

TABLE OF CONTENTS

ARTICLE I.	IDENTIFICATION OF THE CONDOMINIUM AND DEFINITIONS.....	1
1.	<u>Identification of the Condominium</u>	1
2.	<u>Definition</u>	1
ARTICLE II.	ADMINISTRATION; APPLICABILITY	
1.	<u>Administration</u>	1
2.	<u>Applicability</u>	1
ARTICLE III.	CONDOMINIUM ASSOCIATION.....	2
1.	<u>Qualification</u>	2
2.	<u>Powers and Responsibilities</u>	2
3.	<u>Place of Meeting</u>	2
4.	<u>Annual Meeting</u>	2
5.	<u>Special Meeting</u>	2
6.	<u>Notices</u>	2
7.	<u>Voting</u>	3
8.	<u>Proxies</u>	3
9.	<u>Quorum</u>	3
10.	<u>Order of Business</u>	4
11.	<u>Conduct of Meeting</u>	4
ARTICLE IV.	BOARD OF DIRECTORS	4
1.	<u>Powers of Duties</u>	4
2.	<u>Managing Agent</u>	6
3.	<u>Number of Directors</u>	6
4.	<u>Election and Term of Office</u>	6
5.	<u>Annual Meeting</u>	6
6.	<u>Regular Meetings</u>	6
7.	<u>Special Meetings</u>	6
8.	<u>Waiver of Notice</u>	7
9.	<u>Telephonic Attendance Quorum; Voting</u>	7
10.	<u>Vacancies</u>	7
11.	<u>Removal of Directors</u>	7
12.	<u>Compensation</u>	7
13.	<u>Conduct of Meetings/Minutes</u>	8
14.	<u>Annual Report of the Board of Directors</u>	8
15.	<u>Fidelity Bond</u>	8
16.	<u>Liability of the Board of Directors</u>	8
17.	<u>Action Without Meeting</u>	9
18.	<u>Common or Interested Directors</u>	9
19.	<u>Board of Directors as Attorney-In-Fact</u>	9
20.	<u>Committees of Owners</u>	10
A.	<u>Establishment</u>	10
B.	<u>Authority</u>	10
C.	<u>Limitation on Powers</u>	10
D.	<u>Particular Committees</u>	10
1)	<u>Covenants Committee</u>	10
2)	<u>Facilities Committee</u>	10

ARTICLE V.	OFFICERS	
1.	<u>Designation</u>	11
2.	<u>Election of Officers</u>	11
3.	<u>Removal of Officers; Vacancies</u>	11
4.	<u>President</u>	11
5.	<u>Vice President</u>	11
6.	<u>Secretary</u>	11
7.	<u>Treasurer</u>	12
8.	<u>Compensation of Officers</u>	12
9.	<u>Agreements, Contract, Deeds, Checks</u>	12
ARTICLE VI.	OPERATION OF THE CONDOMINIUM	12
1.	<u>Determination of Common Expenses and Assessments</u>	12
A.	<u>Fiscal Year</u>	12
B.	<u>Annual Budget</u>	12
C.	<u>Assessment and Payment of Common Expenses</u>	13
D.	<u>Reserve Fund for Capital Improvements, Repairs, and Replacements</u>	13
E.	<u>Special Assessments</u>	13
F.	<u>Effect of Failure to Prepare or Adopt Annual Budget</u>	14
G.	<u>Accounts</u>	14
2.	<u>Payment of Common Expenses</u>	14
3.	<u>Collection of Assessments</u>	14
4.	<u>Statement of Unpaid Assessments</u>	15
5.	<u>Maintenance and Repair</u>	15
A.	<u>By the Association</u>	15
B.	<u>By the Unit Owner</u>	15
C.	<u>Manner of Repair and Replacement</u>	16
D.	<u>Unit Maintenance and Repair</u>	16
6.	<u>Additions, Alterations, or Improvements by the Association</u>	16
7.	<u>Additions, Alterations, or Improvements by the Unit Owners</u>	16
8.	<u>Restrictions on Use of Units and Condominium</u>	16
9.	<u>Limitation of Association Liabilities</u>	18
10.	<u>Right of Access</u>	19
11.	<u>Rules and Regulations</u>	19
12.	<u>Information to be Furnished Upon Unit Resale</u>	
ARTICLE VII.	INSURANCE, DESTRUCTION, RESTORATION, CONDEMNATION, AND DISTRIBUTION	20
1.	<u>Authority</u>	20
2.	<u>Coverage</u>	20
3.	<u>Limitations</u>	21
4.	<u>Notice of Insurance Coverage</u>	22
5.	<u>Individual Policies</u>	22
6.	<u>Insurance Trustee</u>	23
7.	<u>Covenants for Benefit of Mortgagees</u>	23
8.	<u>Reconstruction</u>	23
9.	<u>Condemnation</u>	24
10.	<u>Assessments if Insurance is Inadequate</u>	25
11.	<u>Disbursements</u>	25
12.	<u>Notification</u>	25
13.	<u>Premiums and Deductibles</u>	25
14.	<u>Secondary Market Entities</u>	25

ARTICLE VIII.	MORTGAGES	25
1.	<u>Notice to Board of Directors</u>	25
2.	<u>Notice of Unpaid Assessment</u>	26
3.	<u>Notice of Default</u>	26
4.	<u>Examination of the Books/Audit</u>	26
5.	<u>Rights of First Mortgagees</u>	26
ARTICLE IX.	NOTICE	27
1.	<u>Manner of Notice</u>	27
2.	<u>Waiver of Notice</u>	27
ARTICLE X.	AMENDMENT OF BY-LAWS	27
1.	<u>Amendment of By-Laws</u>	27
2.	<u>Approval of First Mortgagees</u>	27
ARTICLE XI.	COMPLIANCE AND DEFAULT	27
1.	<u>Relief</u>	27
A.	<u>Legal Proceedings</u>	28
B.	<u>Additional Liability</u>	28
C.	<u>Costs and Attorney Fees</u>	28
D.	<u>No Waiver of Rights</u>	28
E.	<u>Interest</u>	28
F.	<u>Abatement and Enjoinment of Violations by Unit Owners</u>	28
2.	<u>Lien for Contributions</u>	29
ARTICLE XII.	MISCELLANEOUS	30
1.	<u>Compliance</u>	30
2.	<u>Conflict</u>	30
3.	<u>Severability</u>	30
4.	<u>Waiver</u>	30
5.	<u>Captions</u>	30
6.	<u>Grammar</u>	30
7.	<u>President and Secretary as Attorneys-in-Fact</u>	30

CONDOMINIUM BY-LAWS

THE BADER, A CONDOMINIUM

ARTICLE I. IDENTIFICATION OF THE CONDOMINIUM AND DEFINITIONS

1. Identification of the Condominium.

The name and address of the Condominium is:

The Bader, a Condominium (the "Condominium")
2515 K St. NW
Washington, DC 20037

The Condominium was submitted to the provisions of the Act by a Condominium Declaration recorded January 26, 1981 as Instrument No. 2529 among the land records of the District of Columbia (hereinafter called the "Condominium Declaration") and by the Condominium Plat and Plans recorded January 26, 1981 in Condominium Book 27 at page 42 in the Office of the Surveyor for the District of Columbia \, said Condominium being situate on Lot 52 in Square 15 in the subdivision and made by The Bader Tenants Limited Partnership as per plat recorded in Liber 172 at folio 28 in the Office of the Surveyor for the District of Colombia.

