DECLARATION

OAKBROOK III,

A CONDOMINIUM

ARTICLE 1

SUBMISSION; DEFINED TERMS

Section 1.1. Submission of Property. BMW ASSOCIATES LIMITED PARTNERSHIP ("Declarant"), owner in fee simple of the land described in Exhibit A annexed hereto, located within Loudoun County, Virginia ("Land"), hereby submits the Land, together with all improvements, easements, rights and appurtenances thereunto belonging ("Property") to the provisions of Chapter 4.2 of Title 55 of the Code of Virginia, as amended, known as the Virginia Condominium Act ("Condominium Act") and hereby creates with respect to the Property an expendable and contractible condominium which may contain convertible land and convertible space to be known as "Oakbrook III, A Condominium" ("Condominium").

Section 1.2. Defined Terms. As provided in section 55-79.50 (a) of the Condominium Act, terms not otherwise defined herein or in the Bylaws attached hereto as Exhibit B, as the same may be amended from time to time ("Bylaws"), or the Plats and Plans, shall have the meanings specified in section 55-79.41 of the Condominium Act.

ARTICLE 2

BUILDINGS ON THE LAND; UNIT BOUNDARIES

Section 2.1. Location and Dimensions of Buildings. The location and dimensions of each building on the Land are depicted on the "Plats" attached as Exhibit D hereto.

Section 2.2. Units. The location of units within each building and their dimensions are shown on the "Plans" attached as exhibit E hereto. Attached as Exhibit C hereto is a list of all units, their identifying numbers, location (all as shown more fully on the Plats and Plans), type and the Common Element Interest appurtenant to each unit determined on the basis of size. The "size" of each unit is the total number of square feet contained therein determined by reference to the dimensions shown on the Plats and Plans.

Section 2.3. **Unit Boundaries.** The boundaries of each unit are as follows:

(a) Upper and Lower (horizontal) Boundaries: The upper and lower boundaries of the unit shall be the following boundaries extended to an intersection with the vertical (perimetric) boundaries:

(1) Upper Boundary: The horizontal plane of the bottom surface of the corrugated steel form under the roof system, as determined with reference to the Plans.

(2) Lower Boundary: The horizontal plane of the top surface of the undecorated concrete floor slab, except where there is more than one floor slab, in which locations the lower boundary shall be the horizontal plane of the top surface of the lower or lowest undecorated concrete floor slab, as determined with reference to the Plans.

(b) Vertical (perimetric) Boundaries: The vertical boundaries of the unit shall be the vertical plane which includes the unfinished and unexposed interior surfaces of the exterior walls and any interior bearing, demising, and/or fire walls or, where there are no such walls, the vertical plane which includes the unit boundary line shown on the Plans, extended to intersections with each other and with the upper and lower boundaries.

(c) The heating and air-conditioning and/or fire-sprinkler apparatus serving one or more units and located outside or inside of a unit shall be a limited common element appurtenant to the unit(s) served thereby. Any portion of a utility system, bearing, demising, and/or fire wall or other apparatus serving more than one unit (e.g., pipes, conduits, ducts) which is partially within and partially without the unit, is part of the common elements.

Section 2.4. **Maintenance Responsibilities.** Notwithstanding the ownership of the various portions of the common elements and the units by virtue of the foregoing boundary description, the provisions of the Bylaws shall govern the division of maintenance and repair responsibilities between the unit owner and the Association.

Section 2.5. **Relocation of Unit Boundaries and Subdivision of Units.** Relocation of boundaries between units and subdivision of units is permitted subject to compliance with the provisions therefor in Sections 5.7 and 8.5 of the Bylaws and in sections 55-79.69 and 55-79.70 of the Condominium Act.

ARTICLE 3

COMMON ELEMENTS

Section 3.1. **Limited Common Elements.** The location of the common elements to which each unit has direct access are shown on the Plats and Plans; pursuant to section 55-79.50(e) of the Condominium

Act, any such common element shown adjacent to a unit is a limited common element appurtenant to that unit.

Section 3.2. **Reserved Common Elements.** The Board of Directors shall have the power in its discretion from time to time to grant revocable licenses in designated common elements to the Association or to any unit owners and to establish a reasonable charge to such unit owners for the use and maintenance thereof. Such designation by the Board shall not be construed as a sale or disposition of the common elements.

Section 3.3. **Alteration of Common Elements by the Declarant.** The Declarant reserves the right to modify, alter, remove or improve defective, obsolete or nonfunctional portions of the common elements, including without limitation any equipment, fixtures and appurtenances, when in the Declarant's judgement it is necessary or desirable to do so, until the expiration of the applicable warranty period.

Section 3.4. **Rental Operation on Convertible Land and in Convertible Space.** The Declarant shall have the right to operate any convertible land or convertible space as a rental project with any permissible commercial uses. The Declarant may establish and maintain all offices, signs and other accoutrements normally used in the operation of such rental properties in the sole discretion of the Declarant. The Declarant may, in the sole of discretion of the Declarant, lease portions of any convertible land or convertible space so long as the Declarant pays the expenses attributable to such rental operation. Such operations shall be for the benefit of the Declarant and neither the Association nor any unit owner (other than the Declarant) shall have any right or interest in the profits or losses thereof.

ARTICLE 4

EASEMENTS

In addition to the easements created by sections 55-79.60 and 55-79.65 of the Condominium Act, the following easements are hereby granted:

Section 4.1. **Easement for Access and Support.**

(a) Access. The Declarant reserves in favor of the Declarant and the managing agent and/or any other person authorized by the Board of Directors the right of access to any unit as provided in section 55-79.79 of the Condominium Act and Section 5.9 of the Bylaws. In case of emergency, such entry shall be immediate whether or not the unit owner is present at the time. Further, until the expiration of the warranty period, such entry shall be permitted to perform warranty-related work (for the benefit of the unit being entered, other units or the common elements) whether or not the unit owner consents or is present at the time.

(b) **Support**. Each unit and common element shall have an easement for lateral and subjacent support from every other unit and common element.

Section 4.2. **Declarant's Right to Grant Easements.** The Declarant shall have the right, prior to the termination of the termination of the Declarant Control Period, to grant and reserve easements and right-of-way through, under, over and across the Property for construction purposes, and for the installation, maintenance and inspection of the lines and appurtenances for public or private water, sewer, drainage, gas, electricity, telephone and other utilities.

ARTICLE 5

AMENDMENT TO CONDOMINIUM INSTRUMENTS; REQUIRED CONSENT

No amendment of the Declaration may be made without the prior written approval of the required percentage of Mortgagees where such approval is provided for in Section 8.5 of the Bylaws or where such approval is required elsewhere in the condominium instruments or by the Condominium Act. No amendment shall be made to any condominium instrument during the Declarant Control Period without prior written consent of the Declarant. No amendment to the condominium instruments shall diminish or impair the rights of Mortgagees under the condominium instruments without the prior written consent of all Mortgagees, nor diminish or impair the rights of the Declarant under the condominium instruments without the prior written consent of the Declarant. No amendment may modify this Article or the rights of any person hereunder. Except as specifically provided in the condominium instruments, no provision of the condominium instruments shall be construed to grant to any unit owner, or to any other person, any priority over any rights of Mortgagees.

ARTICLE 6

CONVERTIBLE LAND

Section 6.1. **Reservation.** The Declarant hereby explicitly designates as convertible land all of the Property which is not at the time submitted as units. The Declarant hereby explicitly reserves an option until the fifth anniversary of the recordation of this Declaration to convert all or any portion of the convertible land from time to time in compliance with section 55-79.61 of the Condominium Act without the consent of any unit owner or Mortgagee. The option to convert may be terminated prior to such anniversary only upon the filing of an amendment to this Declaration by the Declarant. The Declarant reserves the right to convert any or all portions of the convertible land at any time, at different times, in any order, without limitation; provided, however, that the convertible land shall not exceed the area described on Exhibit A hereto. There are no other limitations on the option to convert except as set forth in this Article.

Section 6.2. **Assurances.** If the convertible land is converted, the buildings on the convertible land will be located approximately as shown on the Plats attached as Exhibit D hereto. At such time as the convertible land is completely converted, the maximum number of units on the convertible land as an aggregate will be no more than 50 or 50 units per acre. Any buildings to be constructed within the convertible land will be generally compatible in quality, materials and style with the buildings on other portions of the Land; the Declarant reserves the right, however, in the case of any construction undertaken after the date of recordation of this Declaration to construct buildings which are not the same in quality, materials and style. The Declarant may construct additional units on the convertible land only to the extent permitted by the then-applicable zoning. The Declarant may construct certain additional structures containing amenities serving the Condominium. Any buildings containing units created within the convertible land will be substantially as shown on Exhibit D hereto. The Declarant expressly reserves the right to create convertible space and limited common elements within the convertible land and to designate common elements therein which may be subsequently assigned as limited common elements. The type of such elements may be roofs, balconies, electrical and mechanical rooms and systems including heating and cooling apparatus, parking, entrance ways, and all other elements which can appropriately be designated as common elements or limited common elements. The size of such elements shall be limited to the size of the existing improvements now located on the Property except for entrance ways, which shall not exceed the normal size for such appurtenances; the electrical and mechanical rooms and systems including heating and cooling apparatus, which shall not exceed the normal size for same necessary to serve the Property; and the parking shall not exceed the size necessary to serve the Property. The maximum number of such elements within the convertible land as an aggregate is 25,000. The allocation of Common Element Interests in the convertible land shall be computed as required by section 55-79.56(b) of the Condominium Act on the basis of size. The Declarant reserves the right to withdraw any or all portions of the withdrawable land at any time, at different times, in any order, without limitation; provided, however, that the withdrawable land shall not exceed the area described on Exhibit A hereto. There are no other limitations on the option to contract.

ARTICLE 7

CONVERTIBLE SPACE

The Declarant may designate as convertible space all or any portion of the buildings on the additional land when added to the Condominium or all or any portion of the convertible space. The conversion of such convertible space shall be made pursuant to section 55-79.62 of the Condominium Act.

