

LIBER 1887 PAGE 0196

IMP FD SURCHG	40.00
RECORDING FEE	75.00
TOTAL	115.00
Res# CAB1	Rcpt # 12314
TWN 4817	Blk # 355
Aug 07, 2015	02:59 PM

***GALLATIN WOODS CONDOMINIUM
AMENDED AND RESTATED BY-LAWS***

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**GALLATIN WOODS CONDOMINIUM
AMENDED AND RESTATED BY-LAWS**

ARTICLE I
General Provisions

1.1 *The Condominium*

The property located in Garrett County, State of Maryland, and as more particularly described in Exhibit A attached to the Condominium Regime Declaration (hereinafter referred to as the "Declaration"), dated of even date and recorded or intended to be recorded among the Land Records of Garrett County immediately prior hereto, and the improvements thereon, is hereby subject to a condominium regime to be governed by the Declaration, these By-Laws and the Condominium Plats recorded among the Land Records of Garrett County aforesaid. The name of the condominium regime (hereinafter called the "Condominium") is Gallatin Woods Condominium.

1.2 *Council of Unit Owners*

The Council of Unit Owners of the Condominium (hereinafter referred to as the "Council") shall be an unincorporated association to provide for the administration of the Condominium and as such is constituted a legal entity for all purposes. The Council shall administer the operation and management of the Condominium and undertake to perform all acts and duties incident thereto in accordance with the provisions of the Declaration, By-Laws and the applicable laws of the State of Maryland.

1.3 *Membership*

Each unit owner in the Condominium is, and by accepting title to a unit in the Condominium agrees that he shall automatically become, a member of the Council upon his acquisition of title to the unit, and the voting rights of such member shall be as specified in Article II hereof. The membership of any such unit owner shall terminate automatically upon the said unit owner being divested of title to such unit, regardless of the means by which such ownership may be divested, but the obligations incurred by such owner while a member shall continue and the rights of the Council to enforce such obligations shall also continue, as herein provided. No person holding any lien, mortgage or other encumbrance upon any unit shall be entitled, by virtue thereof, to membership in the Council or to any of the rights or privileges of such membership unless otherwise specifically provided by the Declaration, these By-Laws or the applicable laws of the State of Maryland. No lessee of a unit shall be considered an owner for purposes of voting unless the lease provides otherwise.

1.4 *Application of By-Laws*

The provisions of these By-Laws shall be applicable to present and future owners, tenants and future tenants and their employees, and any other person who might use the facilities of the

Condominium in any manner, and such persons shall be subject to the provisions of the Declaration, these By-Laws and the applicable laws of the State of Maryland. The mere acquisition of title or rental of any unit in the Condominium, or the act of occupancy of any unit, will signify that these By-Laws and the provisions thereof are accepted, ratified and will be complied with by the person or persons acquiring title or renting the unit in the Condominium.

1.5 *Litigation and Arbitration*

1.5.1 No judicial proceeding shall be commenced or prosecuted by the Council unless approved by a vote of two thirds of the total votes appurtenant to all units in the Condominium. This Section shall not apply, however, to (a) actions brought by the Council to enforce the provisions of the Declaration and these By-Laws (including, without limitation, the establishment and foreclosure of liens), (b) the imposition and collection of assessments as provided in the Declaration or these By-Laws, (c) enforcement of the House Rules, should such rules be adopted by the Council, or (d) counterclaims, cross-claims and third party claims brought by the Council in proceedings instituted against it.

1.5.2 Except as provided by the Maryland Condominium Act, any dispute between the Council and its members as such, on the one part, and a unit owner or unit owners, on the other part, shall be submitted to arbitration in accordance with paragraph 1.5.4 below.

1.5.3 Any dispute, disagreement or controversy whatsoever between the Council or any of its members as such, any officer, agent or employee of the Council as such, or any unit owners, past or present, as such, on the one hand, and Developer on the other hand, shall be submitted to arbitration in accordance with paragraph 1.5.4 below.

1.5.4 Any controversy to be submitted to arbitration pursuant to the provisions of this Section 1.5 shall be submitted to arbitration pursuant to the Maryland Uniform Arbitration Act and in accordance with the rules of the American Arbitration Association then obtaining for commercial arbitration. The award of the arbitrators shall be final and binding as between the parties. A party to the arbitration may petition a court to confirm the award, and any judgment entered in conformity with the award may be enforced as any other judgment pursuant to the Maryland Uniform Arbitration Act.