These Condominium By-Laws are adopted pursuant to the District of Columbia Condominium Act of 1976 as amended \ (D.C. Law 1-89) and provide for the self-government of the Condominium. The name of the Unit Owners' Association is: The Bader Unit Owners' Association

2. Definitions.

All capitalized terms used in these By-Laws, which are not otherwise specifically defined herein, shall have the respective meanings set forth in the Declaration.

ARTICLE II. ADMINISTRATION; APPLICATION

1. Administration.

The administration and management of the Condominium and the actions of the Unit Owners, the Condominium Association and its Board of Directors and officers shall be governed by these By-Laws.

2. Applicability.

All present and future Unit Owners and their tenants, licensees, invitees, servants, agents, employees, and any other person or persons who are permitted to use the Condominium shall be subject to these By-Laws and the other Condominium Instruments and to the Rules and Regulations of the Association, Acquisition, rental, occupancy, or use of a Unit shall constitute the Unit Owner's tenant's, occupant's, and user's acceptance and ratification of, and the agreement to comply with, these By-Laws and other Condominium Instruments, and any Rules and Regulations now existent or hereafter adopted.

2ARTICLE III. CONDOMINIUM ASSOCIATION

1. Qualification.

All Unit Owners in the Condominium, acting as a group in accordance with the and the Condominium Instruments, shall constitute the Condominium Association, Any Unit Owner, upon acquiring title to his/her Unit, shall automatically become a member of the Association and shall remain a member thereof until such time as his/her ownership of such Unit ceases for any reason, at which time his/her membership in the Association shall automatically ceases, A person who holds any interest in a Unit solely as security for the performance of an Obligation shall not be a member of the Association.

2. Powers and Responsibilities.

The Association shall have the responsibility of administering the Condominium, establishing the means and methods of collection the contributions to the Common Expenses, arranging for the management of the Condominium, and performing all of the other acts that may be required by the Act or the Condominium Instruments to be performed by the Unit Owners' Association . Pursuant to Subsection 301(b) of the Act, and except as otherwise expressly provided in these By-Laws, the Declaration or as required by the Act, the powers and responsibilities assigned by the Act to the Condominium Association are delegated to the Board of Directors, as more particularly set forth in Article IV.

3. Place of Meetings

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

4. Annual Meeting

An annual meeting of the Association shall be held on the second Tuesday in October of each year or on such other day between the second Tuesday in October and the third Tuesday in November as the Board of Directors may designate. The annual meeting of the Association shall be held for the election of Directors and the conduct of such other business as may be properly brought before the meeting.

5. Special Meeting

The President shall call a special meeting of the Association upon the request of the Board of Directors or upon the written request of the Unit Owners owning Units to which 25% or more of the votes in the Association appertain.

6. Notices

The Secretary shall send a notice of meeting of the Association to each Unit Owner at least 21 days in advance of an annual meeting and at least 7 days in advance of any other meeting. The notice shall state the time, place, and purposes of the meeting.

The notice shall be either sent by United States mail to all Unit Owners of record at the address of their respective Units (and/or to such other addresses as any of them may have designated to the Secretary in writing) or hand-delivered by the Secretary, provided that the Secretary certifies in writing that the notice was delivered to the Unit Owner. The mailing or hand-delivery of a notice of meeting in the manner provided herein shall constitute service of notice.

7. Voting

A. Each Unit is allocated a number of votes in the Association equal to the Par Value assigned to that Unit in Section 9 of the Declaration and set forth in Exhibit B to the Declaration. A Unit Owner is entitled to cast the votes allocated to his/her Unit provided that such Unit Owner is current in the payment of his/her Assessments. Since a Unit Owner may be more than one person, if only one of such persons is present at meeting of the Association, that person shall be entitled to cast the votes allocated to that Unit. But if more than one of such persons is present, the votes allocated to that Unit shall be cast only in accordance with the agreement of a majority of them, and such agreement shall be conclusively presumed if any one of them purports to cast the votes allocated to that Unit without protest being made forthwith by any of the others to the person presiding over the meeting. Except where a greater number is required by the Act, the Declaration, or these By-Laws, a majority of the votes entitled to be cast by the Unit Owners present in person or by proxy at the beginning of such meeting is required to adopt decision at any meeting of the Association.

B. Anything to the contrary notwithstanding during any time that the Unit Owners' Association is the owner of any Condominium Unit, the votes in the Unit Owners' Association that pertain to the Condominium Unit shall be included in any calculation to determine the existence of a quorum at any meeting of the Unit Owners' Association, but otherwise shall be deemed to be cast in proportion to the affirmative and negative votes cast by all Unit Owners other than the Unit Owners' Association at any meeting.

C. The Board of Directors shall have the power to suspend the voting rights of any Unit Owner who is in arrears in the payment of an Assessment by more than thirty (30) days, and the suspension may remain in effect until the Assessment has been paid in full. The votes of such a person while suspended, shall not be deemed voters in the Association for any purpose, including the determination of a quorum or a necessary majority.

8. Proxies

The votes appertaining to any Unit may be cast pursuant to a proxy or proxies duly executed by or on behalf of the Unit Owner, or in cases where the Unit Owner is more than one person, by or on behalf of all such persons. No such proxy shall be revocable except by actual notice to the officer presiding over the meeting, given by the Unit Owner, or any of such persons constituting the Unit Owner, that it be revoked. Any proxy must be in writing and filed with the Secretary before the appointed time of the meeting. Any proxy shall be void if it is not dated, if the proxy purports to be revocable without notice, or if the signature of the person executing the proxy has not been witnessed by a person who shall sign his or her full name and address. A proxy shall terminate automatically upon the final adjournment of the first meeting held on or after the date of the proxy, but shall remain in effect during any recess or temporary adjournment of the meeting.

9. Quorum

The presence in person or by proxy of Unit Owners entitled to cast at least 25% of the votes in the Association shall constitute a quorum for the conduct of business. A quorum shall be deemed to be present throughout a meeting of the Association until adjournment if persons entitled to cast at least 25% of the votes are present in person or by proxy at the beginning of such meeting. If a meeting of the Unit Owners' Association cannot be held because a quorum is not present, the Owners holding a majority of the votes present at such a meeting, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight hours from the time the original meeting was called.

10. Order of Business

The order of business at a meeting of the Association shall be as follows: (i) proof of notice of meeting; (ii) roll call; (iii) reading of minutes of preceding meeting; (iv) reports of officers; (v) reports of committees; (vi) election of inspectors of election, if applicable; (vii) election of directors, if applicable; (viii) unfinished business; and (ix) new business.

11. Conduct of Meeting

The President shall preside at meetings of the Association and the Secretary shall keep the minutes of meetings. Roberts of Rules of Order Newly Revised shall govern the conduct of all meetings of the Association when not in conflict with the Act or the Condominium Instruments.

