

14. COMPLIANCE AND DEFAULT.

14.1 Relief.

Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Condominium Instruments and the Rules and Regulations, and any amendments of the same. A default by a Unit Owner shall entitle the Association acting through the Board of Directors, or the Managing Agent, , to the relief set forth in this Section 14.

14.2 Legal Proceedings.

Failure to comply with any of the terms of the Condominium Instruments and the Rules and Regulations shall be grounds for relief which may include without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all assessments, any other relief provided for in these Bylaws, or any combination thereof, and/or any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors or the Managing Agent, or if appropriate, by an aggrieved Unit Owner.

14.3 Notice to Mortgagee of Foreclosure

No suit or other proceeding may be brought by the Association to foreclose the lien for any assessments levied pursuant to the Declaration or these Bylaws except after 15 days' written notice to the First Mortgagee on the Unit which is the subject matter of the proceeding.

14.4 Additional Liability.

Each Unit Owner shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his family or his employees, agents, or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation.

14.5 Costs and Attorney's Fees.

In any proceeding arising out of an alleged default by a Unit Owner, including but not limited to, a default in the payment of any condominium assessment (or installment), the prevailing party shall be entitled to recover the costs of the proceedings, and such reasonable attorney's fees as may be determined by the court.

14.6 No Waiver of Rights.

The failure of the Association, the Board of Directors or any Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Instruments or the Rules and Regulations shall not constitute a waiver of the right of the Association, the Board of Directors or any Unit Owner to enforce any right, provisions, covenant or condition of the Condominium Instruments or the Rules and Regulations in the future. All rights, remedies and privileges granted to the Association, Board of Directors or any Unit Owner pursuant to any term, provision, covenant or condition of the Condominium Instruments or Rules and Regulations shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same, from exercising such privileges as may be granted to such party by the Condominium Instruments or the Rules and Regulations, or at law or in equity.

14.7 Abatement and Enjoinment of Violations by Unit Owners.

The violation of any Rule and Regulation adopted by the Board of Directors, or the breach of any Bylaws contained herein, or the breach of any provisions of the Condominium Instrument, (after due notice to the Unit Owner that said violation or breach constitutes an immediate danger to the Condominium and Unit Owners) shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the Unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or (ii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

14.8 Lien for Contributions.

14.8.1 The total annual contribution of each Unit Owner for the Common Expenses levied pursuant to these Bylaws is hereby declared to be a lien levied against the Unit of such Unit Owner within the purview of the Act, which lien shall be effective as of the first day of each fiscal year of the Condominium. If required, the Board of Directors or the Managing Agent, may file or record such other or further notice of lien, or such other or further document as may be required by the then laws of the District of Columbia to confirm the establishment of such lien.

14.8.2 In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the payment of any single installment, which continues for 15 days after written notice of such default has been sent to the Unit Owner, the maturity of the remaining total of the unpaid installments of such assessments may be accelerated, at the option of the Board of Directors, and the then balance owing may be declared due and payable in full together with interest thereon at the lesser of 10% per annum or the maximum rate of interest permitted to be charged to natural persons in the District of Columbia with respect to first mortgage loans at the time such installment or assessment become due,

whichever is lesser, and the cost of collection thereof, by the service of notice to such effect upon the defaulting Unit Owner by the Board of Directors or Managing Agent.

14.8.3 The Board of Directors may post a list of Unit Owners who are delinquent in the payment of any assessment or other fees which may be due the Association, including any installment thereof which becomes delinquent, in any prominent location within the Condominium. The Unit Owner who is delinquent shall be denied access to Condominium recreational facilities and prohibited from voting at any meeting of the Unit Owners Association until the amount past due has been paid.