1.5.5 The provisions of this Section 1.5 with respect to the Developer may not be amended unless such amendment is made with the consent of the Developer and is approved by the percentage of votes, and pursuant to the same procedures necessary to institute proceedings as provided in paragraph 1.5.1 above. The other provisions of this Section 1.5 may not be amended unless the amendment is approved by the percentage of votes, and pursuant to the same procedures necessary to institute proceedings as provided in paragraph 1.5.1 above.

ARTICLE II
*Council of Unit Owners*2.1 *Constitution*

The Council hereby constituted shall be comprised of every person, firm, or corporation which owns, severally or with others, any unit within the Condominium.

2.2 *Voting*

The Council shall have a total number of votes equal to the number of units dedicated to the condominium regime, excluding units that are disqualified from voting under the Declaration or these By-Laws. Voting shall be on a unit basis, and, except for Developer Owned Units, each unit shall be entitled to one vote, as provided in the Declaration. Developer owned units shall be entitled to Two (2) votes for each unit owned until such time as the number of votes for Non Developer units equals the number of votes attributable to Developer owned units are equal, at which time Developer owned units will be entitled to only one vote each. If the Secretary of the Council is present at the meeting, he shall count the votes, and if he is not present, the President (or other presiding officer) shall designate some member present to count the votes at the meeting.

2.3 *Majority of Owners*

The vote of the unit owners present in person or by proxy constituting fifty-one percent (51%) or more of the votes cast at that meeting shall be required to approve a measure before the Council unless the question is one upon which, by express provision in the Act, the Declaration, or these By-Laws, a different vote is required, in which case such express provision shall govern and control.

2.4 *Quorum*

The presence, either in person or by proxy, of unit owners representing at least twenty five percent (25%) of the total eligible votes appurtenant to units in the Condominium shall constitute a quorum for the transaction of business at all meetings of the Council.

2.5 *Proxies*

Votes may be cast in person or by proxy. Proxies shall be in writing and must be filed with the secretary (or if he is not present, such other person as the President may designate) before the appointed time of the meeting. A proxy shall be effective only for a maximum period of one hundred eighty (180) days following the issuance, unless granted to a mortgagee or lessee of a unit.

2.6 *Address of Council of Unit Owners*

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The address of the Council of Unit Owners is, Council of Unit Owners of the Gallatin Woods Condominium, P.O. Box 211, McHenry, Maryland 21541 or such other address as the Council of Unit Owners may determine.

ARTICLE III
Administration

3.1 *Administration*

3.1.1 The affairs of the Condominium shall be governed by the Board of Directors (the "Board"), which shall be comprised of five (5) persons. The Board shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things as are not, by law or by these By-Laws, directed to be exercised and done by the Council. The powers and duties of the Board shall include, but not be limited to, the following:

(a) To provide for the care, upkeep, and surveillance of the Condominium in a manner consistent with the law and the provisions of the Declaration and these By-Laws;

(b) To establish an annual budget for the affairs of the Condominium and provide for the collection of assessments from the owners of units and for the assessment and/or enforcement of liens on account of such assessments in a manner consistent with law and the provisions of the Declaration and these By-Laws; and

(c) To designate, hire, and/or dismiss personnel or contractors necessary for the good working order of the Condominium and for proper care of the General and Limited Common Elements and to provide services for the Condominium in a manner consistent with all applicable laws, the Declaration, and these By-Laws.

3.1.2 The Board shall be authorized to employ for the Condominium a professional Management Agent at a rate of compensation established by the Board to perform such duties and services as the Board shall authorize. Any professional management company so engaged shall have and maintain fidelity bond coverage in an amount established by the Board in its reasonable discretion.

3.1.3 Vacancies on the Board of Directors caused by any reason other than the removal of a Director or by any reason other than the expiration of the Director's term shall be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall serve as a Director until a successor is elected at the next annual meeting.

3.1.4 At a regular or special meeting duly called, any Director may be removed, with or without cause, by the affirmative vote of the majority of the units in attendance at the meeting, provided that a quorum is present for the meeting. Any Director whose removal has been

proposed by the Council shall be given an opportunity to be heard at the meeting. The term of any Director who has an unreleased Statement of Lien recorded against him shall be automatically terminated, and the remaining Directors shall appoint his successor as provided in this Article III.