ARTICLE IV. BOARD OF DIRECTORS

1. Powers and Duties

The Board of Directors is the executive and administrative entity designated to act for the Association in governing the Condominiums, and is an "Executive Organ" or "Executive Board" within the meaning of Section 102(m) of the Act. The affairs and business of the Association shall be managed by the Board of Directors, which shall have all of the powers and duties necessary thereto. The Board of Directors may delegate to a director or officer, subject to the continuing control of the Board, the authority to act on behalf of the Board of Directors with respect to matters relating to the duties of the Managing Agent. In addition to other powers and the duties provided for in these By-Laws or by resolution of the Association, the Board of Directors shall have the power and duties to:

A. Prepare and adopt an annual budget for the Condominium in which there shall be established the contribution of each Owner to the Common Expenses.

B. Make and collect assessments against the Unit Owners to defray the Common Expenses, establish the methods of collecting such assessments from the Unit Owners, and establish the period of the installment payments of the annual assessment. Unless otherwise determined by the Board of Directors, the annual assessment against each Unit Owner for his/her proportionate share of the Common Expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month.

C. Provide for the operation, care upkeep, maintenance, and surveillance of the Common Elements and for services to the Condominium and for service to Unit Owners. Reasonable charges may be imposed for services provided or facilities made available to a Unit Owner or resident, including, but not restricted to, facilitating move-in or move-out, providing resale documentation, and performing maintenance or repairs which are the responsibility of the Unit Owner.

D. Designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Elements and Units, and where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be the property of the Association.

E. Make and amend Rules and Regulations respecting the use of the Condominium; provided, however, that the Unit Owners may rescind any Rule or Regulation at a special meeting of the Association called for that purpose.

F. Establish bank accounts for the Association.

G. Contract for the repair, additions, and improvements to, or alteration of, the Condominium and for the restoration of the Condominium, in accordance with the other provisions of the By-Laws, after damage or destruction by fire or other casualty.

H. Enforce by legal means the provisions of the Declaration, these By-Laws, and the Rules and Regulations and institute, maintain, and defend proceedings and actions brought on behalf of or against the Association.

I. Maintain insurance required by Article VII of these By-Laws..

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

K. Keep the books of the Association with detailed accounts of the receipts and expenditures affecting the Condominium, specifying all expenses incurred including prepaid expenses.

L. Purchase Units on behalf of the Association and sell or lease any such Unit.

M. Enforce obligations of Unit Owners, allocate Common Profits and Common Expenses, and take such other actions as may be necessary or proper for the sound management of the Condominium. The Board of Directors shall have the power to levy reasonable fines not to exceed \$300 against Unit Owners, after giving them written notice and an opportunity to explain, for violations of the Declaration, these By-Laws and/or Rules and Regulations. For each day that a violation continues, after written notice, it shall be considered a separate violation. Collection of fines may be enforced against a Unit Owner as if the fines were an assessment for Common Expenses owed by the Unit Owner. If a Unit Owner persists in violating these By-Laws and/or Rules and Regulations, the Board of Directors may require him/her to post bond, satisfactory to it, to secure future compliance with these By-Laws and/or Rules and Regulations.

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

O. Do such things and acts (not inconsistent with the Condominium Act and with the Condominium Instruments) which may be authorized by the Mortgagee to send such notice.

P. Notify the Mortgagee of any Condominium Unit of any default by the Owner of such Condominium Unit whenever requested in writing by the Mortgagee to send such notice.

Q. Invest the funds of the Condominium in federally insured instruments of deposit (such as certificates of deposit), money market instruments (such as money market certificates of deposit and treasury bills), investment grade tax-free municipal bonds, or other instruments of equivalent or greater security, but specifically excluding common or preferred stocks, in such amounts and for such terms as the Board of Directors deems appropriate, and properly account for any and all such funds so invested.

2. Managing Agent

The Board of Directors may employ for the Association a professional Managing Agent, at compensation fixed by the Board of Directors, to perform such duties as the Board of Directors may authorize. The Board of Directors may delegate to the Managing Agent all of the powers and duties delegated to the Board of Directors by these By-Laws, provided that any actions by the Managing Agent with respect to the powers set forth in Paragraphs A, B, E, and M (insofar as it authorizes levying fines) of Section 1 of this Article IV shall require the written consent of the Board of Directors to be binding upon the Unit Owners; and provided further that any actions by the Managing Agent with respect to the powers set forth in paragraphs F, H, and Q of said Section 1 shall require the prior written consent of the Board of Directors. Any agreement with the Managing Agent shall be in writing and shall provide for a one-year original term renewable thereafter on a yearly basis. Such agreement may, however, be canceled by the Board of Directors or the Managing Agent without cause and without payment of a termination fee, upon 90 days written notice given at any time. The Board of Directors shall not employ any new Managing Agent without 30 days' prior written notice to the First Mortgagees, if required by such First Mortgagees.

3. Number of Directors

The number of directors which constitutes the Board of Directors is seven (7).

4. Election of Term of Office

Except as otherwise provided in Paragraphs A and B of Section 5 of Article III hereof, the Directors shall be elected at the annual meeting of the Association, to serve until their successors have been elected and qualified. The term of office of the Directors shall be staggered and shall be fixed for two (2) years, except that three (3) of the Directors shall be elected for one (1) year terms at the first annual meeting of the Association following adoption of this provision. The Directors who shall serve one (1) year terms shall be those gaining the least votes, any ties to be broken by lot. A Director must be both a Unit Owner and a resident of the Condominium, a person shall cease to be a Director if he/she ceases to be either a Unit Owner or a resident.

5. Annual Meeting

An annual meeting of the Board of Directors shall be held within thirty (30) days after the annual meeting of the Association. Notice by the President at least 48 hours in advance, personally or by mail or telephone or telegraph, shall be necessary to each Director (including the newly elected Directors).

6. Regular Meetings

Regular meetings of the Board of Directors shall be held at such time and place as shall be determined from time to time by the Board of Directors, but at least one meeting shall be held in each quarter of each fiscal year. Notice of regular meetings of the Board of Directors shall be given by the President to each Director, personally or by mail or telephone or telegraph, at least 48 hours prior to the time of the meeting, but no notice shall be required if meetings are held at a regularly scheduled time fixed in advance by the Board of Directors.

7. Special Meetings

Special meetings of the Board of Directors may be called by the President on 48 hours' notice to each Director. Such notice shall be given personally or by mail or telephone or telegraph. Special meetings of the Board of Directors shall be called by the President or the Secretary in like manner and on like notice on the written request of at least two Directors.

8. Waiver of Notice

Notice of a meeting of the Board of Directors may be waived in writing by a Director either before or after the meeting. Attendance at a meeting, other than for the express purpose of protesting lack of notice, constitutes waiver of notice of that meeting.

9. Telephonic Attendance; Quorum; Voting

A. Any Director may participate in a meeting of the Board of Directors or any committee thereof by means of conference telephone or by any means of communications by which all persons participating in the meeting are able to hear one another, and such participation shall constitute presence in person at the meeting.

