

AMENDED AND RESTATED BYLAWS
OF
WATERGATE AT LANDMARK
CONDOMINIUM UNIT OWNERS ASSOCIATION
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**WATERGATE AT LANDMARK
CONDOMINIUM UNIT OWNERS ASSOCIATION**

Alexandria, Virginia

**AMENDED AND RESTATED
BYLAWS**

ARTICLE 1

GENERAL PROVISIONS

Section 1.1. Applicability. These Bylaws provide for the self government of Watergate at Landmark Condominium (“Condominium” or “Property”) pursuant to the requirements of Article 3, Chapter 4.2 of Title 55 of the Code of Virginia. Watergate at Landmark Condominium is located in the City of Alexandria, Virginia.

Section 1.2. Compliance. Pursuant to the provisions of Section 55-79.53, Code of Virginia, as amended, every unit owner and all those entitled to occupy a unit shall comply with these Bylaws.

Section 1.3. Office. The office of the Unit Owners Association and the Board of Directors shall be located at the Condominium or at such other place as may be designated from time to time by the Board of Directors.

Section 1.4. Definitions. Terms used without definition have the meanings specified for such terms in the Declaration, or if not defined in the Declaration, the meanings specified for such terms in Section 55-79.41 of the Virginia Condominium Act. The following terms have the following meanings in the condominium instruments:

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

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

(c) "Limited Common Expenses" means expenses separately assessed against one or more but less than all of the condominium units generally in accordance with the use of the services, as permitted by Sections 55-79.83 A, B and C of the Condominium Act and Section 6.1 of these Bylaws. Except where the context requires otherwise, common expenses shall include Limited Common Expenses.

(d) "Majority Vote" means a simple majority (more than fifty percent) of the votes actually cast in person or by proxy at a duly held meeting at which a quorum is present. Any

specified percentage vote means that percentage vote with respect to the votes actually cast in person or by proxy at a duly held meeting at which a quorum is present. Any specified percentage approval or vote of the Mortgagees means approval or a vote by the Mortgagees of condominium units to which such percentage of the total number of votes appertain.

(e) "Mortgagee" means an institutional lender holding a first mortgage or first deed of trust ("Mortgage") encumbering a condominium unit in the Condominium which has notified the Unit Owners Association of its status and has requested in writing all rights under the condominium instruments. For the purposes Article 9 of the Bylaws, when any right is to be given to a Mortgagee, the Board of Directors shall also give such right to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veterans Administration, the Department of Veterans Affairs, the Federal Housing Administration, the Farmer's Home Administration, the Government National Mortgage Association and any other public or private secondary mortgage market entity participating in purchasing or guarantying Mortgages if the Board has written notice of such participation.

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

(g) "Reserved Common Element" means a common element in which the Board of Directors has granted a revocable license for exclusive use by less than all of the unit owners.

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

ARTICLE 2

UNIT OWNERS ASSOCIATION

Section 2.1. Composition. All of the unit owners of units contained in the Condominium, acting as a group in accordance with the Condominium Act, the Declaration and these Bylaws shall constitute the "Unit Owners Association," which has the responsibility of administering the Condominium, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Condominium and performing all of the other acts that may be required to be performed by the Association by the Condominium Act and the Declaration. Except as to those matters which either the Condominium Act or the Declaration specifically require to be performed by the vote of the unit owners, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth in Article 3.

Section 2.2. Annual Meetings. The annual meetings of the Unit Owners Association shall be held on the first Monday of March.

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

Section 2.4. Special Meetings. It shall be the duty of the President to call a special meeting of the Unit Owners Association if so directed by resolution of the Board of Directors or upon a petition signed and presented to the Secretary by unit owners owning not less than twenty percent of the percentage interests of all unit owners. Such resolution, petition or request must (i) specify the time and place at which meeting is to be held, (ii) either specify a date on which the meeting is to be held which will permit the Secretary to comply with Section 2.5, or else specify that the Secretary shall designate the date of the meeting, (iii) specify the purposes for which the meeting is to be held, and (iv) be delivered to the Secretary. The notice of any special meeting shall state the time, place and purpose of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 2.5. Notice of Meetings. The Secretary shall mail a notice of each annual or special meeting of the unit owners pursuant to the provisions of Section 55-79.75 of the Condominium Act, as amended.

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

Section 2.7. Order of Business. The order of business at all meetings of the Unit Owners Association shall be as follows:

- (a) Roll Call
- (b) Proof of notice of meeting
- (c) Reading of minutes of preceding meeting
- (d) Reports of Officers and Board of Directors
- (e) Reports of committees
- (f) Election or appointment of inspectors of election (when so required)
- (g) Election of members of the Board of Directors (when so required)

(h) Unfinished business

(i) New business

Section 2.8. Voting.

(a) At every meeting of the unit owners, each of the unit owners shall have the right to cast a vote in proportion to the ownership in the Common Elements as set forth on Exhibit D to the Declaration. There shall be no cumulative voting.

(b) Except where a greater number is required by the Condominium Act or the condominium instruments, a Majority Vote is required to adopt decisions at any meeting of the Association.

(c) No unit owner shall be eligible to vote, either in person or by proxy, or be elected to the Board of Directors who is shown on the books or management accounts of the Association to be more than sixty days delinquent in any payment due the Association.

Section 2.9. Conduct of Meetings. The President shall preside over all meetings of the Unit Owners Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting. The President may appoint a person to serve as Parliamentarian at any meeting. Roberts Rules of Order, Revised, (latest edition) shall govern the conduct of all meetings of the Unit Owners Association when not in conflict with the Declaration, these Bylaws or the Condominium Act.

Section 2.10. Unit Ownership. The Unit Owners Association shall have all of the necessary powers and rights to purchase and transfer full legal title to and interest in a unit or units in Watergate at Landmark Condominium. Such units shall be purchased for such purposes as the Board determines appropriate, including but not limited to, the purpose of providing residences for employees of the Unit Owners Association.

ARTICLE 3

BOARD OF DIRECTORS

Section 3.1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors. The Board of Directors shall consist of nine resident unit owners.

Section 3.2. Powers and Duties. The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Unit Owners Association and may do all such acts and things as are not by the Condominium Act or by the condominium instruments directed to be exercised and done by the Association. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board shall on behalf of the Association:

- (1) Prepare and adopt an annual budget, in which there shall be expressed the assessments of each unit owner for the common expenses.
- (2) Make assessments against unit owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the unit owners and establish the period of the installment payment of the annual assessment for common expenses.
- (3) Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Condominium.
- (4) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the common elements and provide services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies, material and equipment shall be deemed part of the Property.
- (5) Collect the assessments against the unit owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Property.
- (6) Adopt and amend any rules and regulations; provided, however, that such rules and regulations shall not be in conflict with the Condominium Act or the condominium instruments.
- (7) Open bank accounts on behalf of the Association and designate the signatories thereon.
- (8) Make, or contract for the making of, repairs, additions and improvements to or alterations and restoration of the Property, in accordance with these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
- (9) Enforce by legal means the provisions of the Declaration, these Bylaws and the rules and regulations, act on behalf of the unit owners with respect to all matters arising out of any eminent domain proceeding, and notify the unit owners of any litigation against the Association involving a claim in excess of one percent of the amount of the annual budget.
- (10) Obtain and carry insurance against casualties and liabilities, as provided in Article 7, pay the premiums therefor and adjust and settle any claims thereunder.
- (11) Pay the cost of all authorized services rendered to the Association and not billed to unit owners of individual units or otherwise provided for in Sections 6.1 and 6.2.
- (12) In accordance with Section 55-79.74:1 of the Condominium Act, keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the expenses of maintenance and repair of the

common elements and any other expenses incurred. Such books and vouchers accrediting the entries therein shall be available for examination by the unit owners, their attorneys, accountants, Mortgagees and authorized agents during general business hours on business days at the times and in the manner set and announced by the Board of Directors for the general knowledge of the unit owners. All books and records shall be kept in accordance with generally accepted accounting principles, and the same shall be audited at least once each year by an independent auditor retained by the Board of Directors who shall not be a resident of the Condominium or affiliated with a unit owner. The cost of such audit shall be a common expense.

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

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

(15) Acquire, hold and dispose of condominium units and mortgage the same without the prior approval of the Association if such expenditures are included in the budget adopted by the Association.

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

(17) Grant and accept easements through or over the common elements in accordance with Section 55-79.80 B of the Condominium Act.

(18) Upon receipt of such payment as may be established by the Board of Directors in compliance with Section 55-79.97 of the Condominium Act, furnish the statement required by Sections 55-79.97 and 55-79.85 of the Condominium Act within fourteen days after the receipt of a written request therefor from any unit owner, substantially in the form set forth on Exhibit B to these Bylaws and designated "Certificate for Resale."

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

Section 3.3. Management Agent. The Board of Directors shall employ for the Condominium a professional Management Agent at a compensation established by the Board of Directors, to perform such duties and services as the Board of Directors shall authorize. Certain obligations, duties and services relating to the property management, the rights of first Mortgagees and reserve funds have been established and are set forth in Exhibit A to these Bylaws as Management Standards.

Section 3.4. Election and Term of Office.

(a) At the annual meeting of the Association, three resident unit owners shall be elected to serve on the Board of Directors. A director shall serve for a term of three years unless elected to fill a vacancy, in which case such director shall serve as provided in Section 3.6 of the Bylaws. Except for their resignation or removal, the members of the Board of Directors shall hold office until their respective successors shall have been elected by the Unit Owners Association.