14.8.4 The lien for assessments may be foreclosed in any manner provided by the laws of the District of Columbia in the name of the Board of Directors, acting on behalf of the Association (including by means of a non-judicial power of sale which power of sale is hereby vested in the Board of Directors). During the pendency of any suit or foreclosure action the Unit Owner shall be required to pay a reasonable rental for the Unit for any period prior to sale. The Board of Directors or the Association shall have the right to the appointment of a receiver, if available under the then laws of the District of Columbia, to collect rent from the date of default by the Unit Owner.

14.8.5 (1) The lien for assessments shall be prior to any other lien or encumbrance except:

(A) A lien or encumbrance recorded prior to the recordation of the declaration;

(B) A 1st mortgage for the benefit of an institutional lender or a 1st deed of trust for the benefit of an institutional lender on the unit recorded before the date on which the assessment sought to be enforced became delinquent; or

(C) A lien for real estate taxes or municipal assessments or charges against the unit.

(2) Except for a mortgage or deed of trust recorded prior to the effective date of the Condominium Amendment Act, the lien for assessments shall be prior to a mortgage or deed of trust described in paragraph (1) (B) of this subsection to the extent of the common expense assessments based on the periodic budget adopted by the unit owner's association which would have become due in the absence of acceleration during the 6 months immediately preceding institution of an action to enforce the lien. The provisions of this subsection shall not affect the priority of any mechanics' or materialmen's lien.

(3) The recording of the condominium instruments pursuant to the provisions of the Condominium Amendment Act shall constitute record notice of the existence of such lien and no further recordation of any claim of lien for assessment shall be required.

(4) A unit owner shall have the right to cure any default in payment of an assessment at any time prior to the foreclosure sale by tendering payment in full of past due

assessments, plus any late charge or interest due and reasonable attorney's fees and costs incurred in connection with the enforcement of the lien for the assessment.

(5) The Board of Directors shall have the authority to deed a unit sold at a foreclosure sale by the unit owners' association to the purchaser at the sale. The recitals in the deed shall be prima facie evidence of the truth of the statement made in the deed and conclusive evidence in favor of bona fide purchasers for value.

(6) A foreclosure sale shall not be held until 30 days after notice is sent by certified mail to a unit owner at the mailing address of the unit and at any other address designated by the unit owner to the Board of Directors for purpose of notice. A copy of the notice shall be sent to the Mayor or the Mayor's designated agent at least 30 day in advance of the sale. The notice shall specify the amount of any assessment past due, and any accrued interest or late charge, as of the date of the notice. The notice shall notify the unit owner that if past due assessments and accrued interest or late charge are not paid within 30 days after the date the notice is mailed, the Board of Directors shall sell the unit at a public sale at the time, place, and date stated in the notice.

(7) The date of sale shall not be sooner than 31 days from the date the notice is mailed. The executive board shall give public notice of the foreclosure sale by advertisement in at least 1 newspaper of general circulation in the District of Columbia and by any other means the executive board deems necessary and appropriate to give notice of sale. The newspaper advertisement shall appear on at least 3 separate days during the 15-day period prior to the date of the sale.

(8) The proceeds of a sale shall be applied:

- (A) To any unpaid assessment with interest or late charges,;
- (B) To the cost of foreclosure, including but not limited to, reasonable attorney's fees; and
- (C) The balance to any person or entity legally entitled to the proceeds.

14.9 Information to be Furnished in the Event of Resale by a Unit Owner.

14.9.1 The Board of Directors or a duly designated agent or the Managing Agent, upon written request of any Unit Owner, shall furnish to such Unit Owner upon not less than ten business days' prior written notice the statements prescribed by Section 411(a) of the Act as follows:

- (1) Statement regarding any unpaid assessments.
- (2) Statement concerning any rights of first refusal or other restraints on free alienability.

(3) Statement of any capital expenditures anticipated by the Association within the current or succeeding two fiscal years.

(4) Statement of the status and amount of reserves for capital expenditures, contingencies, and improvements, and any portion of such reserves earmarked for any specified project by the Board of Directors.

(5) A copy of the statement of financial condition of the Association for the then most recent fiscal year for which such statement is available and the current operating budget, if any.