B. A quorum shall be deemed to be present throughout any meeting of the Board of Directors if a majority of the entire Board of Directors are present at the beginning of such meeting. Each Director shall have one vote. Unless otherwise provide by the Act or the Condominium Instruments, the votes of a majority of the Directors present at a meeting at which there is a quorum shall constitute the decision of the Board of Directors. If less than a quorum is present at a meeting the majority of those present may adjourn the meeting to a designated time and place. An adjourned meeting may be held as designated without further notice, and when a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

10. Vacancies

A vacancy on the Board of Directors caused by any reason other than removal of a Director by a vote of the Association, shall be filled by a vote of the majority of the remaining Directors, even though they constitute less than a quorum, and each person so elected shall serve the remaining period of his/her predecessor's term and until his/her successor is elected and qualified. A vacancy occurring on the Board of Directors by reason of the removal of a Director by a vote of the Association shall be filled by the Association at an annual meeting or at a special meeting called for that purpose.

11. Removal of Directors

A. A Director may be removed with or without cause, and his/her successor elected at a meeting of the Association, at which a quorum is present, by a majority if the votes cast. Any Director whose removal has been proposed shall be given at least seven (7) days' notice of the calling of the meeting and the purpose thereof, and opportunity to be heard at the meeting.

B. Any Director who fails to attend three (3) consecutive regular meetings of the Board of Directors without adequate justification may be removed from the Board at the discretion of the other Directors.

12. Compensation

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

13. Conduct of Meetings/Minutes

The President shall preside at meetings of the Board of Directors. The Secretary shall keep the minutes of the proceedings and ensure that they are distributed to each Unit Owner by mail or hand delivery. Every member of the Association has the right to inspect the minutes of all Board meetings.

14. Annual Report of the Board of Directors

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

15. Fidelity Bonds

The Board of Directors shall require that all Directors, officers, trustees, volunteers, agents, (including the Managing Agent), and employees of the Association handling or having responsibility for funds be bonded by adequate fidelity bonds or insurance. The fidelity bonds or insurance shall designate the Association as a named insured and, if obtainable, shall be written in an amount sufficient to provide protection which shall be not less than one and one-half times the Association estimated annual operating expenses and reserves, unless a larger amount is required by the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or any other secondary mortgage marketing agency. The premiums on such fidelity bonds or insurance shall constitute a Common Expense. The fidelity bonds or insurance shall include a provision that requires at least 10 days' written notice to the Association before the fidelity bonds or insurance can be canceled or substantially modified for any reason.

16. Liability of the Board of Directors

A. Directors shall not be liable to the Association or the Unit Owners for mistakes of judgment or for negligence not amounting to wilful misconduct or bad faith.

B. Subject to the conditions and prerequisites set forth below, the Association shall indemnify and hold harmless each of the Directors from and against all liability to others arising out of any contracts or any actions, or omissions made or taken by the Board of Directors on behalf of the Association or the Unit Owners, unless such contract, action, or omission was made or taken in bad faith or contrary to the provisions of the Condominium Instruments. The Directors shall not be personally liable for any contract made by them on behalf of the Association or the Unit Owners. The liability of any Unit Owner arising out of any contract made by the Board of Directors or arising out of the indemnification of the Directors shall be limited to that proportion of the total liability thereunder (determined after taking into account any available insurance) as his/her Percentage Interest bears to the Percentage Interest appertaining to all Units and shall be further limited by the provisions of Section 309(d) of the Act. Subject to the conditions and prerequisites set forth below, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding by reason of the fact that he/she is or was a Director of the Association against reasonable expenses (including attorney's fees), judgements, fines and reasonable amounts paid in settlement incurred by him/her in connection with such action, suit, or proceeding if he/she acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interest of the Association; provided that such person shall give timely written notice to the Association of any such action, suit, or proceeding and shall not enter into any settlement thereof without giving the Association prior written notice of his/her intent to do so and without obtaining the Association's prior written approval to do so.

C. Any person who is to be indemnified by the Association as provided above shall be represented by counsel for the Association, unless or until said counsel determines that such person shall be represented by other counsel.

D. If any action, suit, or proceeding against any such person is settled by payment of a sum of money, such sum shall be paid by the Association, unless the Board of Directors determines with the advice of counsel for the Association that the actions or omissions of such persons which form the basis of the action, suit, or proceeding did not meet the standards of conduct set forth above.

E. The provisions of this Section shall also apply to each office, past or present, of the Association.

17. Action Without Meeting

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

18. Common or Interested Directors

A. The Directors shall exercise their powers and duties in good faith and with a view to the interest of the Association and consistent with the purposes set forth in the Declaration.

B. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm, entity, or association in which one or more of the Directors are directors or officers or are pecuniarily or otherwise interested, shall be either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, if either of the conditions specified in one of the following subparagraphs exists:

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

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

C. Common or interested Directors may be counted in determining the presence of a quorum at any meeting of the Board of Directors or committee thereof which authorizes, approves, or ratifies any contract or transaction. However, such Directors may not vote thereat to authorize any such contract or transaction.

19. Board of Directors as Attorney-In-Fact

The Board of Directors is hereby irrevocably appointed an attorney-in-fact for the Unit Owners of all the Units, and for each of them, to manage, control, and deal with the interests of such Unit Owners in the Common Elements of the Condominium so as to permit the Board of Directors to fulfill all of its powers, function, and duties under the provisions of the Act, the Declaration, and these By-Laws, and to exercise all of its rights thereunder and to deal with the Building upon its destruction and the proceeds of any insurance indemnity as hereinafter provided. This power shall include but shall not be limited to, the right to represent the Association and all Unit Owners in any proceedings, negotiations, settlements, or agreements, relating

to any losses or proceeds from condemnation, destruction, or liquidation of all or a part of the Condominium or from the termination of the Condominium, and the right to grant easements and licenses from time to time affecting the Common Elements with respect to sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, underground conduits, or such other purposes related to the provision of public utilities or as may be considered necessary or appropriate by the Board of Directors for the preservation of the health, safety, convenience, or welfare of the Unit Owners of the Units, or any of them. The foregoing shall be deemed to be a power coupled with an interest, and the acceptance by any person or entity of any interest in any Unit shall constitute an appointment of the Board of Directors as attorney-in-fact, as aforesaid, This power shall be in addition to any authority to grant easements or licenses given to the Board of Directors in the Act, in the Declaration, or in these By-Laws.

20. Committee of Owners

A. Establishment. The Board of Directors may establish such committees of owners as it deems useful to assist it in its functions, consisting of three or more Unit Owners appointed by the Board of Directors, each to serve for a term of one year, in order to

- 1) provide for visual harmony and soundness of repairs;
- 2) further the comfort of the Unit Owners, their guest and tenants; and
- 3) promote the general welfare and safety of the condominium community.

B. Authority. Any committee shall have such duties, power and authority as the Board of Directors may from time to time provide by resolution. The Board of Directors may relieve any committee of any of its duties, powers and authority either generally or on a case by case basis. A committee shall carry out its duties and exercise its powers and authority in the manner proved for in the Rules and Regulations or by the Board of Directors.

C. Limitation on Powers. Any action, ruling or decision of any committee may be appealed to the Board of Directors by any party deemed by the Board of Directors to have standing as an aggrieved party and the Board of Directors may modify or reverse any such action, ruling or decision.