(b) Nominations for election as members of the Board of Directors at the annual meeting shall occur only as set forth in this paragraph. In order for a unit owner to be nominated, at least thirty days before the annual meeting a nomination petition signed by at least ten other unit owners shall be submitted to the Board of Directors including a statement that the unit owner is willing to be nominated and a biographical sketch. The Board of Directors shall cause the names of all such unit owners duly nominated, along with a copy of their biographies, to be mailed or hand delivered to every unit owner in the Condominium not less than twenty one days prior to the annual meeting. Except in the case where there are less than two unit owners nominated to fill each of the designated vacancies on the Board of Directors, nomination from the floor at the annual meeting shall be prohibited.

Section 3.5. Removal or Resignation of Members of Board of Directors. At any regular or special meeting of the Unit Owners Association duly called, any one or more of the members of the Board of Directors may be removed with or without cause by a majority of the unit owners, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the unit owners shall be given at least ten days notice of the meeting, and shall be given an opportunity to be heard at the meeting. A director may resign at any time (i) in person at a meeting of the Board or the Association or (ii) by giving written notice to an Officer. Resignation of a director is effective when delivered unless the notice specifies an effective date which is not more than thirty days after the date of the notice. A director shall be deemed to have resigned automatically and without notice upon disposition of the unit which made such person eligible to be a director, unless such director acquires a different unit prior to or concurrent with the disposition of the prior unit. A director shall also be deemed to have resigned automatically if not in attendance at three consecutive regular monthly meetings of the Board, if the minutes reflect the Board's removal of such director for such absence, unless excused by the Board.

Section 3.6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the Unit Owners Association shall be filled by a vote of a majority of the remaining directors at a special meeting of the Board of Directors held for that purpose promptly after the occurrence of any such vacancy, even though the directors present at

such meeting may constitute less than a quorum because a quorum is impossible to obtain. Each person so elected shall be a director until a successor shall be elected by the unit owners at the next annual meeting of the Unit Owners Association. The term of the replacement director so elected shall expire so that the staggered terms of directors shall remain unaffected.

Section 3.7. Meetings of the Board of Directors.

(a) Organization Meeting. The first meeting of the members of the Board of Directors elected at the annual meeting of the Unit Owners Association shall be determined by the Board immediately following the Unit Owners Association meeting, and no further notice shall be necessary to the newly elected members of the Board of Directors. Such meeting shall occur within 30 days of the annual meeting.

(b) Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least once every two months such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, by hand delivery, mail, facsimile or electronic mail, at least three business days prior to the day named for such meeting.

(c) Special Meetings. Special meetings of the Board of Directors may be called by the President on three business days notice to each director, given by hand delivery, mail, facsimile or electronic mail, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary or Treasurer in like manner and on like notice on the written request of at least two directors.

(d) Executive Session. All meetings of the Board of Directors shall be open to unit owners of record as observers, except that as permitted in Section 55-79.75 of the Condominium Act, upon proper motion, the Board may convene in executive session to consider those matters which the Condominium Act provides may be considered in executive session. Such matters include personnel matters, consultation with legal counsel, discussion and consideration of contracts, probable or pending litigation and matters involving violations of the condominium instruments or rules and regulations promulgated pursuant thereto for which a unit owner or the unit owner's family members, tenants, guests or other invitees are responsible, or to discuss and consider the personal liability of unit owners to the Unit Owners Association. No contract, motion or other action adopted, passed or agreed to in executive session shall become effective unless the Board of Directors, following the executive session, reconvenes in open meeting and takes a vote on such contract, motion or other action. The substance of the contract, motion or other action must be reasonably identified in the open meeting.

Section 3.8. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn or recess the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.9. Waiver of Notice. Any director may, at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time and place of such meeting, if all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 3.10. Compensation. No director shall receive any compensation from the Unit Owners Association for exercising the duties and obligations of a director.

Section 3.11. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book of the Board of Directors recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. Roberts Rules of Order, Revised, (latest edition) shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Declaration, these Bylaws or the Condominium Act.

Section 3.12. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing or via a telephone poll to such action. Any such consent shall be filed with the minutes of the Board of Directors.

ARTICLE 4

OFFICERS

Section 4.1. Designation. The principal Officers of the Unit Owners Association shall be the President, Vice President, the Secretary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an assistant treasurer, an assistant secretary, and such other Officers as in its judgment may be necessary. The President and Vice President, but no other Officers, shall be required to be members of the Board of Directors. All Officers shall be resident unit owners. Each Officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent (if any) inconsistent with the Condominium Act or the condominium instruments, and shall perform such other duties as may be assigned to such office by resolution of the Board of Directors. If any Officer is unable for any reason to perform the duties of the office, the Board of Directors shall appoint another qualified person to act in such Officer's stead on an interim basis.

Section 4.2. Election of Officers. The Officers of the Unit Owners Association shall be elected annually by the Board of Directors at the organization meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors and until a successor is elected.

Section 4.3. Removal of Officers. Upon the affirmative vote of a majority of the members of the Board of Directors, any Officer may be removed, either with or without cause, and such Officer's successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for that purpose. An Officer may resign as provided in Section 3.5 of the Bylaws.

Section 4.4. President. The President shall be the chief executive officer of the Association; preside at all meetings of the Unit Owners Association and of the Board of Directors; have all of the general powers and duties incident to the office of the president of a stock corporation organized under the Virginia Stock Corporation Act. The President shall further have the power to appoint committees with the approval of the Board and as may be specified in these Bylaws from among the unit owners or residents, as appropriate, from time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association.

Section 4.5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the Board of Directors determines that the President's absence or inability to act warrants having the Vice President perform the duties of the President. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board of Directors to act in place of the President, on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon the Vice President by the Board of Directors or by the President.

Section 4.6. Secretary. The Secretary shall keep the minutes of all meetings of the Unit Owners Association and of the Board of Directors; have charge of such books and papers as the Board of Directors may direct; and, in general, perform all the duties incident to the office of the secretary.

Section 4.7. Treasurer. Subject to direction by the Board of Directors, the Treasurer shall have general oversight responsibilities for financial matters of the Association. In recognition of the financial management role possibly involved by contract between Association and the management agent, the Treasurer will interface with representatives of the management agent from time-to-time. These contacts will serve to keep the Board of Directors informed on financial matters vis-à-vis financial records and books of accounts covering receipts and disbursements; financial data; deposits and disbursements of same; Association investments, etc. The Treasurer shall serve as a member of the Budget Committee and any other committee with financial responsibilities.

Section 4.8. Execution of Documents.

(a) All agreements, contracts, deeds and leases of the Association shall be executed by one Officer of the Association, except as the Board may otherwise determine.

(b) Unless otherwise provided in a resolution of the Board of Directors: (i) all checks drawn upon the operating account shall be executed by one officer of the Association or the General Manager and a corporate officer of the Management Agent; and (ii) all checks drawn upon replacement and operating reserve accounts shall be executed by one officer of the Association and a corporate officer of the Management Agent.

(c) Any officer of the Association may be designated by Board resolution to sign any certification pursuant to Section 55-79.71 D or Section 55-79.72:1 C of the Condominium Act and to sign certificates for resale on behalf of the Association. Any officer may also be designated by Board resolution to sign any amendment to subdivide a unit or relocate boundaries between units on behalf of the Association or at the request of a unit owner, pursuant to Section 55-79.69 or 55-79.70 of the Condominium Act.

Section 4.9. Compensation of Officers. No officer shall receive any compensation from the Association solely for exercising the duties and obligations of an officer.

ARTICLE 5

LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 5.1. Liability and Indemnification of Officers and Directors.

(a) The Officers, directors and members of the Covenants Committee, Budget and Finance Committee or other authorized Association committees shall not be liable to the Unit Owners Association or any unit owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association shall indemnify and hold harmless each of the Officers and directors from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act or the condominium instruments, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and directors shall have no personal liability with respect to any contract made by them on behalf of the Association. The liability of any unit owner arising out of any contract made by the Officers or Board of Directors, or out of the indemnification of the Officers or directors, or for damages as a result of injuries arising in connection with the common elements solely by virtue of ownership of percentage interest therein or for liabilities incurred by the Association, shall be limited to the total liability multiplied by such unit owner's Common Element Interest. Every agreement made by the Officers, the Board of Directors or the Management Agent on behalf of the Association shall, if obtainable, provide that the Officers, the directors or the Management Agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder (except as unit owners), and that each unit owner's liability thereunder shall be limited to the total liability thereunder multiplied by such unit owner's Common Element Interest. The Association shall indemnify and hold harmless each of the members of the Covenants Committee, Budget Committee, as well as other authorized Association committees, from and against all liability to others arising out of the due exercise of their responsibilities unless their action shall have been taken in bad faith or contrary to the provisions of the Condominium Act or the condominium instruments. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that such person is or was an Officer or director of the Association or a member of the Covenants Committee, Budget Committee or other authorized Association committees against expenses (including attorneys' fees), judgments,

finances and amounts paid in settlement incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Association.

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

Section 5.2. Directors. Each director shall exercise such director's powers and duties in good faith and with a view to the interests of the Condominium and the Association. No contract or other transaction between the Association and one or more of its directors, or between the Association and any corporation, firm or association in which one or more directors of the Association are directors or officers or are pecuniary or otherwise interested, is either void or voidable because such person is a director. However, any director with any pecuniary, familial or other interest, except for a minority (ten percent) interest, in any corporation, firm or association contracting with or having any other transaction with the Association, shall not participate in the discussion or vote on such transaction. The following conditions also apply:

(a) The fact of the common directorate or interest must be disclosed or known to the Board of Directors or a majority thereof and noted in the minutes.

(b) The Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for that purpose.

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

Any common or interested directors may be counted in determining the presence of a quorum of any meeting of the Board or committee thereof which authorizes, approves or ratifies any contract or transaction, but that common or interested director may not vote at the meeting to authorize the contract or transaction.