3.1.5 At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board.

3.1.6 Any action permitted to be taken at any meeting of the Board of Directors in accordance with Section 11-109.1 of the Maryland Condominium Act may be taken without a meeting if a written consent to such action is approved in a writing by all members of the Board and a statement of the purpose of the meeting and record of the vote of each Board Member by which any meeting was closed and the authority to do so under Section 11-109.1 is included in the minutes of the next meeting of the Board of Directors. For purposes of this Section 3.1.6, an electronic mail message expressing the approval of all members of the Board shall constitute a "writing." Meetings of the Board of Directors that are held in closed session as authorized under Section 11-109.1 may be conducted by telephone or video conference.

3.2 *Place of Meeting*

Meetings of the Council shall be held at the principal office of the Condominium or such other suitable place convenient to the owners as may be designated by the President.

3.3 *Initial Meeting*

The initial meeting of the Council shall be held within sixty (60) days from the date that units representing fifty percent (50%) of the votes in the Condominium have been conveyed by the Developer to the initial purchasers of units to elect officers for the Council of Unit Owners, as provided in the Declaration or these By-Laws.

3.4 *Annual Meetings*

An annual meeting of the Council shall be held during each fiscal year of the Council on such date as shall be designated by the President.

At such meeting there shall be elected by vote of the unit owners a Board of Directors consisting of five (5) members, each of whom shall serve for a term of one (1) year. The owners may also transact such other business of the Council as may properly come before them.

3.5 *Special Meetings*

It shall be the duty of the President to call a special meeting of the Council upon a petition signed by the owners holding more than one-third of the votes appurtenant to all units in the Condominium and presented to the Secretary. The notice of any special meeting shall state

the time and place of meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

3.6 *Notice of Meetings*

It shall be the duty of the Secretary to deliver a notice of each annual or special meeting stating the purpose thereof, and the time and place where it is to be held, to each owner of record, at least fifteen (15) days, but no more than sixty (60) days, prior to such meeting. The mailing of a notice to each member to the address shown on the roster of the Council shall be considered notice served.

3.7 *Adjourned Meetings*

If any meeting of the Council cannot be organized because a quorum has not attended, either in person or by proxy, the persons who are present, either in person or by proxy, may adjourn the meeting and reconvene as provided for by Maryland law.

3.8 *Order of Business*

The order of business at all meetings of the Council shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes of preceding meeting;
- (d) Reports of officers;
- (e) Report of committees;
- (f) Election of officers;
- (g) Unfinished business; and
- (h) New business.

3.9 *Fiscal Year*

The fiscal year of the Council shall be such as may from time to time be established by the Council.

3.10 *Roster of Members*

For purposes of notice by the Council, the address of a unit owner shall be care of his or their unit in the Condominium. If any unit owner shall desire to change his or their mailing

address, then the unit owner may change the designated address by written notice to the Council. The Council shall maintain from the information provided by unit owners a current roster of the names and addresses of the owners of each unit.

3.11 *Indemnification*

The Council may provide any indemnification permitted by Maryland law, and shall provide any indemnification required by Maryland law, but in any event shall indemnify officers, agents and employees of the Council, at least as follows:

(a) The Council shall indemnify any officer of the Council who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Council) by reason of the fact that he is or was such officer or an employee or agent of the Council, or is or was serving at the request of the Council as a director, officer, employee or agent of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Council, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interest of the Council, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Council shall indemnify any officer of the Council who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Council to procure a judgment in its favor by reason of the fact that he is or was such a director or officer or any employee or agent of the Council, or is or was serving at the request of the Council as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit 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 Council, except that no indemnification shall be made in respect to any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Council unless and only to the extent that the court in which such action or suit was brought, or any other court having jurisdiction in the premises, shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) To the extent that an officer of the Council has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs (a) or (b) of this Section 3.11 or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection

therewith, without the necessity for the determination as to the standard of conduct as provided in paragraph (d) of this Section 3.11.