ARTICLE 8

RIGHT TO LEASE OR SELL UNITS

The Declarant shall owe in fee simple each condominium unit to which legal title is not conveyed or otherwise transferred to another person. The Declarant retains the right to enter into leases with any persons for the occupancy of any of the units owned by the Declarant.

ARTICLE 9

NO OBLIGATIONS

Nothing contained in the condominium instruments shall be deemed to impose upon the Declarant or its successors or assigns any obligation of any nature to build, construct or provide any improvements except to the extent required by the Condominium Act.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its President, this _____ day of __________, 1989.

BMW ASSOCIATES LIMITED PARTNERSHIP

BY: MSW ASSOCIATES, a Virginia general partnership, General Partner

By:______________________________(SEAL)
Marie A. Wexler, General Partner

COMMONWEALTH OF VIRGINIA

COUNTY OF FAIRFAX

I, the undersign, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that MARIE A. WEXLER, General Partner of MSW ASSOCIATES, a Virginia general partnership, General Partner of BMW ASSOCIATES LIMITED PARTNERSHIP, whose name is signed to the foregoing Declaration, appeared before me in my jurisdiction aforesaid and personally acknowledged the same before me to be its act and deed on behalf of said partnership.

GIVEN under my hand and seal this________________ day of_______ ____________, 199__.

________________________________(SEAL)

My Commission Expires:

____

Exhibit B
to the Declaration

BYLAWS

OF

OAKBROOK III,

A CONDOMINIUM

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BYLAWS

ARTICLE 1

GENERAL PROVISIONS

Section 1.1. Name. These Bylaws provide for the governance of the Condominium by the Unit Owners Association pursuant to the requirements of Article 3 of the Condominium Act. The name of the Unit Owners Association shall be "Oakbrook III," A Condominium, Unit Owners Association."

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

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

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

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

(c) "Declarant Control Period" means the period prior to the earlier of (i) the date on which units to which seventy-five percent or more of the aggregate Common Element Interests appertain have been conveyed to unit owners other than the Declarant; (ii) five years after the date of the first conveyance of a condominium unit on which the first condominium unit has been conveyed to a unit owner other than the Declarant (the maximum time period permitted by section 55-79.74(a) of the Condominium Act); or (iii) the date specified by the Declarant in a notice to the Unit Owners Association that the Declarant Control Period is to terminate on that date.

(d) "Limited Common Expenses" means expenses separately assessed against more than one but less than all of the condominium units generally in accordance with the use of the services, as permitted by section 55-79.83 (a) and (b) of the Condominium Act.

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

(f) "Mortgagee" means an institutional lender holding a first mortgage or first deed of trust ("Mortgage") encumbering a condominium unit in the Condominium which has notified the Unit Owners Association of its status and has requested all rights under the condominium instruments. For purposes of Article 8 only, when any right is to be given to a Mortgagee, the Board of Directors shall also give such right to any public or private secondary mortgage market entity participating in purchasing or guarantying Mortgages if the Board has notice of such participation.

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

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

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

ARTICLE 2

UNIT OWNERS ASSOCIATION

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

Section 2.2. Annual Meetings. The annual meetings of the Association shall be held on weekdays (other than a legal holiday) at least forty-five days before the beginning of each fiscal year.

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

Section 2.4. __Special Meetings.__ (a) The President shall call a special meeting of the Unit Owners Association: (i) if so directed by resolution of the Board of Directors; (ii) after the termination of the Declarant Control Period, upon a petition signed and presented to the Secretary by unit owners of not less than twenty-five percent of the aggregate Common Element Interests; or (iii) while the Declarant is a unit owner, upon request of the Declarant. The signatures on a petition requesting a special meeting shall be valid for a period of one hundred eighty days after the date of the first signature. Such resolution, petition or request must (1) specify the time and place at which the meeting is to be held, (2) either specify a date on which the meeting is to be held which will permit the Secretary to comply with Section 2.5 of these Bylaws, or else specify that the Secretary shall designate the date of the meeting, (3) specify the purposes for which the meeting is to be held, and (4) be delivered to the Secretary. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

(b) Not later than the termination of the Declarant Control Period, a special meeting of the Unit Owners Association shall be held at which a majority of the directors shall be elected by the unit owners, including the Declarant if the Declarant owns one or more units, to serve terms as provided in Section 3.3. of these Bylaws. If such election is held prior to the time required by this section, the directors elected at such election shall not take office until the earlier of the time such election is required to be held or resignation of a director appointed by the Declarant without appointment of replacement within ten days. The elected directors shall assume office in the order of the highest number of votes received. Any remaining directors designated by the Declarant shall continue to serve until their terms expire; __provided, however,__ that no more than two such directors may serve until the first annual meeting after the special meeting held pursuant to this subsection and no more than one such director may serve until the second annual meeting after the special meeting held pursuant to this subsection.

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

Section 2.6. __Quorum and Adjournment of Meetings.__ Except as otherwise provided in these Bylaws, the presence in person or by proxy of unit owners representing fifteen percent or more of the total Common Element Interest shall constitute a quorum at all meetings of the Unit Owners Association. If at any meeting of the Unit Owners Association a quorum is not present, unit owners of a majority of the Common Element Interests who are present at such meeting in person or by proxy may: (i) recess the meeting to such date, time and place as natural persons, which is, either alone or in conjunction with one or more other persons, a unit owner; provided, however, that such natural person is named in a certificate signed by an authorized officer of such person. Such certificate shall be valid until revoked by subsequent certificate similarly executed and filed. Subject to the requirements of the Condominium Act, wherever the approval or disapproval of a unit owner is required by the Condominium Act or the condominium instruments, such approval or disapproval shall be made only by the person who would be entitled to cast the vote of such unit at any meeting of the Unit Owners Association. There shall be no cumulative voting.

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

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

Section 2.10. Proxies. A vote may be cast in person or by proxy. A proxy may be instructed (directing the proxy how to vote) or uninstructed (leaving how to vote to the proxy's direction). Such proxies may be granted by any unit owner in such unit owner's Mortgagee, or additionally in the case of a agent. Only instructed proxies may be granted by any unit owner to the managing agent. No person other other than the Declarant, the managing agent or an Officer of the Condominium shall cast votes as a proxy for more than two units not owned by such person; provided, however, that no Officer shall cast votes as an uninstructed proxy for more than five units not owned by such person. Proxies shall be duly executed in writing, shall be witnessed, shall contain the full name and address of the witness, shall be dated, shall be signed by a person having authority at the time of the execution thereof to execute deed on behalf of that person, shall be valid only for the particular meeting designated therein and any continuation thereof and must be filed with the Secretary. Such proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of notice of revocation from any of the persons owning such unit. Except with respect to proxies in favor of a Mortgagee, no proxy shall in any event be valid for a period in excess of one hundred and eighty days after the execution thereof.

ARTICLE 3

BOARD OF DIRECTORS

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

(a) Prepare and adopt an annual budget, in which there shall be expressed the assessments of each unit owner for common expenses.

(b) Make assessments against unit owners to defray the costs and expenses of the Condominium, establish the means and methods of collecting such assessments from the unit owners and establish the period of the installment payment of the annual assessment for common expenses.

(c) Provide for the operation, care, upkeep and maintenance of all of the Property and services of the Condominium.

(d) Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the common elements and provide services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed part of the Property.

(e) Collect the assessments against the unit owners, deposit the proceeds thereof in bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Property.

(f) Adopt and amend the rules and regulations; provided, however, that such rules and regulations shall not be in conflict with the Condominium Act or the condominium instruments.

(g) Open bank accounts on behalf of the Unit Owners Association and designate the signatories thereon.

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

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

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

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

(l) Keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Property, and the administration of the Condominium, specifying the expenses of maintenance and repair of the common elements and any other expenses incurred. Such books and vouchers accrediting 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. Such audit shall be conducted by (1) and independent auditor retained by the Board of Directors who shall not be a tenant of the Condominium or a unit owner, (2) an audit committee composed of such persons as the Board of Directors may determine, provided however, that a majority thereof shall not be tenants of the Condominium or unit owners, or (3) such other independent auditor, audit committee, or other auditing organization or procedure as the Board of Directors may reasonably determine consistent with its fiduciary duty to the Association and reasonable due care. The cost of such audit, if any, shall be a common expense.

(m) Notify a Mortgagee of any default hereunder by the unit owner of the unit subject to such Mortgage, in the event such default continues for a period exceeding sixty days.

(n) Borrow money on behalf of the Condominium when required in connection with any one instance relating to the operation, care, upkeep and maintenance of the common element; provided, however, that (except during the Declarant Control Period) either a Majority Vote obtained either in writing or at a meeting duly called and held for such purposes in accordance with the provisions of these Bylaws, or a vote in writing by unit owners of units to which obligations, duties and services relating to the management of the property, the rights of Mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3.3. Number and Term of Office.

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

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

Section 3.4. <u>Election of Directors.</u>

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

(b) <u>Nominations.</u> Persons qualified to be directors shall be nominated for election from the floor at the meeting at which the election is held for each vacancy on the Board of Directors. The nominee must either be present and consent to the nomination or have indicated in writing the willingness to serve. This subsection (b) does not apply to persons appointed to the Board by the Declarant.

(c) <u>Qualifications.</u> No person shall be eligible for election as a member of the Board of Directors unless such person is (alone or together with one or more other persons) a unit owner. No person shall be elected as a director or continue to serve as a director if such person is more than sixty days delinquent in his financial obligations to the Unit Owners Association and a lien has been filed against his unit.

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

Section 3.6. <u>Vacancies.</u> 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 held for such purpose promptly after the occurrence of any such vacancy, even though the directors present at such meeting may constitute less than a quorum because a quorum is impossible to obtain. Each person so elected shall be a director until a successor shall be elected at the next annual meeting of the Association. The term of the replacement director so elected shall expire so that the staggered terms of directors shall remain unaffected. During the Declarant Control Period, the Declarant shall designate the successor to any director previously designated by the Declarant who resigns or is removed.