ARTICLE 6

OPERATION OF THE PROPERTY

Section 6.1. Determination of Common Expense and Assessments Against Unit Owners.

(a) Fiscal Year. The fiscal year of the Unit Owners Association shall be October 1 through September 30 of the following year, unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget. Each fiscal year at least thirty days prior to its commencement, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount considered necessary to pay the cost of utility services, maintenance, management, operation, repair and replacement of the common elements and those parts of the units as for which it is the responsibility of the Association to maintain, repair and replace, and the cost of wages, materials, insurance premiums, services, supplies and other expenses that may be declared to be common expenses by the Condominium Act, these Bylaws or a resolution of the Unit Owners Association, and which will be required during the ensuing fiscal year for the administration, operation, maintenance and repair of the Condominium and the rendering to the unit owners of all related services. The Budget may also include:

(1) The cost of the maintenance or repair of any condominium unit in the event such maintenance or repair is reasonably necessary in the discretion of the Board of Directors to protect the common elements or to preserve the appearance or value of the condominium project or is otherwise in the interest of the general welfare of all unit owners; provided, however, that no such maintenance or repair shall be undertaken without a resolution by the Board of Directors and not without reasonable written notice to the owner of the condominium unit proposed to be maintained and provided, further, that the cost thereof shall be assessed against the condominium unit on which such maintenance or repair is performed and, when so assessed, a statement for the amount thereof shall be rendered promptly to the owner of the condominium unit at which time the assessment shall become due and payable and a continuing lien and obligation of the unit owner in all respects as provided in Article 10 of these Bylaws.

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

(3) Such budget may also include such reasonable amounts as the Board of Directors considers necessary to provide working funds for the Condominium, a general operating reserve and reserves for contingencies and replacements. The Board of Directors shall send to each unit owner a copy of the budget, in a reasonably itemized form which sets forth the amount of the common expenses payable by each unit owner, at least ten days prior to the beginning of the fiscal year to which the budget applies. The budget shall constitute the basis for determining each unit owner's contribution for the common expenses of the Condominium.

(c) Assessment and Payment of Common Expenses.

(1) Subject to the provisions of Section 10.1(b), the total amount of the estimated funds required from assessments for the operation of the property together with provisions for reserves, both as set forth in the budget for the fiscal year adopted by the Board of Directors shall

be assessed against each unit owner in proportion to such unit owner's respective Undivided Interest in the Common Elements. The assessment for common expenses shall be a lien against each unit owner's unit as provided in the Condominium Act and Section 10.2 of the Bylaws. On or before the first day of each fiscal year, and the first day of each of the succeeding eleven months in such fiscal year, each unit owner shall be obligated to pay to the Board of Directors or the Management Agent as determined by the Board of Directors, one-twelfth of the assessment for such fiscal year made pursuant to the foregoing provisions. Within sixty days after the end of each fiscal year, the Board of Directors shall supply to all unit owners and to each Mortgagee, upon request, an audited accounting of the common expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves may, if the Board of Directors deems it advisable, be credited according to each unit owner's undivided interest in the common elements to the installments due in the succeeding months of that fiscal year.

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

(d) Reserves. The Board of Directors shall build up and maintain reasonable reserves for working capital, operations, contingencies, repair and replacements. The reserve fund for repair and replacements shall be established and maintained by the allocation and payment monthly to such reserve fund of an amount to be designated from time to time by the Board of Directors with due regard to standards established by the American Institute of Certified Public Accountants. Extraordinary operating expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against operating reserves and contingency accounts. Except for normal maintenance expenses shown in the annual operating budget, all expenses for repair and replacement of capital assets maintained by the Association shall be charged first against repair and replacement reserves. If the Board determines the reserves are inadequate to meet essential needs, including non-payment of any unit owner's assessment, the Board of Directors may at any time levy a special assessment, which shall be assessed against the unit owners according to their respective undivided interests in the common elements, and which may be payable in a lump sum or in installments, as the Board of Directors may determine. The Board of Directors shall serve notice of any such special assessment on all unit owners by a statement in writing giving the amount and reasons therefor, and such special assessment shall, unless otherwise specified in the notice, become effective with the next monthly payment which is due after the delivery or mailing of such notice of special assessment. All unit owners shall be obligated to pay the adjusted monthly amount, or if the special assessment is not payable in installments, the amount of such assessment.

(e) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or 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 the allocable share of the

common expenses as herein provided in these Bylaws, whenever the same shall be determined, and, in the absence of any annual budget or adjusted budget, each unit owner shall continue to pay the monthly charge at the then existing monthly rate established for the previous fiscal period until notified of the periodic payment which is due more than ten days after such new annual or adjusted budget is adopted.

(f) Accounts. All sums collected by the Board of Directors with respect to assessments against the unit owners may be commingled into a single fund, but shall be identified and accounted for each unit owner in accordance with such unit owner's undivided interest in the common elements.

Section 6.2. Payment of Common Expenses. Each unit owner shall pay the common expenses assessed by the Board of Directors pursuant to the provisions of Section 6.1 of the Bylaws. No unit owner may be exempted from liability for the assessment for common expenses by reason of waiver of the use or enjoyment of any of the common elements or by abandonment of the unit. Such expenses not received by the fifteenth day of each month shall be in default. No unit owner shall be liable for the payment of any part of the common expenses assessed against that unit subsequent to the date of recordation of a conveyance by such unit owner in fee of such unit. Prior to, or at the time of any such conveyance, all liens, unpaid charges and assessments shall be paid in full and discharged. The purchaser of a unit shall be jointly and severally liable with the selling unit owner for all unpaid assessments against the latter for the proportionate share of the common expenses up to the time of conveyance, without prejudice to the purchaser's right to recover from the selling unit owner the amounts paid by the purchaser therefor; provided, however, that any such purchaser shall be entitled to a statement setting forth the amount of the unpaid assessments against the selling unit owner pursuant to Section 55-79.84 H of the Condominium Act, as amended. Provided, further, that if a mortgagee of a first mortgage of record obtains title to a unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed (or assignment) in lieu of foreclosure, such purchaser, its successor, 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 the foreclosure sale. Such unpaid share of common expenses assessed prior to the acquisition of title to such unit by such purchaser pursuant to the foreclosure sale shall be collectible from all unit owners, including the purchaser of the foreclosure sale in proportion to their respective undivided interest in the common elements.

Section 6.3. Collection of Assessments. The Board of Directors shall take prompt action to collect any assessments for common expenses due from any unit owner which remain unpaid for more than thirty days from the due date. If a unit owner is delinquent for more than sixty days, the Board of Directors shall file a memorandum of lien in compliance with Section 55-79.84 of the Condominium Act prior to the ninetieth day, unless the Board decides by a two-thirds vote not to do so.

Section 6.4. Statement of Common Expenses. The Board of Directors shall promptly provide any unit owner, contract purchaser or Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for common expenses due from such unit owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

Section 6.5. Maintenance, Repair, Replacement and Other Common Expenses.

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

(b) By the Unit Owners Association. The Unit Owners Association shall be responsible for the maintenance, repair and replacement of all of the common elements (including the limited common elements) as defined in the condominium instruments, whether located inside or outside of the units, the cost of which shall be charged to all unit owners as a common expense; provided, however, that the Board of Directors may elect not to do so if in the opinion of a majority of the Board of Directors such maintenance, repair or replacement was necessitated by the act, neglect or carelessness for which a unit owner is responsible pursuant to Section 10.1(a); and provided, further, that each unit owner shall perform normal maintenance on the limited common elements appurtenant to such unit owner's unit and any portion of the remaining common elements which the Board of Directors pursuant to the rules and regulations has given such unit owner permission to utilize, including without limitation the items enumerated in subsection (c).

(c) By the Unit Owner.

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

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

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

(d) Manner of Repair and Replacement. All repairs and replacements shall be of first-class quality, and may be done with contemporary building materials and equipment.

Section 6.6. Additions, Alterations or Improvements by Board of Directors. Whenever in the judgment of the Board of Directors the common elements warrant discretionary additions, alterations or improvements costing in excess of one percent of the total annual assessment for common expenses for that fiscal year, the making of such discretionary additions, alterations or improvements requires the approval of a Majority Vote of the unit owners, and the Board of

Directors shall assess all unit owners for the cost thereof as a common expense. Any discretionary additions, alterations or improvements costing one percent of the total annual assessments or less may be made by the Board of Directors without approval of the unit owners and the cost thereof shall constitute a common expenses. Notwithstanding the foregoing, if, in the opinion of not less than two-thirds of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially for the benefit of the unit owner or unit owners requesting the same, such requesting unit owners shall be assessed therefor in such proportion as they jointly approve, or if they are unable to agree thereon, in such proportion as may be determined by the Board of Directors.

Section 6.7. Additions, Alterations or Improvements by Unit Owners. No unit owner shall make any addition, alteration or improvement of a structural nature in or to the unit without the prior written consent of the Board of Directors or the Covenants Committee, as appropriate. No unit owner shall paint or alter any common element or the exterior of the unit, including the doors and windows, nor shall any unit owner paint or alter the exterior of any building, without the prior written consent of the Board of Directors or the Covenants Committee, as appropriate. Except when a request is being handled by the Covenants Committee, the Board of Directors shall be obligated to answer any written request by a unit owner for approval of a proposed structural addition, alteration or improvement in such unit owner's unit within forty-five days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement. If any application to any governmental authority for a permit to make any such addition, alteration or improvement in or to any unit requires execution by the Unit Owners Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by an authorized Officer only, without however incurring any liability on the part of the Board of Directors, the Association or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having claim for injury to person or damage to property arising therefrom. Subject to the approval of any Mortgagee of such affected units, the Board of Directors and any unit owner affected, any unit may be subdivided or may be altered so as to relocate the boundaries between such unit and any adjoining units. The Secretary shall record any necessary amendment to the Declaration to effect such action as provided in Sections 55-79.69 or 55-79.70 of the Condominium Act.