(d) Any indemnification under paragraphs (a) or (b) of this Section 3.11 (unless ordered by a court) shall be made by the Council only as authorized in the specific case upon a determination that indemnification of the officer is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs (a) or (b) of this Section 3.11. Such determination shall be made by independent legal counsel (who may be regular counsel for the Council) in a written opinion; and any such determination so made shall be conclusive.

(e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Council in advance of the final disposition of such action, suit or proceeding, as authorized in the particular case, upon receipt of an undertaking by or on behalf of the officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Council as authorized in this Section 3.11.

(f) Agents and employees of the Council who are not officers of the Council may be indemnified under the same standards and procedures set forth above, in the discretion of the Council.

(g) Any indemnification pursuant to this Section 3.11 shall not be deemed exclusive of any other rights to which those indemnified may be entitled and shall continue as to a person who has ceased to be an officer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

3.12 *Other Interests*

No contract or other transaction between the Council and any corporation or other entity or person and no act of the Council shall in any way be affected or invalidated by the fact that any member of the Council is pecuniarily or otherwise interested in, or is a director or officer of such other corporation or entity; any member individually, or any firm in which any member, may be a party to, or may be pecuniarily or otherwise interested in, any contract or transaction with the Council provided that the fact that he or such firm is so interested shall be disclosed and shall have been known to the Council or a majority thereof; and any member of the Council who is also a director or officer of any such other corporation or who is so interested may be counted in determining the existence of a quorum at any meeting of the Council which shall authorize any such contract or transaction, and any such contract or transaction shall be valid if approved by a majority vote of disinterested members, even if the disinterested members constitute less than a quorum.

4.1 *Designation*

The officers of the Council shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be members of the Council and shall be elected by the Board of Directors. The offices of Secretary and Treasurer may be filled by the same person.

4.2 *President*

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

4.3 *Vice President*

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

4.4 *Secretary*

The Secretary shall keep the Minute Book of the Council in which shall be kept the minutes of all meetings of the Council, recording resolutions adopted by them. The Secretary shall also have charge of all other books and papers of the Council as the Council may direct, and he shall, in general, perform all of the duties incident to the office of Secretary.

4.5 *Treasurer*

The Treasurer shall have responsibility for funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Council, and he shall keep such books and records in accordance with good accounting practices applied on a consistent basis. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Council in such depositories as may from time to time be designated by the Council. If a Managing Agent is engaged by the Council, then the Treasurer may delegate to the Managing Agent the responsibility for maintaining the fiscal books of account, provided monthly statements are submitted to him by such Managing Agent.

ARTICLE V

5.1 *Budget*

Each year, at least thirty (30) days prior to the annual meeting of the Council, the Board of Directors, or the officers, managers, or agents of the Council as delegated by the Board, shall prepare a budget in a reasonably itemized form for the Council containing an estimate of the total amount that will be necessary in the upcoming fiscal year to pay the cost of maintenance, management, operation, repair, and replacement of the Common Elements and the cost of insurance premiums, services, supplies, and other expenses that may be declared to be common expenses by the Act, the Declaration, the By-Laws, or a resolution of the Board. Such budget also may include a reserve for contingencies and replacements. The Secretary of the Council or another delegated agent of the Board of Directors shall send a copy of the budget as so prepared to each Unit Owner at least thirty (30) days prior to the annual meeting. After receiving comment on the budget at the annual meeting, the Board shall adopt a budget for the Council for the next fiscal year.

Any expenditure made other than those made because of conditions, which, if not corrected, could reasonably result in a threat to health or safety of the Unit Owners, significant risk of damage to the Condominium, or the imposition of fines or penalties on the Council by a governmental agency, that would result in an increase in the annual assessment in excess of fifteen percent (15%) of the budgeted amount previously adopted, shall be approved by an amendment to the budget for that fiscal year adopted at a special meeting upon not less than ten (10) days written notice to the Council.

The adoption of a budget shall not impair the powers of the Council to obligate the Council for expenditures for any purpose consistent with the Act.

The omission by the Council or the Board of Directors, before the expiration of any budgetary period, to adopt a budget for that or the next period shall not be deemed a waiver or modification in any respect of the provisions of this Section of the By-Laws or the Act, or a release of assessment installment payments for that or any subsequent budget, but the budget fixed for the preceding period shall continue until a new budget is fixed. No Unit Owner may exempt himself from liability for assessment by a waiver of the use or enjoyment of any of the Common Elements, or by abandonment of any Unit.