Section 3.7. Organization Meeting. The first meeting of the Board of Directors following the annual meeting of the Unit Owners Association shall be held within thirty days thereafter at such time and place as shall be fixed by a majority of the directors at the meeting at which such Board of Directors shall have been elected. No notice shall be necessary to the newly-elected directors in order legally to constitute such meeting if a majority of the entire Board of Directors is present at the meeting.

Section 3.8. Regular Meetings. Regualar meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but such meetings shall be held at least once every four months during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, personally or by mail, telegraph or telephone, at least three business days prior to the day named for such meeting.

Section 3.9. Special Meetings. Special meetings of the Board of Directors may be called by the President on three business days notice to each director, given personally or by mail, telegraph or telephone, 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 in like manner and on like notice on the written request of at least three directors.

Section 3.10. Waiver of Notice. Any director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director, in person or by telephone communication, at any meeting of the Board of Directors shall constitute a waiver of notice by him of the time, place and purpose of such meeting. If all directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 3.11. 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 the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. A director who participates in a meeting by means of telephone communication shall be deemed present at the meeting for all purposes.

Section 3.12. Compensation. No director shall receive any compensation from the Condominium for acting as such.

Section 3.13. 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 recording therein all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. The then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Condominium Act or the condominium instruments.

Section 3.14. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the directors shall individually or collectively consent in writing to such action. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

Section 3.15. Board of Directors as Attorney-in-Fact. Agent. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for the unit owners of all of the units and for each of them, to manage, control and deal with the interests of such unit owners in the common elements of the Condominium to permit the Board of Directors to fulfill all of its powers, rights, functions and duties. The Board of Directors is hereby irrevocably appointed as agent and attorney-in-fact for each unit owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the Property to adjust and settle all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims and act on their behalf in any condemnation proceeding or action of eminent domain pursuant to section 55-79.44 of the Condominium Act; provided, however, that consent of a Mortgagee shall be required if such Mortgagee notifies the Board of Directors pursuant to Section 11.1 of the Bylaws within thirty days after receipt of notice of the damage pursuant to subsection 6.2(c) of the Bylaws or notice of the taking in condemnation or by eminent domain pursuant to section 8.2. of the Bylaws. The powers herein set forth shall be in addition to any rights granted by section 55-79.80(b1) of the Condominium Act. The Board of Directors may grant and accept easements and licenses pursuant to section 55-79.80(b) of the Condominium Act.

Section 3.16. Liability of the Board of Directors, Officers, Unit Owners and Unit Owners Association. (a) The officers and directors shall not be liable to the Unit Owners Association or any unit owner for any mistake of judgement, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Unit Owners Association shall indemnify and hold harmless each of the Officers and directors from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Condominium Act or the condominium instruments, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and directors shall have no personal liability with respect to any contract made by them on behalf of the Unit Owners Association. The liability of any unit owner arising out of any contract made by the Officers or Board of Directors, or out of the indemnification of the Officers or directors, or for damages as a result of injuries arising in connection with the common elements solely by virtue of his ownership of a Common Element Interest therein or for liabilities incurred by the Unit Owners Association, shall be limited to the total liability multiplied by his Common Element Interest. Every agreement made by the Officers, the Board of Directors or the managing agent on behalf of the Unit Owners Association shall, if obtainable, provide that each unit owner's liability thereunder shall be limited to the total liability thereunder multiplied by his Common Element Interest. The Unit Owners Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was an Officer or director of the Association against expenses (including attorney's fees), judgements, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Condominium.

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

Section 3.17. Common or Interested Directors. Each director shall exercise his powers and duties in good faith and with a view to the interests of the Condominium. No contract or other transaction between the Unit Owners Association and any of its irectors, or between the Association and any corporation, firm or association (including the Declarant) in which any of the directors of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such director is present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his vote is counted for such purpose, if any of the conditions specified in any of the following subsections exist:

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

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

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

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

ARTICLE 4

OFFICERS

Section 4.1. Designation. The principal Officers of the Unit Owners Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board of Directors, and shall be members of the Board of Directors. The Board of Directors may appoint and assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary. 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 be assigned to such office by resolution of the Board of Directors. If any Officer is unable for any reason to perform the duties of the office, the President (or Board of Directors if the President fails to do so) may appoint another qualified person to act in such Officer's stead on an interim basis. Except for Officers appointed by the Declarant, all Officers shall be unit owners or members of the Board of Directors.

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

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

Section 4.4. President. The President shall: be the chief executive officer of the Unit Owners Association; preside at all meetings of the Association and of the Board of Directors; have general and active management of the business of the Association subject to the control of the Board; see that all orders and resolutions of the Board are carried into effect; and appoint committees from among the unit owners from time to time as the President may in his discretion 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 the duties of the President whenever the President shall be absent or unable to act. If neither the President not the Vice President is able to act, the Board of Directors shall appoint some other director to act in the 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 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 may direct; give or cause to be given all notices required to be given by the Association; maintain a register setting forth the place to which all notices to unit owners and Mortgagees hereunder shall be delivered; and, in general, perform all the duties incident to the office of secretary.

Section 4.7. Treasurer. The Treasurer shall (together with the managing agent): be responsible for Unit Owners Association funds and securities; keep full and accurate financial records and books of account showing all receipts and disbursements; prepare all required financial data; deposit all monies and other valuable effects in the name of the Board of Directors, the Association or the managing agent, in such depositories as may from time to time be designated by the Board; and, in general, perform all the duties incident to the office of treasurer.

the budget in a reasonably itemized form which sets forth the amount of the common expenses and any special assessment payable by each unit owner. Such budget shall constitute the basis for determining each unit owner's assessment for the common expenses of the Condominium.

(c) Assessment and Payment of Common Expenses. Subject to the provisions of subsection 9.1(a) hereof, the total amount of the estimated funds required from assessments for the operation of the property set forth in the budget adopted by the Board of Directors shall be assessed against each unit owner in proportion to his respective Common Element Interest, except for Limited Common which shall be assessed against each unit owner benefited in proportion to the relative Common Element Interest of such units *inter se*, and shall be a lien against each unit owner's unit provided in Section 9.2 of these Bylaws. On or before the first day of each fiscal year, and the first day of each of the succeeding quarter in such fiscal year, each unit owner shall obligated to pay the Board of Directors or the managing agent (as determined by the Board), one-fourth of such assessment. Within ninety days after the end of each fiscal year, the Board of Directors shall supply to all unit owners, and to each Mortgagee requesting the same, an itemized accounting of the common expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year showing the net amount over or short of the actual expenditures plus reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors, be placed in reserve accounts, be placed in a special account to be expended solely for the general welfare of the unit owners, be credited according to each unit owner's Common Element Interest to the next quarterly installments due from unit owners under the current fiscal year's budget, until exhausted, or be distributed to the unit owners. Any net shortage shall be assessed promptly against the unit owners in accordance with their Common Element Interests and shall be payable either: (1) in full with payment of the next quarterly assessment due; or (2) in not more than two equal quarterly installments, as the Board of Directors may determine.

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

(e) Initial Budget and Initial Capital Payment.

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

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

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

Mortgagee so requesting the same in writing with a written statement of all unpaid assessments for common expenses due from such unit owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation.

Section 5.5. <u>Maintenance, Repair, Replacement and Other Common Expenses.</u>

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

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

(c) <u>By the Unit Owner.</u>

(1) Each unit owner shall keep his unit and its equipment, appliances and appurtenances in good order, condition and repair and in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his unit. In addition, each unit owner shall be responsible for all damage to any other units or the common elements resulting from his failure or negligence to make any of the repairs required by this Section. Each unit owner shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with the other unit owners. Each unit owner shall promptly report to the Board of Directors or the managing agent any defect or need for repairs for which the Unit Owners Association is responsible.

(2) The unit owner of any unit to which a limited common element 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 his negligence, misuse or neglect. All structural repair or replacement shall be made by the Unit Owners Association as a common expense, as provided in subsection (b).

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

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

Section 5.6. Additions, Alterations or Improvements by the Board of Directors. Except during the Declarant Control Period, whenever in the judgement of the Board of Directors the common elements shall require additions, alterations or improvements costing in excess of one percent of the total annual assessment for common expenses for that fiscal year during any period of twelve consecutive months, the making of such additions, alterations or improvements requires a Majority Vote, and the Board of Directors shall assess all unit owners benefited for the cost thereof as a common expense (or Limited Common Expense). Any additions, alterations or improvements costing less than one percent of the total annual assessment for common expenses for that fiscal year during any period of twelve consecutive months may be made by the Board of Directors without approval of the unit owners and the cost thereof shall constitute a common expense or limited common expense, depending on the nature of the additions, alterations or improvements. Notwithstanding the foregoing, if, in the opinion if not less than eighty percent of the members of the Board of Directors, such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the unit owners requesting the same, such requesting unit owners shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportion as may be determined by the Board Board of Directors.

Section 5.7. Additions, Alterations or Improvements by the Unit Owners. No unit owner shall make any structural addition, alteration or improvement in or to his unit without the prior written consent of the Board of Directors. No unit owner shall paint or alter the exterior of his unit, including the doors and windows, nor shall any unit owner paint or alter the exterior of any building, without prior written consent of the Board of Directors. 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, an failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration or improvement. The Board may deny a request if, in the judgement of the Board, the request lacks necessary specificity. If any application to any governmental authority for a permit to make any such structural addition, alteration or improvement in or to any unit requires execution by the Unit Owners Association, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Association by an authorized Officer only, without however incurring any liability on the part of the Board of Directors, the Association or any of them to any contractor, subcontractor or material man 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 approval of any Mortgagee of such affected units, the Board of Directors and any unit owner affected, any unit may be subdivided or may be altered so as to relocate the boundaries between such unit and any adjoining units. The Secretary shall record any necessary amendment to the Declaration to effect such action as provided in sections 55-79.69 or 55-79.70 of the Condominium Act. The provisions of this section shall not apply to units owned by the Declarant until deeds of conveyance of such units shall have been recorded; provided, however, that the Declarant's construction or alterations shall be architecturally compatible with existing units. The Declarant shall have the right to make such alterations or subdivisions without the consent of the Board of Directors, and an authorized Officer shall execute any such application required.