Section 6.8. Restrictions on Use of Units and Common Elements; Rules and Regulations.

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

(1) Except for the areas of the Condominium designated for a management office or commercial or recreational use and except as provided in the Declaration, no unit shall be used for other than housing and the related common purposes for which the Property was designed. The commercial areas may be used for any purposes permitted by the applicable zoning subject to the restrictions set forth in the condominium instruments. The Board may also permit the use of all or part of a residential unit for a professional office or home occupation as may be defined in ordinance of the City of Alexandria, Section 7-300 as amended, provided that such use is consistent with all applicable laws, ordinances and regulations of any governmental authority.

As a condition to consenting to such office use, the Board may require the unit owner to pay any increase in the rate of insurance for the Condominium which may result from such office use. Such permission may not be revoked later except for good cause shown.

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

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

(4) No unit owner shall obstruct any of the common elements nor shall any unit owner place or cause or permit anything to be placed on or in any of the common elements (except those areas designated for such storage by the condominium instruments or the Board of Directors) without the approval of the Board. Nothing shall be altered or constructed in or removed from the common elements except with the prior written consent of the Board of Directors or the Covenants Committee, as appropriate (subject, however, to the applicable provisions of the Fair Housing Amendments Act of 1988 or the Virginia Fairhousing Law, as amended, regarding modifications by handicapped residents).

(5) The common elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the units. The lobbies, vestibules, hallways and stairways shall be used for no purpose other than for normal transit.

(6) No unit shall be used or occupied for (i) transient or hotel purposes or (ii) in any event leased for an initial period of less than one year except as may otherwise be required by federal mortgage lending agencies. No portion of any residential unit (other than the entire unit) shall be leased for any period without the prior written approval of the Board of Directors; provided, however, that a reasonable number of roommates is permitted. No unit owner shall lease or permit a sublease or assignment without first complying with the provisions of this Article. No unit owner shall lease a unit other than on a written form of lease: (i) requiring the lessee to comply with the condominium instruments and rules and regulations; (ii) providing that failure to comply constitutes a default under the lease, and (iii) providing that the Board of Directors has the power to terminate the lease or to bring summary proceedings to evict the tenant in the name of the lessor after forty-five days prior written notice to the unit owner, in the event of a default by the tenant in the performance of the lease. The Board of Directors may require a standard form

lease for use by unit owners. Each unit owner shall, promptly after entering into any lease of a condominium unit, forward a conformed copy of the lease to the Board of Directors. The foregoing provisions of this paragraph, except the restriction against use or occupancy for transient or hotel purposes, shall not apply to the Association, or a Mortgagee in possession of a unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(7) Trailers, campers, recreational vehicles, boats and vehicles used for commercial purposes as may be defined in ordinances of the City of Alexandria, as amended, may be parked on the Property only if expressly permitted by the rules and regulations and only in such parking areas, if any, as may be designated for such purpose by the Board of Directors. All vehicles shall be parked wholly within parking space lines; provided, however, that any unit owner having the right to use one or more limited common element parking spaces may use any adjacent area not within another unit owner's parking space if such space is not otherwise necessary for the use of the Association. The garage areas, including the limited common element parking spaces, shall be used only for parking. Other than as provided above, nothing may be stored, erected, attached to or otherwise placed on the common elements in the parking areas without the prior written consent of the Board of Directors or the Covenants Committee, as appropriate. No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any of the common elements. Except in areas designated by the Board of Directors, vehicle repairs other than: (i) emergency maintenance, (ii) ordinary light maintenance (excluding fluid changes and other operations which might soil the common elements) and (iii) normal cleaning (in areas designated by the Board, if any) are not permitted on the common elements.

(8) The maintenance, keeping, breeding, boarding and/or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any condominium unit or upon the common elements, except any unit owner or his guests or invitees may keep and maintain one or more pets provided that they do not create a nuisance to the other unit owners, and that they are not kept or maintained for commercial purposes or for breeding. Pets shall not be permitted upon the common elements of the Condominium unless they are carried or leashed. Any unit owner who keeps or maintains any pet upon any portion of the Condominium shall be deemed to have indemnified and agreed to hold the Unit Owners Association, and each of its members 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 pets shall be registered with the Board of Directors and shall otherwise be registered and inoculated as required by law. The Board of Directors shall have the right to order any person whose pet it a nuisance, to remove such pet from the premises.

(9) Except for such signs as may be posted by the Association, no signs of any character shall be erected, posted or displayed upon, in, from or about any unit or common element without the prior written approval of the Board of Directors. The foregoing provisions of this paragraph shall not apply to a Mortgagee in possession of a unit as a result of foreclosure, judicial sale or a proceeding in lieu of foreclosure.

(10) Sufficient carpeting or rugs shall be maintained on a minimum of eighty percent of the floor surfaces (except hard-surfaced and marble-floored foyers, kitchens,

closets and bathrooms) in units located over other units to adequately reduce transmission of sound between units.

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

(12) Smoking is not permitted in the interior common elements of the Condominium except in reserved party rooms and as the Board of Directors may otherwise determine.

(b) Changes to Rules and Regulations. Each unit and the common elements shall be occupied and used in compliance with the rules and regulations which may be promulgated and changed by the Board of Directors. Copies of the rules and regulations shall be furnished by the Board of Directors to each unit owner. Changes to the rules and regulations shall be furnished to each unit owner.

Section 6.9. Right of Access. By acceptance of the deed of conveyance, each unit owner thereby grants a right of access to the unit, as provided by Section 55-79.79(a) of the Condominium Act, to the Board of Directors or the Management Agent, or any other person authorized by the Board or the Management Agent, or any group of the foregoing, for the purpose of enabling the exercise and discharge of their respective powers and responsibilities, including without limitation making inspections, correcting any condition originating in the unit or in a common element to which access is obtained through the unit and threatening another unit or the common elements, performing installations, alterations or repairs to the mechanical or electrical systems or the common elements in the unit or elsewhere in the Property or to correct any condition which violates any Mortgage; provided, however, that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the unit owner. In case of an emergency, such right of entry shall be immediate, whether or not the unit owner is present. Each unit owner shall provide a working copy of all unit keys to the Unit Owners Association for emergency.

Section 6.10 Utility Charges; User Fees. The cost of utilities serving the Condominium not individually metered or submetered to specific units shall be common expenses allocated pursuant to Section 6.1. The cost of utilities serving one or more units and individually submetered shall be a Limited Common Expense payable by the units served based on actual consumption of such services in accordance with Section 55-79.83 of the Condominium Act. Pursuant to Sections 55-79.83 B and 55-79.83 C of the Condominium Act, the Board of Directors may impose reasonable user fees, whether or not designated as Limited Common Expenses, for the use of Reserved Common Elements or personal property of the Unit Owners Association or services provided by or arranged for through the Association.

Section 6.11. Parking Spaces. Each of the parking spaces located on the Property in the garage of the buildings and so designated on the Plats and Plans shall be limited common elements appurtenant to certain designated units. All other parking spaces shall be used by the unit owners for self-service parking purposes on a "first come, first served" basis, except as the Board of Directors may otherwise determine. The cost of maintenance and repair of all parking areas shall be

a common expense; provided, however, that the Board of Directors shall assess a Limited Common Expense charge (pursuant to Section 6.1(c)) established annually in the budget, payable monthly, upon units to which a limited common element is assigned. Such charge shall be adjusted in proportion to any change in the total budget for common expenses from year to year.

Section 6.12. Storage; Disclaimer of Bailee. The storage cubicles are common elements and may be assigned as Reserved Common Elements by appropriate resolution of the Board of Directors. The Board of Directors, the Unit Owners Association and any unit owner shall not be considered a bailee, however, of any personal property stored on the common elements (including property located in storage cubicles and vehicles parked on the common elements), whether or not exclusive possession of the particular area is given to a unit owner for storage or parking purposes, and shall not be responsible for the security of such personal property or for any loss or damage thereto, whether or not due to negligence, except to the extent covered by insurance in excess of any applicable deductible.

ARTICLE 7

INSURANCE

7.1. Authority to Purchase. Except as an individual unit owner may desire to purchase, all insurance policies relating to the Property shall be purchased by the Association. All policies of insurance shall be written by reputable companies licensed and authorized to do business in the Commonwealth of Virginia. Neither the Board of Directors nor the Management Agent shall be liable for failure to obtain any coverage required by this Article 7 or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverage from reputable insurance companies, or if such coverage is available only at demonstrably unreasonable costs.

7.2. Physical Damage Insurance.

(a) The Board of Directors shall obtain and maintain a blanket "all risk" form policy of property insurance with coverage to include fire, water, vandalism, windstorm, increased cost of construction, demolition and contingent liability insuring the entire property including all Association owned personal property, equipment and service machinery as well as fixtures, wall and floor coverings and cabinetry as conveyed by the declarant and like replacements of such within individual units but not including personal property contained therein or unit improvements, betterments, additions or alterations made subsequent to the original conveyance. Such property insurance shall cover the Association, unit owners and mortgagees as their interests may appear in an amount equal to one hundred percent of the then current replacement costs without deduction for depreciation.