D. Particular Committee. Among the committees the Board may establish are the following:

1) Covenants Committee. The Committee shall enforce the mutual covenants of Unit Owners and shall, within that function, regulate the repair, improvement and exterior appearance of individual Units, insofar as these affect the Common Elements or the interest of other Unit Owners. The Covenants Committee shall have the power to issue cease and desist request to a Unit Owner, his guest, invitee, or lessees whose actions are inconsistent with the provisions of the Act, the Condominium Instrument or the Rules and Regulations (upon petition of any Unit Owner or upon its own motion). The Covenants Committee shall form time to time, as required, provide interpretations of the Condominium Instrument and Rules and Regulations when requested to do so by a Unit Owner or the Board of Directors.

2) Facilities Committee. The Facilities Committee shall regulate and determine the external design, appearance, use and maintenance of the Common Elements in accordance with standards and guidelines adopted by the Board of Directors.

ARTICLE V. OFFICERS

1. Designation

The principal officers of the Association are a President, a Vice President, a Secretary, and a Treasurer. The Board of Directors may appoint assistant secretaries and an assistant treasurer. All officers except an assistant secretary or assistant treasurer must be members of the Board of Directors.

Two offices may be held by the same person, except that the President shall not hold any other office; provided, no one officer shall execute, acknowledge, or verify any instrument in more than one capacity.

2. Election of Officers

The officers of the Association shall be elected by the Board of Directors from among its members at its annual meeting to serve until successors have been elected and qualified. The term of office of the officers shall be fixed for one (1) year.

3. Removal of Officers; Vacancies

An officer may be removed with or without cause at a meeting of the Board of Directors, at which a quorum is present, by a majority of the votes cast. Any officer shall cease to be an officer at such time as he/she ceases to be either a Unit Owner or a resident of the Condominium. A vacancy in the office of President shall be automatically filled by the Vice President. Any vacancy in any other office caused by any reason shall be filled by the Board of Directors within 30 days at a regular or special meeting of the Board for that purpose.

4. President

The President is the chief executive officer of the Association; he/she shall preside at meetings of the Association and the Board of Directors and shall be an ex-officio member of all committees; he/she shall have general and active management of the business of the Association, subject to the control of the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President shall have the power to appoint committees from among the Unit Owners from time to time as he/she may in his/her discretion decide.

5. Vice President

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

6. Secretary

The Secretary shall attend all meetings of the Board of Directors and the Association and shall record the voting and the minutes of all proceedings in a book to be kept by him/her for that purpose. He/she shall give notice of meetings of the Association and the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary shall compile and keep current, at the principal office of the Condominium, a complete record of the Unit Owners, and their last known post office addresses. This records of Unit Owners shall be open to inspection by all Unit Owners at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the minutes book of the proceedings of the Association, the Board of Directors, and committees. An assistant secretary shall perform the duties and exercise the powers of the Secretary in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe. Wherever these By-Laws require the Secretary to do an act, the Secretary may delegate that the required act is done.

7. Treasurer

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

8. Compensation of Officers

No officer shall receive any compensation from the Association for acting as such, but each shall be reimbursed for all reasonable out-of-pocket expenses incurred by him/her in the proper performance of his/her duties.

9. Agreements, Contracts, Deeds, Checks

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

ARTICLE VI. OPERATION OF THE CONDOMINIUM

1. Determination of Common Expenses and Assessments Against Unit Owners

A. Fiscal Year

The fiscal year of the Condominium is the calendar year; provided, that the fiscal year may be changed by resolution of the Board of Directors at its discretion.

B. Annual Budget

At least sixty (60) days before the end of each fiscal year, the Board of Directors shall adopt an annual budget for the Condominium for the succeeding fiscal year (hereinafter called the "Annual Budget"). The Annual Budget shall contain an estimate of the amount necessary to pay the Common Expenses for the applicable fiscal year in a reasonably itemized form and a statement of the amount of the Common Expenses payable by each Unit Owner. Common Expenses shall include the amounts necessary to create and maintain the reasonable reserves authorized by Paragraph D of this Section 1. The Board of Directors shall send to each Unit Owner at least (30) days prior to the commencement of each fiscal year a copy of the Annual Budget for that fiscal year.

C. Assessment and Payment of Common Expenses

The total amount of the estimated funds required to pay the Common Expenses of the Condominium set for in the Annual Budget adopted by the Board of Directors for the fiscal year shall be assessed against each Unit in proportion to its respective Percentage Interest, and shall be a lien against each Unit Owner's Unit as of the first day of the fiscal year to which such Annual Budget applies.

A Unit Owner shall be personally liable for all lawful Assessments, or installments thereof, levied against his/.her Unit which become due while he/she is the owner of a Unit; and this liability of the Unit Owner is in addition to the lien for assessments in favor of the Association on the Condominium Unit created by the Act. On or before the first day of each fiscal year, and the first day of each of the succeeding 11 months in such fiscal year, each Unit Owner shall be obligated to pay to the Board of Directors or Managing Agent (as determined by the Board of Directors), one-twelfth of the Assessment for such fiscal year. Within 60 days after the end of each fiscal year, the Board of Directors shall send to each Unit

Owner an itemized accounting of the Common Expenses actually incurred and paid for such fiscal year, together with an itemized statement of the amounts collected pursuant to the Assessment adopted by the Association for such fiscal year, any delinquencies in payment of assessments, the amount of any surplus or deficit and the amount of the reserves. Common Profits in excess of Common Expenses (including reserves) as of the end of a fiscal year shall be returned to the Unit Owners, credited against the Assessments due from the Unit Owners under the Annual Budget for the next succeeding fiscal year, in proportion to the Percentage Interest of their respective Units, or be added to reserve accounts, as may be determined by the Board of Directors. Any amounts returnable or creditable under the preceding provision to Owners who are delinquent in Assessments, shall first be applied against any such delinquency,

D. Reserve Fund for Capital Improvements, Repairs and Replacements

The Board of Directors shall establish and maintain a reasonable fund for capital improvements and for maintenance, repairs, and replacements, by providing for a reserve fund in the Annual Budget, segregating such reserve fund on the books of the Condominium, and allocating and paying monthly to such reserve fund one-twelfth of the total amount budgeted for such reserve fund for the current fiscal year. The portion of the Unit Owner's Assessment paid into such reserve fund shall be conclusively deemed to be contributions to the capital of the Condominium by Unit Owners. Such reserve fund may be expended for the purposes of capital improvements and replacements, and maintenance and repairs. If for any reason, including nonpayment of any Unit Owner's Assessment, such reserve fund is inadequate to defray the cost of a required capital improvement or replacement, the Board of Directors may at any time levy an additional Assessment against the Unit Owners in proportion to the respective Percentage Interest of their Units, payable into such reserve fund in a lump sum or in installments as the Board of Directors may determine. The Board of Directors shall give notice of any such further assessment on the Unit Owners by a statement in writing giving the amount and reasons therefore, and such additional Assessments shall become due and payable, unless otherwise specified in the notice, with the next monthly Assessment payment which is due more than 10 days after the delivery or mailing of such notice of additional Assessment. All Unit Owners shall be obligated to pay the adjusted monthly amount or, if the additional Assessment is not payable in installments, the amount of such Assessment.