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

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

(1) Except for units owned by the Declarant, no unit shall be used for residential purposes not permitted by the applicable zoning or these Bylaws. Nothing in these Bylaws shall be construed to prohibit the Declarant from using any unit owned by the Declarant for promotional, marketing or display purposes or from using any appropriate portion of the common elements for settlement of sales of condominium units and for customer service purposes.

(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 commercial use without prior written consent of the Board of Directors. No unit owner shall permit anything to be done or kept in his 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 and 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, which ever 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, as appropriate.

(5) The common elements shall be used only for the furnishing of the services and facilities for which the same are reasonably suited and which are incident to the use and occupancy of the units. No manufacturing, assembly, disassembly, unpacking, storage or business activities incidental to business conducted in a unit shall be conducted on the common elements.

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

(7) Trailers, campers, recreational vehicles, boats and other large vehicles shall not be parked on the property. No short-term or long-term automobile or vehicle storage of any kind shall be permitted. No junk or derelict vehicle or other vehicle on which current registration nondealer plates are not displayed shall be

permitted in any of the units nor parked or kept upon any of the common elements. Any and all automotive or vehicular uses of a Unit of the common elements, or any use which is in any way related to automobiles or vehicles of any kind and kinds, including, without limitation, any automobile or vehicular sales; maintenance; body work or estimating body work; parts sales; tire sales, balancing, or installations, repairs, replacements, or enhancements of any kind whatsoever; tune-ups; oil changes; any and all brake, muffler, exhaust system, shock absorber, strut, seat cover, carpeting, convertible top, racing equipment, wheel covers, or any and all other sales, installations, repairs, replacements, or enhancements or any kin and all kinds whatsoever in any way relating to automobiles or vehicles of any and all kinds whatsoever; painting; coloring; striping; decaling; glass, windshield, window, tinting, or any and all other automotive or vehicular or safety glass sales, installations, repairs, replacements, or enhancements of any kind whatsoever in any way relating to automobiles or vehicles of any and all kinds whatsoever; storage; rustproofing; improvements; conversions; upgrading; customizing; restoring; cleaning; washing; waxing; sealing; weatherproofing; shipping; transporting; renting; leasing; detailing; sales or installation of automotive or vehicular antennas, radios, stereos, speakers, amplifiers, telephones and any and all other automotive or vehicular accessory sales, installations, repairs, replacements, or enhancements of any kind whatsoever in any way relating to automobiles or vehicles of any and all kinds whatsoever, are absolutely, positively, and unconditionally prohibited and outlawed on the Property, it being the intent hereof to minimize to the fullest extent possible automotive and vehicular traffic on the Property and to maximize the number of parking spaces available for use by patrons and invitees of businesses unrelated to automobiles and vehicles of any kind. The Board of Directors shall have the power to enact rules and regulations to further any of the foregoing and to require that all Unit owners, occupants, tenants, employees, and others to park their personal and/or business automobiles or vehicles off the Property. 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 or reserved Common Element parking spaces may use any adjacent area not within another Unit owner's parking space if such space is not otherwise necessary for the use of the Unit Owners Association.

(8) The walking, maintenance, keeping, boarding and/or raising of animals, livestock, poultry or reptiles of any kind, regardless of number, shall be and is prohibited within any Unit or upon the common elements. Any Unit owner who keeps or maintains any pet upon any portion of the Property shall be deemed to have indemnified and agreed to hold the Unit Owners Associations, each Unit owner and the Declarant free and harmless from any loss, claim or liability of any kind or character whatever arising by reason of keeping or maintaining such pet within the Condominium.

(9) Except for such signs as may be posted by the Declarant for promotional or marketing purposes, no signs of any character shall be erected, posted or displayed upon, in, from or about any Unit or common elements without the prior written approval of the Board of Directors; provided, however, that each Unit shall be allowed to post one sign of not more than three square feet in size to be placed on an exterior door or wall with the name of the Unit owner, lessee, or business operating therein and each such name shall be listed on any business directories. Such signs shall be compliance with all applicable governmental ordinances and such standards as may be established by the Board of Directors which may modify the sign policy for the Condominium as may be required. 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.

(b) Changes to Rules and Regulations. Each Unit and the common elements shall be occupied and used in compliance with the Rules and Regulations which may be promulgated and changed by the Board of Directors. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Unit owner. Changes to the Rules and Regulations shall be conspicuously posted prior to the time when the same shall become effective and copies thereof shall be furnished to each Unit owner upon request. The Rules and Regulations shall not unreasonably interfere with the reasonable conduct of business in the units.

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

Section 5.10. Utility Charges. The cost of utilities serving the Condominium not individually metered to specific units shall be common expenses allocated pursuant to Section 5.1 hereof. Pursuant to section 55-79.83(b) of the Condominium Act, the Board of

(3) Such policy may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least sixty days prior written notice to the Board of Directors and the managing agent and, in the case of physical damage insurance, to all Mortgagees.

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

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

(e) The deductible, if any, on any insurance policy purchased by the Board of Directors shall be a common expense; provided, however, that the Association may, pursuant to subsection 5.5(a) of these Bylaws, assess any deductible amount necessitated by the negligence, misuse or neglect of a Unit Owner against such unit owner.

Section 6.2. Physical Damage Insurance. (a) The Board of Directors shall obtain and maintain a blanket, "all risk" form policy of fire insurance with extended coverage, vandalism, malicious mischief, sprinkler leakage (if applicable), debris removal and water damage endorsements, insuring the entire Property (including all of the units and the bathroom and kitchen fixtures initially installed therein by the Declarant but not including furniture, wall coverings, furnishings or other personal property supplied or installed by the unit owners), together with all air-conditioning and heating equipment and other service machinery contained therein and covering the interests of the Unit Owners Association, the Board of Directors and all unit owners and their Mortgagees, as their interests may appear (subject, however, to the loss payment and adjustment provisions in favor of the insurance trustee contained in Sections 6.6 and 6.7 hereof), in an amount equal to one hundred percent of the then-current replacement cost of the Property (exclusive of the land, excavations, foundations and other items normally excluded from such coverage), without deduction for depreciation (such amount to be redetermined annually by the Board with the assistance of the insurance company affording such coverage). The Board of Directors shall also obtain and maintain such coverage on all real and personal property owned by the Unit Owner Association.

(b) Such policy shall also provide:

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

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

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

(c) A duplicate original of the policy of physical damage insurance, all renewals thereof, and any subpolicies of 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 many policy of physical damage insurance or any renewal thereof the Board of Directors shall obtain an estimate 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 physical damage insurance to be secured pursuant to this section. All Mortgagees shall be notified promptly of any event giving rise to a claim under such policy arising from damage to the common elements in excess of three percent of the then-current replacement cost of the Property. The Mortgagee of a unit shall be notified promptly of any event giving rise to a claim under such policy arising from damage to such unit.

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

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

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

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

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

(d) if applicable, pressure, mechanical and electrical equipment, including air conditioning equipment, coverage on a comprehensive form in an amount not less than one hundred thousand dollars per accident per location;

(e) directors and officers liability coverage in an amount not less than five hundred thousand dollars, and

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

Section 6.5. Separate Insurance. Each unit owner shall have the right, at his own expense, to obtain insurance for his own unit and for his own benefit and to obtain insurance coverage upon his personal property and for his personal liability as well as upon any improvements made by him to his unit under coverage normally called "improvements and betterments coverage"; and for such other risks as are normally insured; provided, however, that no unit owner shall be entitled to exercise his right to acquire or maintain such insurance coverage so as to decrease the amount which the Board of Directors, on behalf of all unit owners, may realize under any insurance policy maintained by the Board or to cause any insurance coverage maintained by the Board to be brought into contribution with insurance coverage obtained by a unit owner. All such policies shall contain waivers of subrogation if obtainable. No unit owner shall obtain separate insurance policies on the Condominium except as provided in this section.

Section 6.6. Insurance Trustee. (a) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Unit Owners Association, the unit owners, their Mortgagees and the Declarant, as their interests may appear, and shall provide that all proceeds of such policies shall be paid in trust to the Board as "insurance trustee" to be applied pursuant to the terms of Article 7.

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

ARTICLE 7

REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 7.1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 7.4, in the event of damage to or destruction of all or any part of any building as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof (including any damaged units, and any floor coverings, fixtures and appliances initially installed therein by the Declarant, and replacements thereof installed by the unit owners up to the value of those installed by the Declarant, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the unit owners in the units unless covered by insurance obtained by the Unit Owners Association). Notwithstanding the foregoing, each unit owner shall have the right to supervise the redecorating of the own unit.

Section 7.2. Procedure for Reconstruction and Repair.

(a) Cost Estimates. Immediately after a fire or other casualty causing damage to any portion of of the Building, the Board of Directors shall obtain reliable and detailed estimates of the cost of repairing and restoring such portion (including any damaged units, and any floor coverings, fixtures and appliances initially installed therein by the Declarant, and replacements thereof installed by the unit owners up to the value of those installed by the Declarant, but not including any furniture, furnishings, fixtures, equipment or other personal property supplied or installed by the unit owners in the units unless covered by insurance obtained by the Unit Owners Association) 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 insurance trustee determines to be necessary.

(b) Assessments. If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve for replacement funds and/or shall be deemed a common expense and a special assessment therefor shall be levied.

(c) Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the original construction of the Property, subject to any modifications required by changes in applicable governmental regulations, and using contemporary building materials and technology to the extent feasible; provided, however, that other action may be taken if approved by a least fifty-one percent of the Mortgagees.

Section 7.3. Disbursements of Construction Funds.