(b) Such insurance shall also provide:

(1) A no subrogation provision whereby the insurer waives any right to pursue recovery of amounts paid from a unit owner or a member of that unit owner's household regardless of fault or liability;

(2) A no contribution clause whereby the Association's insurance policy is primary when concurrent coverage exists with a unit owner's insurance policy;

(3) A no control provision under which the act or neglect of a unit owner or member or that unit owner's household without the knowledge and consent of the Association shall not prejudice the coverage afforded by the policy. Such policy shall not be canceled, invalidated or suspended due to the conduct of any unit owner or member of his or her household without a prior demand in writing that the Board of Directors or the Management Agent cure the defect and neither shall have corrected such defect within sixty days after such demand;

(4) Such policy may not be canceled or substantially modified without at least sixty days prior written notice to the Board of Directors, Management Agent and all Mortgagees;

(5) An agreed amount endorsement or elimination of any co-insurance clause;

(6) Such other endorsements as may be deemed necessary or desirable by the Board of Directors.

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

7.3. General Liability Insurance. The Board of Directors shall obtain and maintain commercial general liability insurance insuring the Association, Board of Directors collectively and individually, Management Agent and each unit owner for liability arising out of or incidental to membership in the Association against claims alleging bodily injury, property damage, personal injury or advertising injury. Such insurance shall be written on a broad form basis to include products and host liquor liability coverage with respect to events sponsored by the Association and shall contain:

(1) a cross liability provision under which the rights of an insured under the policy shall not be prejudiced with respect to an action against another insured;

(2) such other endorsements as may be deemed necessary or desirable by the Board of Directors.

In no event shall the combined single limit for such insurance be less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate. Reasonable amounts of "umbrella" liability insurance in excess of the primary limits may also be obtained at the discretion of the Board of Directors.

7.4. Directors and Officers Liability Insurance. The Board of Directors shall obtain and maintain liability insurance to indemnify and defend the Association, board members, directors, officers, members of Association committees, employees and any unit owner acting as a volunteer on behalf of the Association at the direction of the Board of Directors against claims alleging errors, omissions or other wrongful acts with respect to the management of Association funds or policies.

7.5. Automobile Liability Insurance. The Board of Directors shall obtain and maintain non-owned and hired car liability insurance and liability insurance to conform with all statutory requirements pertaining to any owned vehicles licensed for use on public roadways.

7.6. Fidelity Bond/Crime Insurance. The Board of Directors shall obtain and maintain adequate fidelity bond insurance to indemnify the Association against loss of money or any other property due to any criminal act by a board member, director, officer, member of an Association committee, employee or Management Agent. Such fidelity bond shall:

- (1) name the Association as an obligee;
- (2) be written in an amount not less than the greater of twenty-five percent of the total annual assessments or that amount required by the secondary lenders;
- (3) contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

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

- (1) if required by any governmental or quasi-governmental agency including without limitation the Federal National Mortgage association, the Federal Home Loan Mortgage Corporation or the Veteran's Administration flood insurance in accordance with the then applicable requirements of such agency;
- (2) workers compensation insurance if and to the extent necessary to meet the requirements of law;
- (3) boiler and machinery insurance, if deemed necessary;
- (4) earthquake coverage;

(5) such other insurance as the Board of Directors may determine or as may be requested from time to time by a majority vote of unit owners;

(6) such other insurance that may be required by law.

7.8. Board of Directors as Agent. The Board of Directors is hereby irrevocably appointed the agent for each unit owner, each mortgagee or other holder of a lien, other insured or any of their beneficiaries or assigns 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.

7.9. Premiums and Deductibles. Premiums upon all insurance policies purchased by the Board of Directors shall be deemed an Association expense. The Association shall pay the deductible for loss or damage in which the event causing loss or damage initially occurred in or to the common area; provided, however, the Association shall not pay the deductible for loss or damage arising from an event which initially occurred in or to a unit including all pipes that serve only that unit. This includes but is not limited to condensation pipes, waste lines and supply lines even if such pipes are located outside the boundary of the unit. In such case, the unit owner shall be responsible for the deductible. The Board of Directors shall determine the source of the initial event that caused the loss or damage and who is responsible for the deductible.

7.10. Insurance Trustee.

(1) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Association, the unit owners and Mortgagees, as their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board as "Insurance Trustee"

(2) The sole duty of the Board of Directors as Insurance Trustee shall be to receive such proceeds as are to be paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws.

7.11. Separate Insurance. Each unit owner shall have the right and is encouraged at the unit owner's expense to obtain insurance for the benefit of such unit owner to include but not limited to:

- (1) personal property;
- (2) personal liability;
- (3) unit improvements, betterments, additions and alterations;
- (4) additional living expenses.

No unit owner shall be entitled to exercise the right to acquire or maintain such insurance coverage however so as to decrease the amount which the Association may realize under any insurance policy maintained by the Board of Directors.

ARTICLE 8

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 8.1. When Repair and Reconstruction are Required. In the event of damage to or destruction of all or any part of the Building as a result of fire or other casualty (unless eighty percent of the unit owners vote not to proceed with the reconstruction and repair of the building), the Board of Directors shall arrange for and supervise the prompt repair and restoration of the building including any damaged unit and any floor coverings or any kitchen or bathroom fixtures initially installed therein by the Declarant, and replacements thereof installed therein by the Declarant, and replacements thereof installed by the unit owners, but not including any other furniture, furnishings, fixtures or equipment installed by the unit owners in the units). Notwithstanding the foregoing, each unit owner shall have the right to supervise the redecorating of the unit.

Section 8.2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to the Condominium, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring the building (including any damaged unit, and any floor coverings and kitchen and bathroom fixtures initially installed therein by the Declarant, and replacements thereof installed by the unit owner, but not including any other furniture, furnishings, fixtures or equipment installed by the unit owner in the unit) to a condition as good as that existing before such 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 are not sufficient to defray the said estimated costs of reconstruction and repair as determined by the Board of Directors, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against all the unit owners in proportion to the unit owner's respective Undivided Interests in the Common Elements.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the plans and specifications under which the Condominium was originally constructed.

(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, provided that such reconstruction was substantially in accordance with the architectural plans under which the Property was originally constructed. Such encroachments shall be allowed to continue in existence for so long as the reconstructed building shall stand.

Section 8.3. Disbursements of Construction Funds.

(a) Construction Fund. The net proceeds of insurance collected on account of a casualty and the funds collected by the Board of Directors from assessments against unit owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the cost of reconstruction and repair in the manner set forth in this section.

(b) Method of Disbursements. The construction fund shall be paid by the Board of Directors or the Insurance Trustee, as the case may be, in appropriate progress payments to such contractor(s), supplier(s) and persons performing the work or supplying materials or services to the repair and reconstruction of the Condominium as are designated by the Board of Directors.

(c) 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 a construction fund after the payment of all the costs of the reconstruction and repair for which the fund is established, such balance shall be deposited in the Association general operating account, or rebated to the unit owners.

(d) Common Elements. When the damage is to both Common Elements and units, the insurance proceeds shall be applied first to the cost of repairing the Common Elements and the balance to the cost of repairing the units in the shares set forth above.

(e) Certificate. The Insurance Trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary of the Association 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 disbursements from any construction fund held by it 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 fund held by it. Any such certificate shall be delivered to the Insurance Trustee promptly after request.

Section 8.4. When Reconstruction is Not Required. If eighty percent of the unit owners vote not to proceed with repair or restoration, the Condominium shall be deemed to be terminated pursuant to Section 55-79.72:1 of the Condominium Act, as amended.

ARTICLE 9

MORTGAGES

Section 9.1. Notice to Board of Directors. A unit owner who mortgages the unit shall notify the Board of Directors of the name and address of the Mortgagee and, upon request, shall file a conformed copy of the note and Mortgage with the Board.

Section 9.2. Notice of Default, Casualty or Condemnation. The Board of Directors when giving notice to any unit owner of a default in paying an assessment for common expenses (which remains unrecorded for sixty days) or any other default, shall simultaneously send a copy of such notice to the Mortgagee of such unit. The Board of Directors shall also promptly notify each Mortgagee of any casualty when required by Section 7.2 (c), of all actions taken under Article 8 and of any taking in condemnation or by eminent domain pursuant to Section 55-79.44 of the Condominium Act and actions of the Unit Owners Association with respect thereto.

Section 9.3. Notice of Amendment of Condominium Instruments. The Board of Directors shall give notice to all Mortgagees at least seven days prior to the date on which the unit owners, in accordance with the provisions of these Bylaws, materially amend the condominium instruments.

Section 9.4. Notice of Change in Managing Agent. The Board of Directors shall give notice to all Mortgagees requesting such notice at least thirty days prior to changing the managing agent.

Section 9.5. Mortgagees' Approvals. Subject to any greater requirements of Section 55-79.71 or 55-79.72:1 of the Condominium Act or Article 13 of these Bylaws:

(a) Two-Thirds Vote. Unless at least sixty-seven percent of the Mortgagees and at least sixty-seven percent of the unit owners have given their prior written approval, the Unit Owners Association shall not: (i) (except following destruction or condemnation) change any unit's Common Element Interest except as provided in section 55-79.44 of the Condominium Act; (ii) (except following destruction or condemnation) partition, subdivide, abandon, encumber, sell or transfer the common elements of the Condominium (except for the granting of utility easements, etc., pursuant to Section 55-79.80 B of the Condominium Act); (iii) (except following destruction or condemnation) by act or omission withdraw the submission of the Property to the Condominium Act, except as provided by Section 55-79.72:1 of the Condominium Act; (iv) modify the method of determining and collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards; or (v) use hazard insurance process for losses to the Condominium for any purpose other than repair, replacement or restoration except as provided in Section 8.4 of the Bylaws.