E. Special Assessments

(i) In addition to the Assessments authorized above, the Board of Directors may levy, as a contribution to the capital of the Condominium, a special Assessment for the purpose of defraying the cost of any unexpected repair or other nonrecurring contingency, or to meet any deficiencies occurring from time to time. The fund resulting from such special Assessment shall be segregated on the books of the Condominium and expended solely for the purposes for which it was assessed. Any such special Assessments shall be assessed in the manner set for in Paragraph D of this Section with respect to additional Assessments payable to the reserve fund for replacements.

F. Effect of Failure to Prepare or Adopt Annual Budget

The failure or delay of the Board of Directors to adopt the Annual Budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay his/her allocable share of the Common Expenses as herein provided, whenever the same shall be determined, and in the absence of an Annual Budget or adjusted Annual Budget, each Unit Owner shall continue to pay a monthly Assessment at the rate established for the preceding fiscal year until a monthly Assessment is adopted under such new Annual Budget or adjusted Annual Budget and notice thereof has been sent to the Unit Owner.

G. Accounts

All amounts collected by the Board of Directors with respect to Assessments against the Unit Owners may be commingled in a single fund, but shall be held for each Unit Owner in accordance with his/her Percentage Interest.

2. Payment of Common Expenses

All Unit Owners shall be obligated to pay the Assessment for the Common Expenses adopted by the Association pursuant to Section 1 of this Article VI. No Unit Owner may exempt himself/herself from liability for his/her contribution toward Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his/her Unit. No Unit Owner shall be liable for the payment of any part of the Common Expenses assessed against his/.her Unit subsequent to a sale transfer, or other conveyance by him/her of such Unit. The purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid Assessments against the latter for his/her proportionate share of the Common Expenses up to the time of the conveyance, without prejudice to the purchaser's right to recover from the selling Unit Owner the amounts paid by the purchaser therefore; provided, however, that any purchaser shall be entitled to a statement from the Board of Directors, or the Managing Agent, setting forth the amount of the unpaid Assessments against the selling Unit Owner and such purchaser shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid Assessments in excess of the amount therein set forth; and provided, further, that if a First Mortgage of record or any other purchaser of a Unit obtains title to the Unit as a result of foreclosure or deed (or assignment) in lieu of foreclosure or a first mortgage, such purchaser, its successors, and assigns shall not be liable for, and such Unit shall not be subject to, a lien for the payment of any Assessments, or installments to the foreclosure sale, conveyance, or assignment. Such unpaid Assessments due and payable prior to the assignment shall be collectible from all Unit Owners, including the purchaser, in proportion to their respective Percentage interest.

3. Collection of Assessments

The Board of Directors shall take prompt action to collect any Assessments for Common Expenses due from any Unit Owner which remain unpaid for more than 15 days after the due date for the payment thereof. In addition, the Board of Directors may, in its discretion, impose upon and collect from any such unit Owner (i) a penalty or penalties in connection with any such Assessment which remains unpaid for more than 15 days.; (ii) interest upon any such unpaid Assessment, the interest being set for the following year at 2 percentage points over the prime interest rate as published in the Wall Street Journal or successor paper on the first banking day in October, with the interest accruing from the fifteenth day after the due date thereof; and (iii) attorneys fees and legal costs expended by the Association in connection with efforts to collect such unpaid Assessment, whether or not legal proceedings are initiated in connection with such unpaid Assessment. The collection of such penalties, interest, and attorneys' fees and costs may be enforced against a Unit Owner and his/her Unit as if they constituted an Assessment for Common Expenses.

4. Statement of Unpaid Assessments

A. Upon written request to the Board of Directors by a Unit Owner or purchaser, the Board of Directors or a duly designated agent or the Managing Agent thereof, shall furnish (within the time period prescribed by the Act) a recordable statement setting forth the amount of unpaid Assessments, if any, currently levied against the Unit for which such information was requested.

B. The Board of Directors may impose a reasonable fee for each such statement requested and payment thereof shall be a prerequisite to the issuance of a statement.

5. Maintenance and Repair

A. By the Association

The Association acting through the Board of Directors, shall be responsible for the maintenance, repair, and replacement of the following, the cost of which shall be charged to all Unit Owners as a Common Expense.

- (i) The General Common Elements, whether located inside or outside of the Units.
- (ii) All portions of the Units which contribute to the support of the Building, excluding, however, the surfaces of all walls, floors, and ceilings of a Unit.
- (iii) Incidental damage caused to a Unit by such work done by the Association; and
- (iv) The maintenance of the exterior surface of the front door of each Unit.

This Paragraph A shall not relieve a Unit Owner of liability for damage to the Common Elements caused by the Unit Owner's negligence or intentional torts.

B. By the Unit Owner

Except for the portions of his/her Unit required to be maintained, repaired, and replaced by the Association, each Unit Owner's responsibility shall include but not be limited to the maintenance, repair, and replacement, at his/her own expense, of the following any interior walls; interior surfaces of ceiling, walls, and floor; door locks and hardware; windows and lighting fixtures; kitchen and bathroom fixtures, appliances, and equipment; and those parts of the heating, air conditioning and plumbing systems which are wholly contained within his/her Unit and serve no other Unit. Each Unit owner shall keep the interior of his/her Unit and its equipment 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 the Unit. In addition, each Unit Owner shall be responsible for all damage to any and all other Units or the Common elements resulting from his/her failure to make any of the repairs required to be made by him/her by this Section.

Each Unit Owner shall perform his/her 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, the Managing Agent, or Manager any defects or need for repairs for which the Association is responsible.

Each Unit Owner shall maintain those areas of a Unit exposed to public view in good condition in conformity with the dignity and character of the Condominium.

C. Manner of Repair and Replacements

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

D. Unit Maintenance and Repair

The Board of Directors shall be permitted to allow employees of the Association to perform maintenance and repairs to units.

6. Additions, Alterations, or Improvements by the Association

Whenever in the judgement of the Board of Directors the Common Elements shall require additions, alterations, or improvements costing in excess of \$25,000 or 10% of the Annual Budget, whichever is greater during any period of twelve consecutive months, and the making of such additions, alterations, or improvements shall have been approved by a majority of the Unit Owners, the Board of Directors shall proceed with such additions, alterations, or improvements and the cost thereof shall constitute part of the Common Expenses. Additions, alterations, or improvements costing less than \$25,000 or 10% of the Annual Budget, whichever is greater 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 part of the Common Expenses. Notwithstanding the foregoing, if, in the opinion of not less than 80% of the members of the Board of Directors, any such additions, alterations, or improvements are exclusively or substantially exclusively for the benefit of one or more Unit Owners requesting the same, such requesting Unit Owner(s) shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

7. Additions, Alterations, or Improvements by Unit Owner

No Unit Owner shall make any structural addition, alteration, or improvement in or to his/her Unit without the prior written consent to the Board of Directors. No Unit Owner shall paint or alter the exterior of the Building, including the doors and windows or the exterior of the Unit's entrance doors without the 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 (by painting or otherwise) in such Unit Owner's Unit within forty-five (45) days after such request, and its failure to do so within the stipulated time shall constitute a consent of the Board of Directors to the proposed addition, alteration, or improvement. The Board of Directors may condition its consent upon such terms and conditions as it deems to be desirable or necessary to protect the Condominium and its use and enjoyment. Any application to any governmental authority for a permit to make an addition, alteration, or improvement in or to any Unit shall be executed by the Board of Directors only, without however incurring any liability on the part of the Board of Directors or any of them to any contractor, subcontractor, or material person on the account of such addition, alteration, or improvement, or to any person having any claim for injury to such person or damage to property arising therefrom. The provisions of this Section 7 shall not apply to a Unit Owner's painting, wallpapering, paneling, or making other like improvements to the interior of his/her own Unit which (a) do not affect the structural integrity of the Building and (b) do not require a governmental permit.