(a) Construction Fund and Disbursement. The proceeds of insurance collected on account of casualty, and the sums received by the insurance trustee from collections of assessments against unit owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(1) If the estimated cost of reconstruction and repair is less than five percent of total annual assessment for common expenses for that fiscal year, then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors; provided, however, that upon request of twenty percent of the Mortgagees, such fund shall be disbursed pursuant to paragraph (2).

(2) If the estimated cost of reconstruction and repair is five percent of the total annual assessment for common expenses for that fiscal year, then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in Virginia and employed by the insurance

trustee to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work stating that: (i) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (ii) there is no other outstanding indebtedness known to such architect for the services and materials described; and (iii) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(b) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund established, such balance shall be divided among all unit owners in proportion to their Common Element Interests and shall be distributed in accordance with the priority of interests at law or in equity in each unit.

(c) Common Elements. When the damage is to both common elements and units, the insurance proceeds shall be applied first to the cost of repairing those portions of the common elements which enclose and service the units, then to the cost of repairing the other common elements and thereafter to the cost of repairing the units.

(d) Certificate. The insurance trustee shall be entitled to rely upon a certificate executed by the President or Vice President, and the Secretary, certifying: (i) whether the damaged Property is required to be reconstructed and repaired; (ii) the name of the payee and the amount to be paid with respect to disbursement from any construction fund 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. Any such certificate shall be delivered to the insurance trustee promptly after request.

Section 7.4. When Reconstruction is Not Required. In the event the Board of Directors elects not to repair insubstantial damage to the common elements, the Board of Directors shall remove all remains of the damaged improvements and restore the site thereof to an acceptable condition compatible with the remainder of the Condominium and the balance of any insurance proceeds received on account of such damage shall be distributed among all unit owners in proportion to their respective Common Element Interests. If the Condominium shall be terminated pursuant to section 55-79.72 of the Condominium Act, the net assets of the Condominium together with the net proceeds of insurance policies, if any, shall be divided by the insurance trustee among all unit owners in proportion to their respective Common Element Interests, after first paying out of the share of each unit owner, to the extent sufficient therefor, the amount of any unpaid liens on his unit in the order of priority of such liens.

ARTICLE 8

MORTGAGES

Section 8.1. **Notice to Board of Directors.** A unit owner who mortgages his unit shall notify the Board of Directors of the name and address of his Mortgagee and shall file a conformed copy of the note and Mortgage with the Board.

Section 8.2. **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 uncured for sixty days) or any other default, shall simultaneously send a copy of such notice to the Mortgagee of such unit. Each Mortgagee shall also be promptly notified of any casualty when required by Section 6.2(c) hereof, of all actions taken under Article 7 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 8.3. **Notice of Amendment of Condominium Instruments.** The Board of Directors shall give notice to all Mortgagees 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 8.4. **Notice of Change in Managing Agent.** The Board of Directors shall give notice to all Mortgagees requesting such notice thirty days prior to changing the managing agent.

Section 8.5. **Mortgagee's Approvals.**

(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: (a) (except following destruction or condemnation) change any unit's Common Element Interest except as provided in section 55-79.44 of the Condominium Act; (b) (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); (c) by act or omission withdraw the submission of the Property to the Condominium Act, except as provided by section 55-79.72 of the Condominium Act; (d) modify the method of determining and collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards; or (e) use hazard insurance proceeds for losses to the Condominium for any purpose other than repair, replacement or restoration except as provided in Section 7.4 hereof.

(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 Unit Owners Association shall not: (1) 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 of the Condominium Act; and (iii) add or amend any material provisions of the condominium instruments which establish, provide for, govern or regulate 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 or Mortgagees.

(c) Nonmaterial Amendments; Presumptive Approval. 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. A Mortgagee who is not notified of additions or amendments and who does not deliver or post to the requesting party a negative response within thirty days shall be deemed to have approved such request.

Section 8.6. Other Rights of Mortgagees. All Mortgagees or their representatives shall have the right to attend and speak at meetings of the Unit Owners Association. All such Mortgagees shall have the right to examine condominium instruments, Rules and Regulations and the books and records off the Condominium, to receive the annual report filed by Declarant pursuant to section 55-79.93 of the Condominium Act and to require the submission of annual financial reports and other budgetary information.

ARTICLE 9

COMPLIANCE AND DEFAULT

Section 9.1. Relief. Each unit owner shall be governed by, and shall comply with, all of the terms of the condominium instruments and the Condominium Act and 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 Unit Owners Association, acting through its Board of Directors or through the managing agent, to the following relief:

(a) Additional Liability. Each unit owner shall be liable to the Unit Owners Association or to any affected unit owner for the expense of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or the act, neglect or carelessness of any member of his family or his employees, agents or licenses, 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 occasions by use, misuse, occupancy or abandonment of any unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation. Any costs, including without limitation legal fees, incurred as a result of a 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 family or such unit owner's guests, invites, tenants, agents or employees) may be assessed against such unit owner's unit.

(b) Cost and Attorney's 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 such preceding and such reasonable attorney's fees as may be determined by the court.

(c) No Waiver of Rights. The failure of the Unit Owners Association, the Board of Directors or a unit owner to enforce any right, provision, covenant or condition which may be granted by the condominium instruments or the Condominium Act shall not constitute a waiver of the right of the Association, the Board 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 condominium instruments or the Condominium Act shall be deemed to be cumulative and the exercise of any one or more thereof shall not be deemed to constitute an election or remedies, nor shall it preclude the party exercising the same from exercising such other privileges as may be granted to such party by the condominium instruments or the Condominium Act or at law or in equity.

(d) Interest. In the event of a default by any unit owner in paying any sum assessed against his condominium unit other than for common expenses which continues for a period in excess of fifteen days, interest 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.

(e) Abating and Enjoining Violations by Unit Owners. The violation of any of the Rules and Regulations adopted by the Board of Directors, the breach of any provision of the condominium instruments or the Condominium Act shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws: (i) to enter the unit in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting unit owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; (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.

(f) Legal Proceedings. Failure to comply with any of the terms of the condominium instruments and the Rules and Regulations shall be grounds for relief, including 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 the court of competent jurisdiction, all of which relief may be sought by the Unit Owners Association, the Board of Directors, the managing agent, the Declarant, or, if appropriate, by any aggrieved unit owner shall not constitute an election of remedies.

(g) Charges. In accordance with section 55-79.80(b2) of the Condominium Act, the Board of Directors may levy reasonable charges against unit owners for violations of the Rules and Regulations, the condominium instruments or the Condominium Act by the unit owner, the members of such unit owner's family, or such unit owner's guest, invitees, tenants, agents or employees. No charge may be levied for more than the maximum amount permitted by section 55-79.80(b2) of the Condominium Act. Each day a violation continues, after notice is given to the unit owner, is a separate violation. If a unit owner requests in writing a hearing before the charge is imposed, the imposition of the charge shall be suspended until the hearing is held. Charges are special assessments and shall be collectible as such.

(h) Other Remedies. The Board of Directors may suspend or revoke a unit owner's 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 thirty days or for any other violation of the condominium instruments or the Rules and Regulations.

Section 9.2. 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 managing 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 his Mortgagee by the Board of Directors or the managing agent.

(c) Enforcement. The lien for assessments may be enforced and foreclosed in the manner permitted by the laws of the Commonwealth of Virginia by power of sale or action in the name of the Board of Directors, or the managing 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 applicable under the laws of the Commonwealth of Virginia.

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

Section 9.3. Supplemental Enforcement of the Lien. In addition to the proceedings at law or in equity for the enforcement of the lien established by the condominium instruments or the Condominium Act, all of the unit owners may be required by the Declarant or 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.

In the event any such bonds have been executed and such declaration of trust is recorded, then any subsequent purchaser of a unit shall take title subject thereto and shall assume the obligations provided for therein.

Section 9.4. Subordination and Mortgage Protection. Notwithstanding any other provisions hereof 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 t 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 10

AMENDMENTS TO BYLAWS

Section 10.1. Amendments. These Bylaws may not be modified or amended except as provided in section 55-79.72 of the Condominium Act; provided, however, that until the expiration of the Declarant Control Period, Sections 2.2, 2.9, 3.3, and 10.1 may not be amended without the prior written consent of the Declarant. All amendments to the Bylaws shall be prepared and recorded by the Secretary.

Section 10.2. Approval of Mortgagees. These Bylaws contain provisions concerning various rights, priorities, remedies and interests of Mortgagees. Such provisions in these Bylaws are to be construed as covenants for the protection of such 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.

ARTICLE 11

MISCELLANEOUS

Section 11.1. 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 sent by United States mail, postage prepaid (pursuant to section 55-79.75 of the Condominium Act), or if notification is of a default or lien, sent by registered or certified United States Mail, return receipt requested, postage prepaid, (i) if to a unit owner, at the address which the unit owner shall designate in writing a file with the Secretary or, if no such address is designated, at the address of the unit of such unit owner, or (ii) if to the Unit Owners Association , the Board of Directors or to the managing agent, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the unit owners pursuant to this section. If a unit is owned by more than one person, each such person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

Section 11.2. Captions. The captions herein 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 thereof.

Section 11.3. Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

Section 11.4. 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 in the absence of a written objection by the Declarant, a unit owner or a Mortgagee within ten days after the failure to comply.

IN WITNESS WHEREOF, the Declarant has caused these Bylaws to be executed by its General Partner, this _____ day of __________, 1990.

BMW ASSOCIATES LIMITED PARTNERSHIP

By: MSW ASSOCIATES, A Virginia general partnership, General Partner

By:______________________________(SEAL)
Marie A. Wexler, General Partner

COMMONWEALTH OF VIRGINIA

COUNTY OF LOUDOUN

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do hereby certify that MARIE A. WEXLER, General Partner of MSW ASSOCIATES, a Virginia general partnership, General Partner of BMW ASSOCIATES LIMITED PARTNERSHIP, whose name is signed to the foregoing Bylaws, appeared before me in my jurisdiction aforesaid and personally acknowledged the same before me tobe her act and deed on behalf of said partnership.