(b) Majority Vote. Unless at least fifty-one percent of the Mortgagees and at least sixty-seven percent of the unit owners have given their prior written approval, the Association shall not: (i) following destruction or condemnation, change any unit's Common Element Interest except as provided in Section 55-79.44 of the Condominium Act; (ii) following destruction or condemnation, by act or omission, withdraw the submission of the Property to the Condominium Act, except as provided by Section 55-79.72:1 of the Condominium Act; and (iii) add or amend any

material provisions of the condominium instruments which establishes, provides for, governs or regulates any of the following: (1) voting; (2) assessments, assessment liens or subordination of such liens; (3) reserves for maintenance, repair and replacement of the common elements (or units if applicable); (4) insurance or fidelity bonds; (5) rights to use of the common elements; (6) maintenance responsibility; (7) expansion or contraction of the Condominium or conversion of convertible land; (8) boundaries of any unit; (9) the interests in the common elements or limited common elements; (10) convertibility of units into common elements or of common elements into units; (11) leasing of units; (12) imposition of any right of first refusal or similar restriction on the right of a unit owner to sell, transfer, or otherwise convey the unit; or (13) any provisions which are for the express benefit of Mortgagees.

(c) Non-Material Amendments. Any addition or amendment to the condominium instruments shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only.

(d) Presumptive Approval. If the Unit Owners Association notifies a Mortgagee of additions or amendments in accordance with Section 55-79.73:1 A of the Condominium Act and does not receive a written objection within the time period provided for in Section 55-79.73:1 A of the Condominium Act, then the Unit Owners Association shall be deemed to have received the written consent of such Mortgagee.

Section 9.6 Other Rights of Mortgagees. All Mortgagees or their representatives shall have the right to attend and to speak at meetings of the Unit Owners Association. All such Mortgagees shall have the right to examine the condominium instruments, rules and regulations and books and records of the Condominium, and to require the submission of annual financial reports and other budgetary information.

ARTICLE 10

COMPLIANCE AND DEFAULT

Section 10.1. Relief. Each unit owner shall be governed by, and shall comply with, all of the terms of the Condominium Act, the Declaration, these Bylaws, and the Rules and Regulations, as any of the same may be amended from time to time. In addition to the remedies provided in Section 55-79.53 of the Condominium Act, a default by a unit owner shall entitle the Association, acting through its Board of Directors or the Management Agent, to the following relief.

(a) Legal Proceedings. Failure to comply with any of the terms of the Declaration, these Bylaws and the Rules and Regulations shall be grounds for relief which may include, without limitation, 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 any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the unit owners association, the Board of Directors, the Management Agent, or, if appropriate, by any aggrieved unit owner and shall not constitute an election of remedies.

(b) Additional Liability. Each unit owner shall be liable to the Association or to any affected unit owner for the expense of all maintenance, repair or replacement rendered necessary by such unit owner's act, neglect or carelessness or the act, neglect or carelessness of any member of such unit owner's family or employees, agents, licensees or lessees, 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 casualty 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 of any insurance company of its rights of subrogation. Any costs, including without limitation legal fees, incurred as a result of failure to comply with the Condominium Act, the condominium instruments and the rules and regulations by any unit owner (or any member of such unit owner's household or such unit owner's guests, invitees, tenants, agents or employees) may be assessed against such unit owner's unit.

(c) Costs and Attorneys' Fees. In any proceedings arising out of any alleged default by a unit owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees expended in the matter.

(d) No Waiver of Rights. The failure of the Unit Owners Association, the Board of Directors, or of a unit owner to enforce any right, provision, covenant, or condition which may be granted by the Condominium Act, Declaration, these Bylaws or the Rules and Regulations shall not constitute a waiver of the right of the Unit Owners Association, the Board of Directors, or the unit owner to enforce such right, provision, covenant, or condition in the future. All rights, remedies and privileges granted to the Unit Owners Association, the Board of Directors or any unit owner pursuant to any term, provision, covenant or condition of the Declaration, these Bylaws, or the 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 Declaration, these Bylaws or the Rules and Regulations, or at law or in equity.

(e) Interest. In the event of a default by any unit owner in paying any common expense or other sum assessed against the condominium unit which continues for a period in excess of fifteen days, interest from the due date at a rate not to exceed the lower of the maximum permissible interest rate which may be charged by a Mortgagee under a Mortgage at such time or eighteen percent per annum may be imposed in the discretion of the Board of Directors on the principal amount unpaid from the date due until paid.

(f) Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board of Directors, or the breach of the condominium instruments 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 thereof, and the Board of Directors shall not thereby deemed guilty in any manner of trespass; (ii) to use self-help to remove or cure any violation of the condominium instruments or the rules and regulations on the common elements (including without limitation the towing of vehicles) or in any unit; or (iii) to

enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

(g) Charges. In accordance with Section 55-79.80:2 of the Condominium Act, as may be amended from time to time, the Board of Directors and the Covenants Committee may levy reasonable charges against unit owners for violations of the Condominium Act, the condominium instruments or the rules and regulations by the unit owner, the members of such unit owner's household, company, or such unit owner's guests, invitees, tenants, agents or employees. No charge may be levied for a violation in an amount more than the maximum amount permitted by Section 55-79.80:2 of the Condominium Act. Each day a violation continues, after notice is given to the unit owner, is a separate violation. The unit owner shall be given an opportunity for a hearing before any such charge is imposed. Charges are special assessments and shall be collectible as such.

(h) Other Remedies. In accordance with Section 55-79.80:2 of the Condominium Act, the Board of Directors may suspend or revoke a unit owner's right to use facilities or services, including utility services and voting privileges, for a reasonable period not to exceed the duration of the default or violation if payment of the assessment on the unit is delinquent more than sixty days or for any other violation of the condominium instruments or the rules and regulations.

Section 10.2. Lien for Assessments.

(a) Lien. The total annual assessment of each unit owner for common expenses or any special assessment, or any other sum duly levied (including without limitation charges, interest, late charges, etc.), made pursuant to these Bylaws, is hereby declared to be a lien levied against the condominium unit of such unit owner as provided in section 55-79.84 of the Condominium Act, which lien shall, with respect to annual assessments, be effective on the first day of each fiscal year of the Condominium and, as to special assessments and other sums duly levied, on the first day of the next month which begins more than seven days after delivery to the unit owner of notice of such special assessment or levy. The Board of Directors or the Management Agent may file or record such other or further notice of any such lien, or such other or further document, as may be required to confirm the establishment and priority of such lien.

(b) Acceleration. In any case where an assessment against a unit owner is payable in installments, upon a default by such unit owner in the timely payment of any two consecutive installments, 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 entire balance of the annual assessment may be declared due and payable in full by the service of notice to such effect upon the defaulting unit owner and such unit owner's Mortgagee by the Board of Directors or the Management Agent.

(c) Enforcement. The lien for assessments may be enforced and foreclosed in any manner permitted by the laws of the Commonwealth of Virginia or action in the name of the Board of Directors, or the Management Agent, acting on behalf of the Unit Owners Association. During the pendency of such suit the unit owner shall be required to pay a reasonable rental for the

unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the laws of the Commonwealth of Virginia.

(d) Remedies Cumulative. A suit to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the tendency of any suit to recover a money judgment.

Section 10.3. Supplemental Enforcement of the Lien. In addition to the proceedings at law or in equity or the enforcement of the lien established by the condominium instruments or the Condominium Act, all of the unit owners may be required by the Board of Directors to execute bonds conditioned upon the faithful performance and payment of the installments of the lien established thereby and may likewise be required to secure the payment of such obligations by recording a declaration of trust in the land records where the condominium instruments are recorded granting unto one or more trustees appropriate powers to the end that, upon default in the performance of such bond such declaration of trust may be foreclosed by such trustees acting at the direction of the Board of Directors. If any such bonds have been executed and such declaration of trust is recorded, then any subsequent purchaser of a unit shall take title subject to such declaration of trust and shall assume the obligations provided for therein.

Section 10.4. Subordination and Mortgagee Protection. Notwithstanding any other provisions to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any unit (and any penalties, interest on assessments, late charges or the like) shall be subordinate to, and shall in no way affect the rights of the holder of a Mortgage made in good faith for value received; provided, however, that such subordination shall apply only to assessments which have become due and payable prior to a sale or transfer of such unit pursuant to foreclosure, or any proceeding in lieu of foreclosure. Such sale or transfer shall not relieve the purchaser of the unit at such sale from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment, which lien shall have the same effect and be enforced in the same manner as provided herein.

ARTICLE 11

COMMITTEES

Section 11.1. Covenants Committee.

(a) Number, Qualification, Appointment, Terms and Removal. The Covenants Committee shall consist of five members each of whom shall be a resident unit owner who is current in paying all assessments and is not currently in violation of any Association rules and regulations. The Board of Directors shall appoint the members of the Covenants Committee and shall designate its chairperson. The term of office for each member shall be one year, provided that if a member fails to complete the applicable term of office, the Board of Directors shall promptly appoint a successor to complete the unexpired term. The Board of Directors shall ensure that

resident unit owners are informed in a timely manner of any vacancy or vacancies on the Covenants Committee. On completing a term of office, Covenants Committee members who wish to continue to serve on the Committee may apply to fill the resulting vacancy. Upon the affirmative vote of the Board of Directors, a member of the Covenants Committee may be removed from office either with or without cause. In that event, the Board shall promptly appoint a successor.

(b) Condominium Instruments. The Covenants Committee shall carry out its duties and obligations as provided in the condominium instruments and duly adopted rules, regulations and resolutions, as amended from time to time.

(c) Covenants Committee as Agent. The Covenants Committee shall be deemed an Agent of the Unit Owners Association, the Board of Directors, or any unit owners, as the context or provisions of the condominium instruments or duly adopted rules, regulations and resolutions provide. The Board of Directors may on a case by case basis and upon the vote of the Board, relieve the Covenants Committee of its authority.

(d) Complaints and Violations.