ARTICLE VI

Obligation of Owners

6.1 *Assessments*

Commencing with recording of the Declaration to establish the Condominium regime, each owner is obligated to pay the annual assessment to meet the budget and any special assessment adopted by the Council applicable to his unit. By accepting title to a unit as owner, the owner does hereby (jointly and severally if more than one person) covenant and agree to pay

to the Council all assessments and installations thereof, including any special assessment, coming due while he is the owner of the unit. The amount of an assessment of each owner shall be in proportion to the percentage interest in the common expenses of the Condominium appurtenant to his unit as set forth in Exhibit B of the Condominium Regime Declaration. For purposes of this provision, the Developer shall be deemed the owner of each declared unit which it has not conveyed but the Developer shall not be charged with an assessment on any units until a residence has been constructed upon such unit.

6.2 *Working Capital Assessment*

At the time a unit is first conveyed by the Developer to a unit owner, such owner shall pay to the Council (in addition to the regular annual assessment) a special assessment for working capital for the Council, the sum of Two Hundred Fifty Dollars (\$250.00) This sum is to be retained by the Council and is not returnable to the unit owner upon sale of the unit by the owner.

6.3 *Surplus Receipts*

The Council shall establish and maintain a reserve fund for replacements by the allocation and payment periodically to such reserve fund of an amount to be designated from time to time by the Board of Directors. Such funds shall constitute a Common Expense and shall be deposited in a special account with a lending institution, the accounts of which are insured by an agency of the United States of America. The reserve replacements may be expended only for the purpose of periodic maintenance, repair, and replacement of the Common Elements. The amounts required to be allocated to the reserve for replacements may be adjusted by appropriate resolution of the Board of Directors. Funds that comprise the Working Capital Assessment established under Section 6.2 of these By-Laws shall be transferred to the Council of Unit Owners for deposit with the funds that comprise the reserve replacements when control of the Council is transferred to the Unit Owners.

6.4 *Lien for Assessment and Reserve Fund*

(a) The assessment upon each unit owner shall be paid to the Treasurer, or as may otherwise be provided by the Council, provided, however, that in the event the budget adopted by the Council shall include an item for a reserve fund for capital improvements, repairs and/or replacement of capital facilities in the common elements of the Condominium, a proportionate amount of each assessment payment received by the Council applicable to the reserve fund item in the budget shall be received and held by the Council in trust, and shall be held by it separate and apart from other Council funds. Such trust funds shall be retained by the Council and used only for capital improvements and/or replacement of capital facilities in the common elements of the Condominium upon the approval of a majority vote of owners. Such trust funds shall be retained by the Council and used only for capital improvements and/or replacement of capital facilities in the common elements of the Condominium upon the approval of a majority vote of owners; except that in any fiscal year, the Council, by a majority vote of a quorum thereof, shall have authority to approve the use of up to twenty percent of said trust fund for such capital improvements and/or replacement of capital facilities.

(b) The amount of the annual assessment and any special assessment adopted by the Council shall be deemed and assessed as a lien upon the unit to which the assessment applies as of the beginning of the fiscal year, as to the annual assessment, and as of the date of the adoption of the assessment as to any special assessment. The annual assessment shall be payable in one annual installment. Any special assessment adopted by the Council shall be payable as determined by the Council when it adopts the special assessment. The annual assessment shall be due and payable thirty (30) days after the date upon which the annual assessment is determined and notice thereof is sent to each unit owner's last known address. After default in the payment of any assessment, the balance in full of such assessment, at the option of the Council, may be declared due and payable if not prohibited by Maryland law and in the event said assessment is not paid within thirty (30) days after written notice of the acceleration to the unit owner is given by certified mail, return receipt requested, to the address of the unit owner shown on the books of the Council, then in addition to all other remedies provided by law, the Council may establish and enforce a lien against the unit pursuant to the Maryland Contract Lien Act.