Given under my hand and seal this ____________ day of _________________, 199___.

_____________________________(SEAL)
NOTARY PUBLIC

My Commission Expires:

____

Exhibit A to
the Bylaws

OAKBROOK III,

A CONDOMINIUM

CERTIFICATE FOR RESALE

TO: ____

FROM: Oakbrook III, A Condominium, Unit Owners Association

RE: Condominium Unit No._______, Oakbrook III, A Condominium, Loudoun County, Virginia

Although not required by section 55-79.97 of the Condominium Act, as amended, in compliance with sections 55-79.84(h) and 55-79.85, we hereby certify that as of the date hereof, except as herein stated:

A. The status of assessments with respect to the condominium unit is as follows:

Current assessment due	____________	$____________
Assessment in arrears	____________	$____________
TOTAL DUE		$____________

B. The condominium instruments do not create any rights of first refusal or other restraints on free alienability of any of the condominium units. The condominium instruments do create certain restrictions on transfer of certain of the condominium units, as more particularly set forth in Section 5.12 of the Bylaws. The provisions of Section 5.12 cannot be waived by the Association and have not been waived by the Association.

C. The following, if any, is a list of all capital expenditures anticipated by the Unit Owners Association within the current or succeeding two fiscal years:

[Fill in if applicable.]

D. As of the date of this Certificate, there is an outstanding balance in the reserve for replacement fund (reserve account) of approximately $______________________. Of that balance, the following

Dated this ______ day of _____________, 19__.

OAKBROOK III,
A CONDOMINIUM
UNIT OWNERS ASSOCIATION

By: ________________________
Officer:

I hereby acknowledge that I received this Certificate for Resale on the ______ day of _______________, 19__.

____
Unit Owner

I hereby acknowledge that I received and read the information contained in this Certificate for Resale on this ______ day of _______________, 19__.

____
Purchaser

____
Purchaser

Exhibit C to
the Declaration

OAKBROOK III

A CONDOMINIUM

COMMON ELEMENT INTEREST TABLE

Unit Identifying Number (Grouped by type)	Unit Type	Approx. Size (Sq.ft.)	Common Element Interest Per Unit	Total Number of Units Per Type	Total Common Element Interest Per Type
Unit A	A	2,452	50.00	1	50.00
Unit B	B	2,450	50.00	1	50.00
TOTALS		4,902	100.00		100.00

NOTES TO COMMON ELEMENT INTEREST TABLE

1. The unit identifying number for each Condominium unit consists of such unit's number referenced to the Building Plan, Exhibit E to the Declaration. The identifying unit number is a sufficient legal description of the Condominium unit for all purposes when set forth together with the name of theCondominium, the name of the jurisdiction in whcih the Condominium is situated and the deed book and page number where the first page of the Declaration is recorded.

2. Size (approximate gross square feet per unit) is given for each unit and is measured to the interior surface of each wall which is a vertical boundary of the unit, or the boundary line of the unit, as applicable. The measurements are approximate and, therefore, the square footages may vary slightly in any individual unit.

3. Common Element Interest per unit has been determined by taking the ratio of the size of each unit (or convertible space) (in square feet as determined in the manner prescribed in the Declaration) to the total square footage of all units in the Condominium. The listed square footage for each unit (or convertible space) is based upon dimensions which are approximate and the calculation of Common Element Interest has been rounded. The Common Element Interest shown for each unit (or convertible space) is subject to change in the following circumstances:

   A. If the Declarat or the Board of Directors at the request of any unit owner changes the Common Element Interest allocated to a unit pursuant to the procedures set forth in section 55-79.69 or 55-79.70 of the Condominiun Act as permitted by the Bylaws of the Condominium.

   B. If the Declarant exercises its right to convert convertible space into units and common elements, the Common Element Interest of such a convertible space will be allocated to the units created therefrom on the basis of the proportion which the size of each such unit bears to the total size of all units created from that convertible space.

   C. If the Declarat exercises its right to all more units (or convertible spaces) to the Condominium either by adding all or any portion of any additional land or by converting all or any portion of the Convertible land, each Common Element Interest set forth above will decrease. The Common Element Interest of each unit (or convertible space) will then be determined on the basis of the proportion which the size of each unit (or convertible space) bears to the total size of all units (or convertible space).

OAKBROOK III

A CONDOMINIUM

Maintenance Responsibilities

I	II	III	IV	V
ITEMS	GENERAL COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	LIMITED COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	UNIT COMPONENTS UNDER ASSOCIATION RESPONSIBILITY	CERTAIN OTHER COMPONENTS UNDER UNIT OWNER'S RESPONSIBILITY WITHOUT RESPECT TO OWNERSHIP OF THE COMPONENT
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 unit.	If any, same as in Column II, if not accessible from the unit having the problem.	Only to the extent that a malfunction or threat of same has originated outside the unit in which the malfunction occurs or may occur, and if the malfunctioning component is not accessible from the unit having the problem.	All portions including fixtures and appliances attached thereto, unless not accessible from the unit having the problem. 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 components between the meter and the unit panel.	All components on the unit side of the unit panel, including the panel.

I	II	III	IV	V
ITEMS	GENERAL COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	LIMITED COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	UNIT COMPONENTS UNDER ASSOCIATION RESPONSIBILITY	CERTAIN OTHER COMPONENTS UNDER UNIT OWNER'S RESPONSIBILITY WITHOUT RESPECT TO OWNERSHIP OF THE COMPONENT
Heating & cooling systems & components thereof which serve the separate units.	--	--	--	All, in all regards. Systems serving more than one unit shall be the responsibility of the units served thereby.
Parking spaces.	All parking spaces in all regards.	--	--	--
Grounds, including all land-scaped and paved areas and other improvements thereon lying outside the main walls of the building.	All.	--	--	--
Building, exterior roof, exterior vertical walls, foundations.	All, in all regards.	--	All, in all regards.	--

I	II	III	IV	V
ITEMS	GENERAL COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	LIMITED COMMON ELEMENTS UNDER ASSOCIATION RESPONSIBILITY	UNIT COMPONENTS UNDER ASSOCIATION RESPONSIBILITY	CERTAIN OTHER COMPONENTS UNDER UNIT OWNER'S RESPONSIBILITY WITHOUT RESPECT TO OWNERSHIP OF THE COMPONENT
Windows.	All which do not serve a unit, if any, in all regards.	If any, same as in Column IV.	In all regards including exterior cleaning, except routine cleaning of interior.	Routine cleaning of interior.
Doors, main entry to units.	--	--	All surfaces exposed to outside and corridor including door panel, buck, trim & sill.	Interior of door panel interior trim. Hardware set including lock, deadbolt and hinges/ closure.
Screens.	--	--	--	All which serve the unit in all regards. Replacements to be of same color, grade & style.

NOTES

MAINTENANCE RESPONSIBILITIES:

This chart and the titles and headings used herein are not intended to describe or encompass all maintenance function: nor to delineate all respective responsibilities between the unit owners, severally, and the Association. The placem t o: responsibility under any specific column does not always accurately reflect the precise character and nature of owner ip. 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 uni owner (or his family, tenants, employees, agents, visitors or guests), the Association will perform the necessary maintena: at the sole expense of the unit owner.

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

Column II: Common Elements Under Association Responsibility. Responsibility for determining and providing for the maintenance, repair and replacement requirements of the general 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 maintenanc: repair and replacement requirements of the limited common elements shall be a shared responsibility between the Board of Directors and the unit owner 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 maintenanc: repair and replacement activities.

Column IV: Unit Components Under Association Responsibility. The items in this column are legally and by defin on a part of a unit but are attached or directly connected to or associated with the general common elements and common expen: 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 occupant: 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.

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

DESIGNATION OF DIRECTORS

BMW Associates Limited Partnership, as the original declarant ("Original Declarant") created and established Oakbrook III, a Condominium, by and pursuant to the execution and recordation of a certain Declaration of Oakbrook III, a Condominium, with Exhibits attached thereto, dated June 7, 1990, and recorded June 12, 1990, in Deed Book 1090, at Page 741, et. seq., among the aforesaid land records of Loudoun County, Virginia. On October 1, 1990, Old Stone Bank, a Federal Savings Bank, as Trustee, became the owner of the Condominium pursuant to a Trustee's Sale, and for all purposes herein shall be considered the Successor Declarant.

Successor Declarant has acquired and submitted Lot 3, Oakbrook Commerce Center, Loudoun County, Virginia, to a condominium regime known as OAKBROOK III, A CONDOMINIUM ("Condominium") pursuant to the Virginia Condominium Act.

Pursuant to Section 3.3, Number and Term of Office, (a) Designated Members of the Condominium Bylaws, during the Declarant Control Period, Successor Declarant shall be entitled to designate Directors not elected pursuant to Section 2.4 of the by-laws of the Condominium.

Therefore, pursuant to the aforementioned section, Successor Declarant hereby designates the following Directors to serve on the Board of Directors for Oakbrook III, a Condominium, effective September 10, 1990:

Kathie A. Siswick
Carville J. Cross, Jr.
Nicole Kerner

SUCCESSOR DECLARANT

By: OLD STONE BANK, A FEDERAL SAVINGS BANK, by its Attorney in Fact, Old Stone Real Estate Services, Inc.

By: ______________________
Kathie A. Siswick
Its President

swp464.wp:rjf

SECRETARY CERTIFICATE

I, Shaun Watchie Perry, of Seattle, Washington, do hereby certify that:

1. I am the duly elected, qualified and acting Secretary of Oakbrook III, a Virginia Condominium ("Condominium").

2. The following are true and correct copies of excerpts from the minutes of the Board of Directors of the Condominium, as of January 2, 1991.

3. VOTED: That the following officers were duly elected by the Board of Directors, effective January 2, 1991:

Kathie A. Siswick, President
Nicole Kerner, Vice President
Ralph R. Krueger, Treasurer
Shaun Watchie Perry, Secretary

4. VOTED: That the Treasurer or any other officer that the Condominium so designates, be and hereby is authorized to open such checking and savings accounts as the Treasurer deems advisable and in the best interest of the Condominium, to enter into any banking resolutions on behalf of the Condominium, and to otherwise transact banking business of the Condominium, effective as of January 2, 1991.