8. Restrictions on Use of Units and Condominium

A. The Board of Directors is authorized to promulgate, amend, and enforce the Rules and Regulations concerning the operation and use of the Condominium; provided, that such Rules and Regulations are not contrary to or inconsistent with the Act, the Declaration, or these By-Laws. A copy of the Rules and Regulations shall be furnished by the Board of Directors to each Unit Owner prior to the time the same becomes effective.

B. The use and occupancy of the Condominium is subject to the following restrictions:

(i) No Unit Owner or other resident of the Condominium shall post any advertisements or posters of any kind in or on the Condominium, except as authorized by the Board of Directors.

(ii) All Units shall be used only for private residential purposes, except for such temporary other uses as may be permitted by the Board of Directors. A Unit may, as an accessory use, be used for a "home occupation" as that term is defined in the zoning regulations of the District of Columbia provided that such use shall not unduly interfere with the comfort, safety or quiet enjoyment of another Owner or the orderly management of the Condominium. No activity shall be done or maintained in any Unit or upon any of the Common Elements which will not be in conformity with the zoning regulations of the District of Columbia.

(iii) No clothing, laundry, sheets, rugs, or wash shall be hung from or spread upon any window or exterior portion of a Unit or in or upon any Common Element (except for any designated laundry room). All refuse and trash shall be deposited in bins designated for such purposes.

(iv) Only recognized standard window treatments, such as shades, blinds, and draperies, shall be permitted upon any window; the installation, placement, hanging or spreading of anything else upon any window is prohibited. Seasonal decorations which are not permanently attached and do not mar or disturb any Common Element shall be permitted on Unit windows and the exteriors of Unit entrance doors.

(v) Any Unit Owner or resident who keeps or maintains a pet shall be responsible and may be assessed by the Board of Directors for any costs incurred by the Condominium in enforcing the Rules and Regulations prescribed or to be prescribed by the Board of Directors for the control and regulation of pets in the Condominium.

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

(vii) No nuisances shall be allowed in the Condominium nor shall any use or practice be allowed which is a source of annoyance to its residents or which interferes with the peaceful possession or proper use of the Condominium by its residents.

(viii) No Unit Owner, resident, or lessee shall install wiring for electrical or telephone installation, television antennae, or other equipment, which protrudes through the walls or the roof of the Building or is otherwise visible on the exterior of the Building, except as presently installed or as authorized by the Board of Directors.

(ix) No Unit or Common Elements of the Condominium may be used for any unlawful purpose.

(x) A Unit Owner or resident shall not place or cause to be placed in the public hallways, walkways, alleyways, or other Common Elements any bicycles, furniture, packages, or objects of any kind. The public hallways, walkways, and alleyways shall be used for no purpose other than for normal transit through them.

(xi) Except as authorized by the Board of Directors, no Unit Owner, resident, or lessee shall direct or engage any employee of the Condominium on any private business of such Unit Owner, resident or lessee, nor shall he/she direct, supervise or in any manner attempt to assert control over any such employee or over any contractor acting under a contract or agreement with the Association.

(xii) No activity shall be done or maintained in any Unit or upon any Common Elements which will increase the rate of insurance on any Unit or the Common Elements or result in the cancellation of insurance thereon, unless such activity is first duly approved in writing by the Board of Directors.

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

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

(xv) A Unit Owner may lease his/her Unit only for a term of not less than six (6) months, unless granted an exception in writing by the Board of Directors, and only provided that (i) a fully conformed copy of said lease or renewal thereof, together with a completed information sheet with respect to the lessee in a form to be established by the Board of Directors, shall be delivered to the Board of Directors at least one week prior to the lessee's occupancy of the Unit thereunder; (ii) such lease shall be subject to and consistent with the provisions of the Condominium Instruments, as the same may be amended from time to time, and the Rules and Regulations of the Condominium; (iii) such lease shall prohibit the lessee from subleasing, assigning, or otherwise conveying the lessee's interest and rights thereunder to any other person or entity; and (iv) the Board of Directors has the power to terminate such lease, to bring summary proceedings to evict the tenant in the name of the lessor thereunder and/or to sue for specific performance of the lease provisions, in the event of a default by the tenant in the performance of such lease. The Board of Directors may establish a standard form lease addendum to be used by all Unit Owners. The restrictions of this paragraph shall not apply to any mortgagee who comes into possession of a Unit pursuant to a foreclosure sale, judicial sale, or transfer or conveyance in lieu of foreclosure. This paragraph shall not be construed to prohibit short-term apartment sitting.

9. Limitation of Association Liabilities

The Association shall not be liable to any Unit Owner or occupant of any Unit, in their capacity as owner or occupant, for any failure of water supply or other services to be obtained by the Association or paid for out of the Common Expense funds, or for injury or damage to person or property caused by the elements of nature or, in the absence of negligence, resulting from electricity, water, sewage, snow, or ice which may leak or flow from any portion of the Common Elements or from any wire, pipe, drain, conduit, appliance, or equipment. The Association shall not be liable to the owner of any Unit or occupant of any Unit, in their capacity as owner or occupant, for loss or damage by theft or otherwise, of articles which may be stored upon any of the Common Elements. No diminution or abatement of Common Expense assessments shall be claimed or allowed for inconvenience or discomfort arising (a) from the making of repairs or improvements to the Common Elements or to any Unit; (b) from any action taken by the Association to comply with any law or other governmental authority; or (c) for the dispossession of a Unit Owner or occupant of any Unit by reason of fire or other casualty, except to the extent covered by insurance.

10. Right of Access

Each Unit Owner grants a right of access to his/her Unit to the Board of Directors, the Managing Agent, and to any other person authorized by the Board of Directors for the purpose of making inspections and correcting any condition originating or existing in his/her Unit and threatening another Unit or a Common Element, or for the purpose of performing installations, alterations, or repairs to the mechanical (including all parts of central heating system) or electrical services or other Common Elements in his/her Unit or elsewhere in the Building, or to correct any condition which violates the provisions of any mortgage covering another Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of an emergency, such right or entry shall be immediate whether the Unit Owner is present at the time or not.

11. Rules and Regulations

Rules and Regulations concerning the operation and use of the Condominium may be promulgated and amended from time to time by the Board of Directors, provided that such Rules and Regulations are not contrary to or inconsistent with the Condominium Act, the Declaration or the By-Laws. Copies of the Rules and Regulations shall be furnished by the Board of Directors to each Owner prior to the time when the same shall become effective.