(c) If the payment of any assessment or installment thereof shall be in default for in excess of fifteen (15) days, the Council may impose interest at the rate of up to eighteen (18%) per annum on the unpaid assessment from the due date thereof as an additional assessment on the unit, plus a late charge of Fifteen Dollars (\$15.00) or one tenth (1/10) of the total amount of any delinquent assessment or installment, whichever is greater, provided a charge may not be imposed more than once for the same delinquent payment. In addition, the unit owner shall be liable for all costs of collecting any such assessment or any installment thereof, including reasonable attorneys' fees and court costs, if any, and all such costs and charges shall be deemed an additional assessment against the unit.

(d) If the Council shall record a Statement of Lien against a unit as allowed by law, the Statement shall be signed and verified by any of the President, Vice President, Secretary or Treasurer of the Council. If the Council has recorded a Statement of Lien as herein provided, and the amount necessary to release the Lien has not been paid at the time of any meeting of the Council, the owner of the unit against which the Lien has been filed shall be prohibited from voting at that meeting.

6.5 *Maintenance and Repair*

(a) Every owner must perform promptly all maintenance and repair work within his own unit and the limited common elements reserved for the use of that unit if the omission of such work would be detrimental to the Condominium or to any other unit. Any Unit Owner shall be liable to the Council for damage incurred by reason of the failure to perform such work. If such work is not commenced and thereafter diligently pursued to completion by the owner within ten (10) days after written demand therefor from the Council, (or immediately in the event of an emergency) then the Council may enter the unit and perform the work at the expense of the unit owner, which expense shall be assessed against the unit thirty (30) days after the work is completed and shall be due and payable thirty (30) days after receipt. Whether or not an emergency exists shall be subject to the sole determination of the President of the Council.

(b) All repairs, maintenance, painting and upkeep of installations of the unit, such as pipes, ducts, wires, conduits, electrical panels and other utility services serving only that unit, exterior and interior doors, walls, roofing, trim, including all landscaping within the unit, structural components and windows, frames, all door and window glass and all other accessories belonging to the unit shall be the owner's expense.

(c) An owner shall reimburse the Council for any expenditures incurred in repairing or replacing any common element or limited common element damaged through negligence or willful misconduct of such owner.

(d) Structural repairs within a unit or on the limited common elements shall be the responsibility of the unit owner. Structural repairs of the common elements shall be the responsibility of the Council as a common expense, unless the same shall be caused by the negligence or deliberate act of the individual unit owner or other persons residing in the unit with the unit owner's actual or implied consent or permission, in which case such expenses of repairs relating to such common elements shall be borne by and assessed against the individual unit owner, less the amount of any insurance benefits received by the Council on account thereof.

6.6 *Use of Condominium Units – Restrictions on Changes*

(a) An owner may not alter, make additions to, or change the appearance of the common elements, or the exterior appearance of a unit or any other portion of the Condominium, or subdivide a unit into more than one unit, or make any improvements or alterations to his unit that impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium, without having first notified the Council in writing and having first obtained in advance the written approval of the Council, which approval shall not be unreasonably withheld. This restriction applies to changes to improvements within the unit or limited common elements attributable to a unit. The Council shall have the obligation to approve or disapprove such proposal within sixty (60) days; failure to do so within the stipulated time shall be construed to mean that there is no objection to the proposed modification or alteration and that consent is granted.

(b) Subject to the provisions of § 11-111.2 of the Condominium Act and except for signs erected by the Developer, no advertisement, sign or notice shall be displayed so that it may be seen from the outside of any unit without the prior written consent of the Council. Granting or refusing consent shall be within the unrestricted discretion of the Council.

6.7 *Right of Entry*

Every owner does hereby grant the right of entry to any person authorized by the Council, in case of any actual or apparent emergency originating in or threatening his unit, whether the owner is present at the time or not, and at other times, upon reasonable notice, to enter the unit to make such structural or other repairs as the Council may reasonably deem necessary for the safety and benefit of the Condominium.

6.8 *Use of Common Elements*

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(a) Each unit owner shall have the right to reasonably enjoy the limited common elements pertaining to his unit to the exclusion of all others, but subject to the provisions of the Declaration, all restrictions of record, the reasonable rules and regulations adopted by the Council, these By-Laws and the laws of the State of Maryland.

(b) Each unit owner shall have the right to reasonably enjoy the general common elements of the Condominium in accordance with the ordinary and useful purposes for which they are intended and in common with all other unit owners. The Council may adopt rules and regulations further limiting the use and enjoyment of the general common elements.