5. That said Resolutions have not been modified, amended or rescinded and are still in full force and effect.

Certified this 17th day of January, 1991.

OAKBROOK III

Shaun Watchie Perry
by Shaun Watchie Perry
its Secretary

swp467.wp:rjf/2

ACTION OF THE BOARD OF DIRECTORS OF
OAKBROOK III, A CONDOMINIUM

BMW Associates Limited Partnership, as the original declarant ("Original Declarant") created and established Oakbrook III, a Condominium, by and pursuant to the execution and recordation of a certain Declaration of Oakbrook III, a Condominium, with Exhibits attached thereto, dated June 7, 1990, and recorded June 12, 1990, in Deed Book 1090, at Page 741, et. seq., among the aforesaid land records of Loudoun County, Virginia. On October 1, 1990, as a result of being a successful bidder at a Trustee's Sale and pursuant to a Trustee's Deed recorded on December 28th, 1990, among the aforesaid land records, Old Stone Bank, a Federal Savings Bank, as Trustee, became the owner of the Condominium and for all purposes herein shall be considered the Successor Declarant.

Pursuant to Section 3.14, Action Without Meeting of the Condominium Bylaws, the Board of Directors (the "Board") hereby takes the following action by consent resolution:

1. Effective October 9, 1990, the Board hereby appoints C. J. Cross Real Estate Services, Ltd., as the Managing Agent and further authorizes Successor Declarant to execute a Property Management Agreement with said Management Agent, which is attached hereto and by reference incorporated herein for all purposes. To the extent that the duties and obligations of the Managing Agent under said Agreement differ from those certain standards as established in Section 3.2, Standards of the Condominium Bylaws, the terms and conditions in the Management Agreement shall prevail.

2. Pursuant to Article 4, Officers of the Condominium Bylaws, the Board hereby elects the following officers to the positions indicated to serve at the pleasure of the Board:

Kathie A. Siswick, President
Carville J. Cross, Jr., Senior Vice President
Ham Loving, Vice President
Nicole Kerner, Vice President
Andrew Kercher, Vice President
Ralph R. Krueger, Treasurer
Mary Burlingame, Assistant Treasurer
Shaun Watchie Perry, Secretary
Mary Jane Werschkul, Assistant Secretary

3. Pursuant to Section 3.1, Powers and Duties of the Condominium Bylaws, the Board hereby adopts an annual budget effective January 2, 1991. The Board further appoints and authorizes the Treasurer or any other officer that the Board so designates to open such checking and savings accounts as the Treasurer deems advisable and in the best interest of the Oakbrook Unit Owners Association ("Association"), and to enter into any banking resolutions on behalf of the

Association and otherwise transact banking business on behalf of the Association effective as of January 2, 1991.

4. Pursuant to Article 3, Board of Directors of the Condominium Bylaws, the Board hereby designates Frank S. Phillips, 6106 MacArthur Boulevard, Bethesda, Maryland, 20876, as the insurance carrier for the Condominium.

By their signatures below, the Board of Directors, which is entirely made up by the individuals below, hereby evidence their consent in writing to such action as provided herein.

By: ______________________________
Kathie A. Siswick
Director

By: ______________________________
Carville J. Cross, Jr.
Director

By: Nicole Kerner
Nicole Kerner
Director

FIRST AMENDMENT TO DECLARATION OF OAKBROOK III, A CONDOMINIUM

THIS FIRST AMENDMENT TO DECLARATION OF OAKBROOK III, A CONDOMINIUM, is made and entered into this ___ day of October, 1990 by OLD STONE BANK, A FEDERAL SAVINGS BANK, TRUSTEE (hereinafter referred to as the "Declarant").

WHEREAS BMW Associates Limited Partnership, as the original Declarant, created and established Oakbrook III, a Condominium, by and pursuant to the execution and recordation of a certain Declaration of Oakbrook III, a Condominium, with exhibits attached thereto, dated June 7, 1990 and recorded June 12, 1990 in Deed Book 1090, at Page 741, et seq., among the land records of Loudoun County, Virginia, and as corrected and re-recorded in Deed Book ____, at Page ____, et seq., among the aforesaid land records (hereinafter collectively referred to as the "Declaration"); and

WHEREAS prior to the recordation hereof, the original Declarant filed for record certain Plats known as Exhibits D and E to the Declaration, showing, inter alia, certain convertible land; and

WHEREAS the Declaration reserves to the Declarant the explicit right, to be exercised until the fifth anniversary of the recordation of the initial Declaration, to convert all or any portion of the convertible land without the consent of any unit owner or mortgagee; and

WHEREAS by Trustee's Deed recorded in Deed Book ____, at Page ____, among the aforesaid land records, the above-named Declarant received all right, title and interest in and to all of the ownership interests and rights of the original Declarant, including but not limited to special declarant rights, and the Declarant intends by the execution and recordation of this First Amendment to Declaration, together with the recordation of the plats entitled "First Amended Exhibit "D" to the Declaration, Submitted Land and Convertible Land," and "First Amended Exhibit "E" to the Declaration, Building Plan", each dated October 18, 1990, and prepared by Rinker-Detwiler & Associates, which is attached hereto and made parts hereof by this reference, to exercise the right to convert convertible land by creating Bays F and G, also known as Units 106 and 114, respectively, containing 1,183 square feet, as to Bay F (Unit 106), and 2,430 square feet, as to Bay G (Unit 114), all as more particularly described on the attached First Amended Exhibit E, and to reallocate the Common Element Interests as shown on Exhibit C-1, attached hereto and incorporated herein by this reference.

NOW, THEREFORE, WITNESSETH: That the Declarant hereby declares:

1. That it converts two portions of the convertible land into Bay F, also known as Unit 106, containing 1,183 square feet, and Bay G, also known as Unit 114, containing 2,340 square feet, and limited common elements as to each, all as delineated as shown on the plat marked "First Amended Exhibit "E" to the Declaration, Building Plan", which is incorporated herein and made a part hereof by this reference, and said Units and limited common elements and all of the improvements heretofore or hereafter constructed thereon, and all appurtenances thereto, shall be held, conveyed, divided or subdivided, leased, rented and occupied, improved, hypothecated and encumbered, all subject to the covenants, restrictions, uses, limitations, obligations, easements, equitable servitudes, charges and liens (hereinafter referred to as the "Covenants and Restrictions") set forth in the Declaration, as amended herein, including without limitation the provisions of the Bylaws, attached to the Declaration as Exhibit B, all of which are declared and agreed to be in aid of a plan for the improvement of said property and the division thereof into condominium units, common elements and limited common elements, and shall be deemed to run with and bind the land, and shall inure to the benefit of and be enforceable by the Declarant, and its successors and assigns, and by any person acquiring or owning an interest in said property and improvements, including, without limitation, any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who or which holds such an interest solely as security for the performance of an obligation.

2. As shown on Exhibit C-1, which supplements and supersedes Exhibit C to the extent inconsistent therewith, Bay F, also known as Unit 106, Oakbrook III, a Condominium, hereby has and shall have, until amended in accordance with the Declaration and any valid amendments thereto, a Common Element Interest of ______ percent (___%), and Bay G, also known as Unit 114, Oakbrook III, a Condominium, hereby has and shall have, until amended in accordance with the Declaration and any valid amendments thereto, a Common Element Interest of ______ percent (___%). Upon the recordation of this First Amendment to Declaration, each owner of a condominium unit in the condominium, by operation of law, shall have the undivided percentage interest in the common elements, common expenses, and common profits of the condominium, and shall have the percentage vote, all as set forth in Exhibit C-1 attached hereto.

3. Exhibit D to the Declaration is hereby amended and superseded by the plat entitled "First Amended Exhibit "D" to the Declaration, Submitted Land and Convertible Land", which is attached hereby and incorporated herein by this reference.

IN WITNESS WHEREOF the said Old Stone Bank, a Federal Savings Bank, Trustee, has caused this Amendment to be executed as of the date set forth above:

OLD STONE BANK,
a Federal Savings Bank, Trustee

By: ______________________________
Name:
Title:

STATE OF ____________________

CITY/COUNTY OF ______________, to wit:

I, the undersigned, a Notary Public in and for the jurisdiction aforesaid, do certify that ________________________, as ______________________ of Old Stone Bank, a Federal Savings Bank, Trustee, whose name is signed to the foregoing document, has signed and acknowledged the same before me in the State and City/County aforesaid.

My Commission Expires:
____

____
Notary Public

A:DJS:ODisk:OSBFst.Amd

EXHIBIT C-1

OAKBROOK III

A CONDOMINIUM

COMMON ELEMENT INTEREST TABLE

Unit Identifying Number (By Bay and Number)	Approx. Size (Sq. Ft.)	Common Element Interest Per Unit
Bay A, Unit 101	2,452	28.8
Bay B, Unit 102	2,450	28.8
Bay F, Unit 106	1,183	13.9
Bay G, Unit 114	2,430	28.5
TOTALS	8,515	100.0

A:DJB:ODisk:Oakbrook.Tbl

Exhibit C-3

OAKBROOK III

A CONDOMINIUM

COMMON ELEMENT INTEREST TABLE

Unit Identifying No.	Approx. Size Per Unit	Common Element Interest Per Unit
Unit 101 (Bay A)	2,452	7.146
Unit 102 (Bay B)	2,450	7.140
Unit 103	2,627	7.656
Unit 104	2,647	7.714
Unit 105	2,442	7.117
Unit 106	2,421	7.056
Unit 107	2,446	7.129
Unit 108	2,462	7.175
Unit 109	2,456	7.158
Unit 110	2,284	6.656
Unit 111	2,284	6.656
Unit 112	2,453	7.149
Unit 113	2,456	7.158
Unit 114	2,430	7.082
TOTALS	**34,310**	**100.00**

THIRD AMENDMENT TO DECLARATION
OF OAKBROOK III, A CONDOMINIUM

THIS THIRD AMENDMENT TO DECLARATION OF OAKBROOK III, A CONDOMINIUM, is made and entered into this __ day of February, 1994 by the RESOLUTION TRUST CORPORATION, AS CONSERVATOR FOR OLD STONE FEDERAL SAVINGS BANK Trustee ("Successor Declarant").