(1) In the interest of the general common good and welfare of the unit owners, and acting on behalf of and as agent for each unit owner, the Covenants Committee shall adjudicate alleged violations of the provisions of the condominium instruments and the duly adopted rules, regulations and resolutions of the Board of Directors governing the behavior and actions of unit owners, residents and their guests and invitees. A complaint alleging such a violation may be registered by any unit owner or resident or by any agent or employee of the Unit Owners Association, including the Management Agent.

(2) The Covenants Committee shall have the right to notify and issue a cease and desist request to another unit owner or resident or their guests or invitees. The Covenants Committee shall have the right to impose reasonable sanctions on the party or parties it determines have violated applicable provisions of the condominium instruments and duly adopted rules, regulations and resolutions of the Board of Directors, including but not limited to, imposing a monetary assessment or withholding use of facilities and services, or both, in accordance with Section 55-79.80:2 of the Condominium Act, as amended, and Section 10.1 (g) and (h) of these Bylaws. In carrying out its responsibilities and obligations, the Covenants Committee shall afford an alleged offender due process of law.

(e) Interpretative Rulings. The Covenants Committee shall from time to time or when requested by any unit owners, any agent of the Unit Owners Association or the Board of Directors, provide interpretations of the condominium instruments and duly adopted rules, regulations and resolutions pursuant to the intents, provisions and qualifications thereof. In so doing, the Covenants Committee may seek assistance of Association legal counsel. Upon the affirmative vote of the Board of Directors, the Board may alter, reverse or overturn an interpretive ruling of the Covenants Committee.

(f) Architectural Review. Pursuant to the condominium instruments and duly adopted rules, regulations and resolutions, and except as otherwise determined by the Board of

Directors, the Covenants Committee shall review proposed structural and related changes or additions to units, limited common elements and common elements. In deciding whether to approve, disapprove or modify such changes or additions, the Covenants Committee shall take into account such factors as visual harmony, soundness and safety of complete work, effect on property values and adverse effects on other units or common elements.

(g) Appeals. Any ruling or decision of the Covenants Committee may be appealed to the Board of Directors by any party or parties deemed by the Board to have standing as an aggrieved party or parties. On appeal, a ruling or decision of the Covenants Committee may be affirmed or reversed by a vote of a majority of the Board of Directors.

Section 11.2. Budget Committee.

(a) Number, Qualifications and Terms. The Budget Committee shall consist of not more than fifteen unit owners, at least one, but not more than three of whom are members of the Board of Directors. All members of the Budget Committee shall be resident unit owners, selected, appointed, and removed, when determined appropriate, by the Board of Directors. The term of office for each member of the Budget Committee shall be for a term of thirteen months established in coordination with the fiscal year. The Budget Committee shall report directly to the Board of Directors.

(b) Purpose of the Budget Committee. The Budget Committee shall review the proposed budget prepared by the General Manager and the Management Agent and recommend to the Board of Directors the proposed Budget and Capital Reserve Schedule for the coming fiscal year.

Section 11.3. Elections Committee. At least sixty days prior to each annual meeting of the Unit Owners Association, the Board of Directors shall appoint an Elections Committee consisting of not less than five resident unit owners, one of whom shall be a continuing member of the Board of Directors. The Elections Committee shall be responsible for developing and implementing Board-approved procedures for the election of directors by the unit owners at annual meetings and, where appropriate, special meetings. Tallying of ballots will be coordinated by the Elections Committee with assistance and guidance of an organization selected by the Board of Directors and experienced in conducting elections, such as the League of Women Voters.

ARTICLE 12

MISCELLANEOUS

Section 12.1. Notices. All notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by facsimile with proof of receipt, registered or certified mail, return receipt requested, first-class postage prepaid with proof of mailing:

(a) If to a unit owner, at the address which the unit owner shall designate in writing and file with the Secretary, or if no such address is designated, at the address of the unit of such unit owner; or

(b) If the Unit Owners Association, the Board of Directors, or the Management Agent, at the principal office of the Management Agent, or at such other address as shall be designated by the notice in writing to the unit owners pursuant to this Section.

Section 12.2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 12.3. Captions. The captions are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provision.

Section 12.4. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 12.5. Construction. These condominium instruments are intended to comply with all of the applicable provisions of the Condominium Act and shall be so interpreted and applied. The failure to comply strictly with the time periods required by the condominium instruments, unless also required by the Condominium Act, shall not invalidate any action of the Board of Directors or the Unit Owners Association, a unit owner or a Mortgagee within ten days after the failure to comply.

ARTICLE 13

AMENDMENTS TO BYLAWS

Section 13.1. Amendments. These Bylaws may not be modified or amended except as provided in section 55-79.71 of the Condominium Act. All amendments to the Bylaws shall be prepared and recorded by the Secretary.

Section 13.2. Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions are to be construed as covenants for the protection of such Mortgagees on which they may rely in making loans secured by Mortgages. Accordingly, no amendment or modification of these Bylaws impairing or affecting such rights, priorities, remedies or interests of a Mortgagee shall be adopted without the prior written consent of such Mortgagee.

WATERGATE AT LANDMARK CONDOMINIUM

UNIT OWNERS ASSOCIATION

MANAGEMENT STANDARDS

I. DEFINITIONS

- A. Professional Community Management Firm, sometimes herein referred to as the “Management Agent” shall mean a bona fide business enterprise that undertakes the management of or provides management consulting services to common interest residential communities which have common areas subject to the care, custody and control of an association of the residents of such a community. Further, in order to establish a presumption that a firm is qualified to provide management services for Watergate at Landmark Condominium, such firm shall demonstrate satisfactory competence through a minimum of three years’ experience in community association management and meet the following minimum standards:
1. The company is a member in good standing of the Community Associations Institute.
 2. The management company has received and maintains the Accredited Association Management Company (AAMC) designation from CAI.
- B. Required Insurance shall mean such insurance and related provisions as are set forth in the condominium instruments with exhibits and as they may be amended from time to time.

II. ADMINISTRATIVE AND OPERATING PROCEDURES:

- A. The Board of Directors of the Unit Owners Association shall employ a Professional Community Management Firm to provide such management services as the Board of Directors may determine. Such services may include, but are not limited to, the following:
1. Billing, collection, disbursements, accounting and investment activities;
 2. Financial reporting;
 3. Bid invitations (conducted pursuant to competitive bidding procedures and written specifications, to the maximum extent practicable), contract negotiations, contractor and service agent selection and insurance coverage;

except that the Unit Owners Association alone, through its Board of Directors, may solicit and negotiate an agreement with Professional Community Management Firms, and registered, licensed professionals such as certified public accountants, lawyers, engineers and similar individuals and groups. Nothing in this subparagraph shall be construed as a pre-emption of the Unit Owners Association or the Board of Directors right to approve all contracts and financial commitments made by or on behalf of the Unit Owners Association by its agent. The Board of Directors shall not undertake a program of self-management without first securing approval of a plan of management from all of the Mortgagees of the units including the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

- B. The Board of Directors shall impose upon any Professional Community Management Firm to which it awards a management contract the following requirements:
1. The method of accounting shall be the accrual method.
 2. At least two persons specified by the Board of Directors shall be involved in the handling of cash so as to effect a division of duties in order to maintain adequate financial and control procedures.
 3. The cash account of the Unit Owners Association shall not be co-mingled with any other accounts.
 4. The Management Agent shall not accept from vendors, independent contractors or others who provide services or goods to the Unit Owners Association, any remuneration in the form of commissions, finders' fees, service fees or the like in consideration for such goods and services.
 5. The Management Agent must disclose in writing to the Board of Directors the extent of financial interest that it may have in any firm's or person's activities when such firm or person is providing goods or services to the Unit Owners Association or involved in actual or potential litigation affecting the Unit Owners Association.
 6. An affirmative statement by the Management Agent that those persons with the Management Agent's firm who may meet with the Board of Directors and give advice relative to the administrative operations of the association (involving matters of insurance, accounting, statutory regulation of condominiums, engineering maintenance, landscaping, personnel, finance, administration and similar technical matters) have at least a reasonable level of knowledge and understanding of such matters sufficient to advise the Board of Directors as to actions it is considering or involved in. Such stipulation shall not be construed as the Management Agent's offering advice

on matters which are beyond its legal authority, but should clearly impose upon the Management Agent the burden of providing to the Board of Directors' representatives who possess a competency beyond that of an ordinary layman with respect to the various technical skills required in the routine functioning of a condominium.

7. The Management Agent shall provide a monthly financial report to the association which discloses at least the following:
 - a. Income and Expense, Balance Sheet and General Ledger of the preceding month and year-to-date.
 - b. That status of all accounts in an actual--versus projection (by budget) format.
 - c. Written explanation to the Board of Directors of actual or pending obligations which appear to be in excess of budgeted amounts by an amount either exceeding the operating reserves or ten percent of account categories as specified by the Board of Directors, whichever is less. Nothing in such a stipulation shall be used as evidence of a prima facie case of dereliction on the part of the Management Agent and thus automatically expose the Management Agent to retribution; however, such stipulation shall constitute a certain burden for competency upon the Management Agent which if not met, may be deemed a just cause for contract termination.
- C. All first Mortgagees shall have the right to inspect all books and records of the Unit Owners Association.
- D. An annual report shall be submitted to all first Mortgagees who request same in writing, which provides a substantially accurate presentation of the Unit Owners Association's financial condition, the Unit Owners Association budget for the next succeeding year and such other items as such first Mortgagees may reasonably request.
- E. The Board of Directors shall maintain an up-to-date list of all first Mortgagees on Condominium units in Watergate at Landmark Condominium, together with a proper designation of the units in which they have an interest.
- F. The Board of Directors shall give to first Mortgagees as may request it in writing, expeditious notice of any civil action or liens lodged by or against elected officials of the Unit Owners Association regarding their conduct in administering the affairs of the Unit Owners Association.