ARTICLE VII
Amendment of By-Laws

These By-Laws may be amended by the Council at any duly constituted meeting, provided notice thereof shall specify the amendment to be voted on, and provided the same is approved by at least sixty-seven percent (67%) of the total votes appurtenant to all units in the Condominium.

ARTICLE VIII
Mortgagees

8.1 *Notice to Council*

An owner who mortgages his unit shall notify the Council of the name and address of his mortgagee; and the Council shall maintain such information in a book entitled "Mortgagees of Units." "Mortgagees" as used herein and in Section 8.2 of this Article VIII shall be construed to include any lender whose indebtedness is secured by a Deed of Trust or Mortgage recorded among the Land Records of Garrett County, Maryland.

8.2 *Rights of Mortgagees*

Except as provided by Statute in case of condemnation or substantial loss to the units and/or common elements of the Condominium regime, unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage owned) or owners (other than Developer) of the individual condominium units have given their prior written approval, the Council shall not be entitled to

(a) by act or omission seek to abandon or terminate the Condominium regime;

(b) change the pro rata interest or obligations of any individual Condominium unit for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or determining the pro rata share of ownership of each Condominium unit in the common elements;

(c) partition or subdivide any Condominium unit;

(d) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the common elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the common elements by the Condominium shall not be deemed a transfer within the meaning of this clause.);

(e) use hazard insurance proceeds for losses to any Condominium property (whether to units or to common elements) for other than the repair, replacement or reconstruction of such Condominium property).

8.3 *Unpaid Assessments*

The Council may report to a mortgagee of a unit any unpaid assessment due from the owner of the unit, and take such other steps as it may deem reasonable to give notice of the nonpayment of such assessment. Further, upon the request of any mortgagee of a unit, the Council shall give written notification to the mortgagee of any default by the mortgagor of such unit in the performance of such mortgagor's obligations under the Declaration, these By-Laws, and the related Condominium documents, which default is not cured within sixty (60) days.

8.4 *Examination of Books*

Owners, first mortgagees, insurers and guarantors of first mortgages of units shall have the right to examine the books and records of the Council during normal business hours or under other reasonable circumstances.

8.5 *Compliance with Law*

Whenever in the Declaration or these By-Laws approval of a mortgagee or mortgagees is required, such approval shall be necessary only to the extent it is required by or consistent with the Maryland Condominium Act.

ARTICLE IX

Compliance

These By-Laws are set forth to comply with the requirements of the laws of the State of Maryland. In case any of these By-Laws conflict with the provisions of said laws, the provisions of the laws will apply.

ARTICLE X

Principal Office of the Council - Resident Agent for the Condominium

The Council's mailing address shall be P.O. Box 211, McHenry, Maryland 21541. The Resident Agent for the Condominium is Debbie Feaster, whose address is Tripco Property

Management, P.O. Box 621, McHenry, Maryland 21541. Any successor Resident Agent shall be appointed by the Board of Directors.

ARTICLE XI
Insurance

11.1 *Authority to Purchase*

Commencing not later than the time of the first conveyance of a unit to a person other than the Developer, the Council shall maintain, to the extent reasonably available property insurance on the common elements and all improvements constructed upon the common elements insuring against those risks of direct physical loss commonly insured against, in amounts determined by the Council but not less than the amounts specified in these By-Laws. Inasmuch as the Unit Owner is responsible for the construction and maintenance of all improvements constructed inside the units and upon the Limited Common Elements appurtenant to such unit, it shall be the duty of the Unit Owner to carry property insurance on all improvements in the unit and on such Limited Common Elements as set out below. The obligation of the Council of Unit Owners to carry property insurance on each individual unit and appurtenant Limited Common Elements shall terminate at the time of sale by the Developer to the first purchaser. All insurance policies upon the Condominium property, excluding each unit, shall be purchased by the Council for the benefit of the unit owners and the mortgagees as their interest may appear, and shall provide for the issuance of certificates of insurance to the holders of any blanket mortgage on the Condominium or any individual unit mortgages. All property insurance policies maintained by the Council shall comply with the provisions of Section 11-114 of the Maryland Condominium Act, as amended.