WHEREAS BMW Associates Limited Partnership, as the original Declarant, created and established Oakbrook III, a Condominium, by and pursuant to the execution and recordation of a certain Declaration of Oakbrook III, a Condominium, with exhibits attached thereto, dated June 7, 1990 and recorded June 12, 1990 in Deed Book 1090, at Page 741, et seq., among the land records of Loudon County, Virginia, and as corrected and re-recorded in Deed Book 1110, at Page 362, et seq., among the aforesaid land records (hereinafter referred to as the "original Declaration"); and

WHEREAS on October 1,1990, Old Stone Bank, F.S.B. (hereinafter referred to as "Old Stone") became the owner of the Condominium as a result of a Trustee's Deed dated December 28, 1990; and

WHEREAS Old Stone executed and thereafter there was recorded a Correction of and First Amendment to Declaration of Oakbrook III, a Condominium, dated June 17, 1992, on June 19,1992 in Deed Book 1172, at Page 1222 among the aforesaid land records; and

WHEREAS Old Stone executed and thereafter there was recorded a Second Amendment To Declaration Of Oakbrook III, A Condominium dated October 22, 1992, on November 20, 1992 in Deed Book 1197, at Page 1300 et seq. among the aforesaid land records (herein collectively referred to, along with the Original Declaration and First Amendment thereto as the "Declaration")

WHEREAS effective January 29, 1993, the Office of Thrift Supervision ("OTS") by OTS Order No. 93-12 appointed the Resolution Trust Corporation ("RTC") as Receiver for Old Stone and also authorized the creation of and issued a charter for a new federal mutual association named Old Stone Federal Savings Bank. Pursuant to the Purchase and Assumption Agreement of even date therewith, between RTC as Receiver for Old Stone and Old Stone Federal Savings Bank, Old Stone Federal Savings Bank acquired from Old Stone all of the right, title and interest in and to the Condominium; and

WHEREAS effective January 29,1993 the OTS by Order No. 93-12 appointed RTC as Conservator for Old Stone Federal Savings Bank. Pursuant to said Order and by operation of law under 12 U.S.C. Sec. 1821(d)(2)(A) and 12 U.S.C. Sec.

1441a(b)(4) the RTC as Conservator succeeded to all right, title and interest in and to the Condominium; and

WHEREAS the Declaration reserves to the Declarant the explicit right, to be exercised until the fifth anniversary of the recordation of the initial Declaration, to convert all or any portion of the convertible land without the consent of any unit owner or mortgagee; and

WHEREAS the Successor Declarant intends by the execution and recordation of this Third Amendment to Declaration, together with the recordation of the plats entitled Third Amended Exhibit "D" to the Declaration, Submitted Land and Convertible Land and Third Amended Exhibit "E" to the Declaration Building Plan each dated as revised January 27, 1994 and prepared by Rinker-Detwiler and Associates, P.C. which are attached hereto and made part hereof by reference, to exercise the right to convert convertible land by creating Unit 104, containing 2,647 square feet; Unit 105, containing 2,442 square feet; Unit 108, containing 2,462 square feet; Unit109, containing 2,456 square feet; Unit 110, containing 2,284 square feet; Unit 111, containing 2,284 square feet; Unit 112, containing 2,453 square feet; Unit 113, containing 2,456 square feet; all as more particularly described on the attached Third Amended Exhibit "E" and to reallocate the Common Element Interests as shown on Exhibit C-3, attached hereto and incorporated herein by this reference.

NOW THEREFORE, WITNESSETH: That the Declarant hereby declares:

1. That it converts a portion of the convertible land into the following Units, with the corresponding approximate square feet and containing limited common elements as to each:

UNIT NO.	APPROX. SIZE
104	2,647 s.ft.
105	2,442 s.ft.
108	2,462 s.ft.
109	2,456 s.ft.
110	2.284 s.ft.
111	2,284 s.ft.
112	2,453 s.ft.
113	2,456 s.ft.

All as delineated as shown on the plat marked "Third Amended Exhibit "E" to the Declaration, Building Plan", which is incorporated herein and made a part hereof by reference, and said Units and limited common elements and all of the improvements heretofore or hereafter constructed thereon, and

STATE OF Rhode Island

COUNTY OF Providence

I, the undersigned, a Notary Republic in and for the jurisdiction aforesaid, do certify that Daniel E. Peters, as Asst. Managing Agent of the Resolution Trust Corporation, whose name is signed to the foregoing document, has signed and acknowledged the same before me in the State and County aforesaid.

My Commission Expires: 8-18-95

Jeanette R. Spinto

Notary Public

Exhibit C-3

OAKBROOK III

A CONDOMINIUM

COMMON ELEMENT INTEREST TABLE

Unit Identifying No.	Approx. Size Per Unit	Common Element Interest Per Unit
Unit 101 (Bay A)	2,452	7.146
Unit 102 (Bay B)	2,450	7.140
Unit 103	2,627	7.656
Unit 104	2,647	7.714
Unit 105	2,442	7.117
Unit 106	2,421	7.056
Unit 107	2,446	7.129
Unit 108	2,462	7.175
Unit 109	2,456	7.158
Unit 110	2,284	6.656
Unit 111	2,284	6.656
Unit 112	2,453	7.149
Unit 113	2,456	7.158
Unit 114	2,430	7.082
TOTALS	**34,310**	**100.00**

RTC SPECIAL WARRANTY DEED

THIS SPECIAL WARRANTY DEED, made this __ day of February, 1994, by and between Resolution Trust Corporation, as Conservator for Old Stone Federal Savings Bank, whose address is 1000 Adams Avenue, Norristown, Pennsylvania 19403 (herein called "Grantor"); and WARREN P. JENKINS and RUSSELL W. JENKINS, III, whose address is ______________________________ (herein called "Grantee").

WITNESSETH: That the Grantor, for good and valuable consideration, the receipt of which is hereby acknowledged, grants and conveys, with special warranty covenants, to Grantee all the real property located in Loudon County, Virginia, more particularly described as:

Unit 113, Oakbrook III, a Condominium, and the limited common elements appurtenant thereto, established by condominium instruments recorded in Deed Book 1090, page 741, corrected in Deed Book 1110, page 362, amended in Deed Book 1172, page 1222, Deed Book 1197, page 1300 and Deed Book ______, page _____ among the land records of Loudon County, Virginia.

together with all tenements, hereditaments and appurtenances thereto; subject to current real property taxes, zoning and other governmental restrictions, and all covenants, conditions, restrictions, easements, rights-of-way and other matters of record.

Grantor hereby covenants with Grantee that Grantor will forever defend Grantee against claims of all persons claiming by, through or under Grantor. No other covenants or warranties, express or implied, are given by this Special Warranty Deed.

IN WITNESS WHEREOF, the Grantor has executed this deed on the date aforesaid.

Resolution Trust Corporation,
in its capacity as Conservator for Old Stone
Federal Savings Bank

BY: ______________________________

____
Title

STATE OF Rhode ISLAND
~~COMMOMWEALTH OF PENNSYLVANIA~~)
COUNTY OF PROVIDENCE) ss:

BEFORE ME, Jeanette L. Spirito, A Notary Public authorized to take acknowledgments in the County and State aforesaid personally appeared DANIEL E. PETERS to me known to be the person described in and who executed the foregoing instrument and he acknowledged before me that he executed same.

WITNESS my hand and official seal this 15th day of February, 1994.

____
Notary Public

JEANETTE L. SPIRITO, Notary Public
State of R.I. and Providence Plantations
My Commission Expires 8-18-95

RESOLUTION TRUST CORPORATION AFFIDAVIT

STATE OF
COUNTY OF

The undersigned, ______________________________, on behalf of the Resolution Trust Corporation, as Conservator for Old Stone Federal Savings Bank ("Grantor"), being duly sworn, hereby says as follows:

1. The sale of the real property commonly known as Unit 113, Oakbrook III, a Condominium as more particularly described in the Title Policy No.___________ issued by Stewart Title Insurance Company ("Title Company") as of February ___, 1994, has been duly authorized by all requisite corporate action.

2. ______________________________ is duly authorized to execute documents on behalf of Grantor in order to sell or convey the Property in accordance with the terms of the contract between Grantor and Warren P. Jenkins and Russell W. Jenkins, III.

3. No person known to Grantor is entitled to occupy the property except as may have been previously disclosed to the purchaser or the Title Company.

4. To the best of Grantor's knowledge all improvements to the Property have been paid in full.

5. All real estate taxes and assessments lawfully due and payable which could become a lien against the Property have been paid in full.

6. Grantor is not a foreign person as that term is defined in Section 1449 of the Internal Revenue Code, as amended.

This affidavit is given on behalf of Grantor in order to induce Title Company to issue an Owner's Policy of Title Insurance and required endorsements.

Signed this ___ day of February, 1994.

RESOLUTION TRUST CORPORATION, AS
CONSERVATOR FOR OLD STONE
FEDERAL SAVINGS BANK

By: DANIEL E. PETERS
Title: ASST. MANAGING AGENT

Sworn and subscribed before me this 15th day of February, 1994.

Jeanette L. Spinto
Notary Public
State of Rhode Island
County of Providence
My Commission Expires: 8-18-95

Exhibit "A"
(Description of the Condominium Unit)

CONDOMINIUM UNIT 111

legal description to be provided

Oakbrook Commerce Center
Lot 3 Oakbrook Subdivision, Unit 111, 45681 Oakbrook Court
Route 637 & Oakbrook Drive
Sterling, VA 20166