III. TERM:

Any management contract for the Professional Management Company shall provide that it may be terminated with cause on no more than sixty and without cause on one hundred twenty days written notice and that the initial term of any such contract may not exceed five years. Upon written notice, Management Agent shall be given the opportunity to correct cited problems.

IV. AMENDMENTS:

No changes may be made, except as otherwise provided in these Management Standards, without prior notice and approval of 75% of all Mortgagees, and the Board of Directors subject to any rights of the full Unit Owners Association to vote on such a change. Where concurrence of the Unit Owners Association is not required, the Unit Owners Association shall be notified of any pending change at least thirty days prior to the effective date of change unless a two-thirds majority of the Board of Directors shall deem the change an emergency.

WATERGATE AT LANDMARK CONDOMINIUM
UNIT OWNERS ASSOCIATION

CERTIFICATE FOR RESALE

TO: _____ (Name of Unit Owner)

FROM: Watergate at Landmark Condominium Unit Owners Association

RE: Condominium Unit No. _____, Type _____, Located in Building No. _____
(and _____ garage space(s) as a Limited Common Element located on the _____
level) at Watergate at Landmark Condominium, Alexandria, Virginia.

Pursuant to Section 55-79.97 of the Virginia Condominium Act, as amended, we hereby
certify that as of the date hereof, except as herein stated:

1. The status of the common expense assessments with respect to the above-referenced
unit is as follows:

Current assessment due for _____	\$ _____
(month)	
Assessment in arrears _____	\$ _____
(month)	
Other fees or charges due _____	\$ _____
(month)	
Fees or charges in arrears _____	\$ _____
(month)	
 TOTAL DUE	 \$ _____

The Association levies annual assessments, payable in equal monthly installments, to pay
common expenses. Special assessments may also be levied for the same purpose. A fee of up to
_____ Dollars is currently charged by the Association for the preparation of a Certificate for
Resale (such as this one). A late charge of _____ Dollars is currently applied to any assessment
or installment thereof not paid within ten days after the date it becomes due. There are no other fees
or charges imposed by the Association except:

[Fill in if applicable.]

2. The condominium instruments do not create any rights or first refusal or other
restraints on free alienability of any of the condominium units.

3. The following, if any, is a list of any expenditures of funds approved by the Unit Owners Association or the Board of Directors which shall require an assessment in addition to the regular assessment during the current or immediately succeeding fiscal years:

[Fill in if applicable.]

4. There is no other entity or facility to which the unit owner may be liable for fees or other charges.

5. As of the date of this Certificate, there is an outstanding balance in the reserve for replacement fund of approximately \$_____. Of that amount, \$_____ has been specifically designated by the Board of Directors for the following specific projects:

[Fill in if applicable.]

6. Attached to this Certificate, and made a part hereof, is a copy of the latest audited Financial Statement of the Unit Owners Association, dated _____, the most recent fiscal year for which such statement is available.

7. There are no unsatisfied judgments against the Unit Owners Association nor any pending suits in which the Unit Owners Association is a party which either could or would have a material impact on the Association or the unit owners or which relates to the above-referenced unit, except as follows:

[Fill in status and nature, if applicable.]

8. The Unit Owners Association holds hazard, property damage and liability insurance policies covering the common elements and the units, as well as fidelity bond coverage as required by the Bylaws, property damage to betterments and improvements installed in the unit and personal property contained therein (not by the Unit Owners Association policy) as well as insurance covering personal liability. You are urged to consult with your insurance agent.

9. Any improvements or alterations, if any, made to the above-referenced unit, or the Limited Common Elements assigned thereto, by the prior unit owner are not in violation of the condominium instruments for Watergate at Landmark Condominium, except as follows:

10. There is no leasehold estate affecting the Condominium.

11. Attached to this certificate is a copy of the Bylaws and Rules and Regulations of the Condominium including all amendments.

12. The Unit Owners Association has filed the annual report with the Virginia Real Estate Board required by Section 55-79.93.1; the registration number is _____ and the date of registration with the Board is _____.

13. The Bylaws do not contain a limitation on the number of persons who may occupy a condominium unit as a dwelling.

14. The information contained in this Certificate for Resale, issued pursuant to Section 55-79.97 of the Condominium Act, as amended, based on our best knowledge and belief, is current as of the date hereof.

The names and addresses of the Officers and Directors of Watergate at Landmark Condominium Unit Owners Association are as follows:

The Unit Owners Association may charge a fee for the preparation of this Certificate for Resale as allowed by law.

I hereby acknowledge that I have received and read the above information contained in the certificate for Resale for Condominium Unit _____ at Watergate at Landmark Condominium.

Dated this ____ day of _____, 2____.

Purchaser

Purchaser

WATERGATE AT LANDMARK CONDOMINIUM
 UNIT OWNERS ASSOCIATION
Maintenance Responsibilities Chart

I ITEMS	II GENERAL COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	III LIMITED COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	IV UNIT ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	V CERTAIN OTHER ELEMENTS UNDER UNIT OWNER'S RESPONSIBILITY WITHOUT RESPECT TO NATURE OF OWNERSHIP OF THE ELEMENT
Plumbing & related systems & components thereof.	All maintenance, repair & replacement of portions of plumbing serving more than one unit. Water damage to common elements or units other than the one which is the primary source of the problem through negligence of the occupants of such units.	If any, same as in Column II.	Only to the extent that a malfunction originates outside the unit in which the malfunction occurs or may occur.	All portions within a unit including fixtures & appliances attached thereto. Water damage to a unit, when the primary source of such problem is through the negligence of the occupants of that unit.
Electrical & related systems & components thereof excluding appliances, fixtures & lights serving only one unit.	All, in all regards.	All, in all regards.	—	All, in all regards, for items serving only one unit.
Heating, ventilating & cooling systems & components thereof.	All, in all regards, serving more than one unit.	If any, same as in Column II.	Coil cleaning.	All, in all regards, at unit owner's expense, except for coil cleaning.
Parking Spaces.	All outdoor parking spaces in all regards.	All garage parking spaces in all regards.	—	—
Storage Cubicles (if any).	All, in all regards except routine cleaning.	—	—	Routine cleaning.
Refuse collection system.	All, in all regards.	—	—	—
Grounds, including all paved areas and other improvements thereon lying outside the main walls of the building and all underground utility systems.	All.	—	—	—

WATERGATE AT LANDMARK CONDOMINIUM
UNIT OWNERS ASSOCIATION
Maintenance Responsibilities Chart

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Building, exterior roof, exterior vertical walls, foundation.	All, in all regards.	—	—	—
Windows (including balcony or patio windows).	All which do not serve a unit, in all regards.	All, in all regards except routine interior cleaning.	—	Routine interior cleaning.
Balcony and patio glass doors.	—	In all regards except routine cleaning, latch mechanism and weather-stripping.	—	Routine cleaning, latch mechanism and weather-stripping.
Balconies, patios & railings.	—	In all regards except routine cleaning.	—	Routine cleaning.
Screens (balcony or patio doors and windows).	All which do not serve a unit, all regards.	—	—	All which serve the unit in all respects, at unit owner's expense. Replacements to be of same color, grade & style.

WATERGATE AT LANDMARK CONDOMINIUM
UNIT OWNERS ASSOCIATION
Maintenance Responsibilities Chart

NOTES

MAINTENANCE RESPONSIBILITIES

This chart and the titles and headings used herein are not intended to describe or encompass all maintenance functions nor to delineate all respective responsibilities between the unit owners, severally, and the Association. The placement of responsibility under any specific column does not always accurately reflect the precise character and nature of ownership. The appropriate sections of the Declaration determine ownership. In many cases maintenance responsibility is allocated to the Unit Owners Association to ensure central maintenance responsibility, uniformity and quality of repair, and to protect community health and safety. Where such maintenance is required due to the negligent or wrongful act or omission of a unit owner (or such unit owner's household, tenants, employees, agents, visitors, guests or pets), the Association will perform the necessary maintenance at the sole expense of the unit owner.

Column I: Items. Items appearing in this column are illustrative and not exhaustive.

Column II: General Common Elements Under Association Responsibility. Responsibility for determining and providing for the maintenance, repair and replacement requirements of the common elements and determining the costs thereof shall be primarily the responsibility of the Board of Directors and such designees to which it may delegate certain such responsibilities.

Column III: Limited Common Elements Under Association Responsibility. Responsibility for determining the maintenance, repair and replacement requirements of the limited common elements shall be a shared responsibility between the Board of Directors and the unit owners of a unit to which a specific limited common element is exclusively appurtenant; provided, however, that the Board shall have the final responsibility for determining the need for and accomplishing such maintenance, repair and replacement activities.

Column IV: Unit Elements Under Association Responsibility. The items in this column are legally and by definition a part of a unit but are attached or directly connected to or associated with the common elements and common expense items in such a way that a clear distinction between unit owner and Association responsibility cannot be made. Moreover, such items frequently involve matters of concern relative to the general health, safety and welfare of all of the occupants of the building. Thus, certain costs which appear to benefit a single unit owner but which affect other unit owners are declared a common expense, especially when the correct functioning of an activity or element is integral to or supportive of the legally defined common elements and common expenses. Heating, cooling and ventilating systems and components thereof are an exception due to the split system being used; the only practical method is to provide for central maintenance responsibly at the individual unit owner's expense.

Column V: Certain Other Elements Under Owner's Responsibility Without Respect to Nature of Ownership of the Element. The items in this column are not intended to be exclusive and all-encompassing and do not affect responsibilities expressly provided for otherwise.