11.2 *Coverage*

The improvements on the common elements shall be insured in an amount not less than that required by the Maryland Condominium Act, but at least for one hundred percent (100%) of the maximum insurable replacement cost thereof (exclusive of excavations and foundations) as determined annually by the insurance company issuing the policy therefor, or the amount of the Agreed Amount Endorsement accepted by such insurance company. Such coverage shall afford protection against

- (a) loss or damage by fire or other hazards covered by the standard extended coverage endorsement; and
- (b) such other risks as may be determined by the Council

11.3 *Public Liability Insurance*

Public liability and property damage insurance shall be obtained on the common elements in the Condominium in such amounts and in such forms as shall be required by the Maryland Condominium Act and the Council which, however, in no event shall be less than One Million

Dollars (\$1,000,000.00) for personal injury with respect to anyone accident or occurrence, and One Hundred Thousand Dollars (\$100,000.00) with respect to any claim for property damage.

11.4 *Workers' Compensation*

Workers' compensation or employer's liability insurance shall be obtained as necessary to meet the requirements of law.

11.5 *Scope of Insurance*

All liability insurance shall contain cross liability endorsements to cover liabilities of the Council as a group, its agents, servants and employees, and each individual unit owner.

11.6 *Premiums*

Premiums upon insurance policies purchased by the Council shall be paid by the Council and charged as a common expense.

11.7 *Council as Agent*

The Council is hereby irrevocably appointed agent for each unit owner, mortgagee of a unit, and for each owner for any other interest in the Condominium to adjust all claims arising under insurance policies purchased by the Council and to execute and deliver releases upon the payment of claims.

11.8 *Owners' Separate Insurance*

It is required that each Condominium unit owner obtain his/her own insurance policy on all of the improvements constructed within his/her Condominium Unit. Since no part of the improvements contained in any Unit are a part of the Common Elements of the Condominium, the general condominium policy will afford no protection for loss to any of the improvements contained within a unit. At or before the construction of any improvements within any Unit, the Unit Owner/Successor Developer shall submit to the Council of Unit Owners proof that the structure or structures to be erected within the Unit are covered by a policy of property insurance, providing standard coverage for loss in an amount at least equal to the reconstruction cost of the improvements when complete. At or before the closing of a subsequent sale of a Unit upon which improvements have already been constructed, the purchaser of such unit must provide the Council of Unit Owners with proof that such Unit is covered by a policy of property insurance, providing standard coverage for loss in an amount at least equal the reconstruction cost of the improvements. NOTICE IS HEREBY GIVEN THAT THE CONDOMINIUM MASTER INSURANCE POLICY REFERRED TO IN SECTION 11.1 OF THIS ARTICLE DOES NOT INSURE ANY IMPROVEMENTS TO ANY CONDOMINIUM UNIT AS SOLD BY THE DEVELOPER.

ARTICLE XII
Termination of Regime

The Condominium may be terminated only as permitted by Maryland law.

ARTICLE XIII
Insurance Proceeds

In case of fire or other casualty resulting in damage to any property insured by the Council, the insurance proceeds shall be applied to repair, restore and/or reconstruct the damaged property, and/or otherwise used, as provided by Maryland law, including, but not limited to, the provisions of Section 11-114(g) of the Maryland Condominium Act.

ARTICLE XIV
Ratification

A person, by purchase of a unit in the Condominium and making settlement therefor, does hereby ratify all actions taken by the Council prior to the date of purchase and settlement.

ARTICLE XV
House Rules

In order to assure the peaceful and orderly use and enjoyment of the Condominium, the Council may from time to time adopt, modify and revoke, in whole or in part, reasonable rules and regulations, to be called House Rules, governing the conduct of persons on or in the Condominium, as it may deem necessary, and such House Rules shall be binding upon all members of the Council and occupants and visitors to the Condominium. The procedures provided for by the Maryland Condominium Act shall apply to the House Rules for the Condominium.

ARTICLE XVI
Severability

Should any part, term or provision of these By-Laws be decided by a court of competent jurisdiction to be illegal or in conflict with any applicable law, the validity of the remaining portion or provisions shall not be affected thereby, but shall be valid and enforceable as the context permits.

The Council duly adopted these Amended and ReStated By-Laws at a Special Meeting on May 23, 2015.

COUNCIL OF UNIT OWNERS OF
THE GALLATIN WOODS CONDOMINIUM

By: 

James E. Edwards, Jr.
President