(6) Statement of the status of any pending suits or any judgments to which the Association is a party.

(7) Statement setting forth that insurance coverage is provided for all Unit Owners by the Association and a statement whether such coverage includes public liability, loss or damage by fire and extended coverage insurance with respect to the Unit and its contents.

(8) Statement that any improvements or alterations made to the Unit, or the Limited Common Elements assigned thereto, by the prior Unit Owner are not in violation of the Condominium Instruments.

14.9.2 The Board of Directors may impose a reasonable fee not to exceed \$75 to furnish all the information required in accordance with Section 14.11.1 and payment thereof shall be a prerequisite to the issuance of any such statement.

15. MISCELLANEOUS.

15.1 Compliance.

These Bylaws are set forth in compliance with the requirements of the Condominium Amendment Act.

15.2 Conflict.

These Bylaws are subordinate and subject to the Act, the Declaration and the Condominium Plat and Condominium Plans. In the event of any conflict between these Bylaws and the other Condominium Instruments, the provisions of the other Condominium Instruments shall control.

15.3 Severability.

These Bylaws are adopted to comply with the laws and regulations of the District of Columbia. If any provision of these Bylaws or the application thereof in any circumstances is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end the provisions of these Bylaws are declared to be severable.

15.4 Waiver.

No restriction, condition, obligation or provision of these Bylaws shall be deemed to be abrogated or waived by reason or any failure to enforce the same.

15.5 Captions.

The captions (section headings) of these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws.

15.6 Gender, Number.

Whenever in these Bylaws the context so permits, the use of the singular shall include the plural and the converse; and the use of any gender shall be deemed to include all genders.

15.7 Consents.

Any other provision of these Bylaws or of the Declaration to the contrary notwithstanding, neither the Association nor the Board of Directors shall institute any proceeding (or by omission cause or allow to occur), without the prior written consent of (i) First Mortgagees holding liens on at least seventy-five percent (75%) of the Units (based upon one vote for each first mortgage owned) and (ii) at least 80% of the Unit Owners, to take any of the following actions:

- (1) change any Unit's Percentage Interest in the Common Elements;
- (2) partition or subdivide any Unit, or any Unit's Percentage Interest in the Common Elements, nor subdivide, abandon, encumber, sell or transfer the Common Elements (except permitted assignment of Limited Common Elements);
- (3) seek to abandon or terminate the Condominium status of the Property except as provided by the Act in the case of substantial loss to the Units and the Common Elements;
- (4) modify the method of determining and collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards;
- (5) use the proceeds of casualty insurance for any purpose other than restoration, repair or replacement, except as otherwise provided in the Condominium Act in the case of substantial loss.

The foregoing shall not apply to the relocation of common boundaries or the combination of two or more Units into one in accordance with the Declaration, provided the consent of the First Mortgagees of the affected Units is obtained.

15.8 Notice of Loss to or Taking of Common Elements.

The Board of Directors shall give written notice to Federal Home Loan Mortgage Corporation (c/o its Servicer) of any loss to or taking of the Common Elements of the Condominium, if such loss or taking exceeds \$10,000 or, with respect to a Unit covered by a mortgage which has been purchased, in whole or in part, where the loss or taking exceeds \$1,000.

SIGNATURES ON NEXT PAGE

In Witness Whereof, on this __ day of _____, 2004, the Declarant has caused this document to be executed on its behalf by its Managing Member.

Majestic, LLC

By: _____
David B. Tolson, Managing Member

_____ ss:

Subscribed and sworn to before me this __ day of _____, 200__, by _____, in his capacity as Managing Member of Majestic LLC.

Notary Public

EXHIBIT A TO BYLAWS OF
THE MAJESTIC CONDOMINIUM

LEGAL DESCRIPTION

Lot 89 in Square 2866 in the subdivision made by Majestic, LLC and recorded in Book ____ at Page ____ among the land records of the Office of the Surveyor for the District of Columbia.