12. Information to be Furnished Upon Unit Resale

A. The Board of Directors or a duly designated agent or the Managing Agent shall upon written request of any Unit Owner or purchaser of a Unit furnish to said Unit Owner or purchaser, within ten (10) days of receipt of a request, the following information:

- (i) Statement regarding any unpaid Assessments.
- (ii) Statement concerning any rights of first refusal or other restraints on free alienability.
- (iii) Statement of any capital expenditures anticipated by the Association within the current or succeeding two fiscal years.
- (iv) Statement of the status and amount of any reserves for capital expenditures, contingencies and improvements, and any portion of such reserves earmarked for any specified project by the Board of Directors.
- (v) A copy of the statement of financial condition of the Association for the then most recent fiscal year for which such statement is available and the current operating budget, if any.
- (vi) Statement of the status of any pending suits or any judgements to which the Association is a party.
- (vii) Statement setting forth what insurance coverage is provided for all Unit Owners by the Association and a statement whether such coverage includes public liability, loss or damage, or fire and extended coverage insurance with respect to the Unit and its contents.

- (viii) Statement that any improvements or alterations made to the Unit, or the Limited Common Elements assigned thereto, by the prior Unit Owner are not in violation of the Condominium Instruments.
- (ix) Statement of the remaining term of any leasehold estate affecting the Condominium or the Condominium Unit and the provisions regarding any extension or renewal thereof; and
- (x) The date of issuance of the certificate.

B. The Board of Directors may impose a reasonable fee to furnish all the information required in accordance with Paragraph A hereof, and payment thereof shall be a prerequisite to the issuance of any such statement.

C. In the event that a Unit Owner contracts to sell his/her Unit, the Unit Owner shall notify the Board of Directors or Managing Agent of the pending sale and the approximate date that the Unit Owner intends to move out of his/her Unit.

ARTICLE VII. INSURANCE, DESTRUCTION, RESTORATION, CONDEMNATION, AND DISTRIBUTION

1. Authority

The Board of Directors shall obtain and maintain casualty and liability insurance under such terms and for such amounts as shall be deemed necessary by the Board of Directors, but in no event less than the amount required by Section 2 of this Article VII. The insurance premiums paid by the Board of Directors shall be charged as items of Common Expense. Such insurance coverage shall provide for the issuance of certificates of insurance and mortgagee endorsements to all First Mortgagees of the Units, if requested. Such insurance coverage shall be written on the Condominium and shall provide for the insurance proceeds covering any loss to be payable to the Board of Directors as Insurance Trustee for the benefit of each Unit owner and his/her mortgagee according to his/her Percentage Interest.

2. Coverage

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

(i) loss or damage by fire, vandalism, malicious mischief, windstorm, and other hazards covered by the standard extended coverage endorsement; and

(ii) such other risks as shall customarily be covered with respect to projects similar in construction, construction, location, and use as the Board of Directors in their sound discretion may deem advisable.

Such coverage shall insure the Building (including all of the Units and the bathroom, laundry, and kitchen equipment, fixtures and cabinets, and electrical fixtures, together with all air conditioning, heating, and other equipment, but not including furniture, furnishings, or other personal property supplied or installed by Unit Owners) and other Condominium property including all personal property included in the Common Elements.

B. The Condominium shall be insured (including medical payments insurance) against liability for all occurrences commonly insured against for death, bodily injury or property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements in such amount and in such forms as shall be required by the Board of Directors which, however, in no event shall be less than \$5,000,000 with respect to any one occurrence. All liability insurance shall contain cross liability endorsements to cover liabilities of the Association as a group, the Board of Directors, and each individual Unit owner. The liability insurance should provide coverage for bodily injury and property damage that results from the operation, maintenance, or use of the Common Elements. The deductible, if any, on any policy of insurance purchased by the Board of Directors, shall be paid by the Association; the maximum deductible amount shall be the lesser of \$10,000 or 1% of the policy face amount. Workmen's Compensation insurance shall be obtained where necessary to meet the requirements of law. In addition to the foregoing, the Board of Directors may obtain such additional insurance coverage as it may deem advisable and appropriate or as may be requested from time to time by a majority of the Unit Owners.

C. The Board of Directors shall not be obligated to obtain or maintain any specified insurance coverage, provision, or endorsement if such insurance coverage, provision, or endorsement is not available through normal and customary insurance industry sources or if such insurance coverage, provision, or endorsement is obtainable only at a demonstrably unreasonable cost. In such event, the Board of Directors shall promptly cause notice of the unavailability of insurance to be hand-delivered or sent prepaid by United States mail to all Unit Owners.

3. Limitation

Insurance obtained pursuant to the requirements of this Article VII shall be subject to the following provisions:

A. Each policy shall be written with a company or companies which are licensed to do business in the District of Columbia and which fall into a financial category of Class XV or better, and policyholder rating of A- or better, or their equivalents, as designated in the Best's Key Rating Guide, or any successor rating schedule.

B. No insurance coverage obtained and maintained pursuant to the requirements of this Article VII shall be brought into contributions with insurance purchased individually by any of the Unit Owners or their First Mortgagees, as herein permitted, any no other insurance" or similar clause in any policy obtained by the Board of Directors pursuant to the requirements of the Article shall exclude such policies from consideration.

C. Each policy shall provide that it may not be canceled or substantially modified or reduced with out at least 30 days' prior notice to all insured named thereon, including all named First Mortgage, and should if practicable require 60 days' notice.

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

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

F. Each policy shall contain provisions (i) that its coverage shall not be prejudiced by any act or neglect of any occupants or Unit Owners of the Condominium when such act or neglect is not within the control of the insured, or the Unit Owners collectively, or (ii) that it shall not be prejudiced by failure of the insured, or the Unit Owners collectively, to comply with any warranty or condition with regards to any portion of the Condominium over which the insured, or the Unit Owners collectively, have no control.

G. Each policy should provide, if practicable, that it cannot be canceled, invalidated, or suspended on account of the conduct of any Unit Owner, occupant, or any member of the Board of Directors or employee of the Association or the Managing Agent, without a prior demand in writing that the Board of Directors or the Managing Agent cure the defect.

H. Each policy shall have the following endorsements: (i) Agreed Amount Endorsement, when it can be obtained; and (ii) Construction Code endorsements, if there is a construction code provision that requires changes to undamaged portions of the building even when only part of the Condominium is destroyed by an insured hazard. Typical endorsements include Demolition Cost Endorsements, Contingent Liability from Operation of Building Laws Endorsement, and Increased Cost of Construction Endorsement.

I. Each policy shall provide that a Unit Owner is an insured person under the policy with respect to liability that arises out of the Unit Owner's interest in the Common Elements or membership in the Unit Owners' Association.

J. Each policy shall provide that an act or omission by any Unit Owner, unless acting within the scope of his or her authority on behalf of the Unit Owners' Association, shall not void the policy or be a condition to recovery under the policy.

K. Each policy shall provide that if at the time of loss under the policy, there is other insurance in the name of a Unit Owner that covers the same risk covered by the policy, the Unit Owners' Association policy shall provide primary insurance.

L. Each policy shall provide that if the Unit Owners' Association brings suit against a Unit Owner, or vice versa, with respect to any loss, the insurer shall provide for the defense of the defendant.

4. Notice of Insurance Coverage

The Board of Directors shall promptly furnish to each Unit Owner written notice of the procurement, subsequent changes, or termination of each insurance policy obtained on behalf of the Association. Such notice shall be furnished by the Secretary in the same manner as a notice of a meeting of the Unit Owners' Association.

5. Individual Policies

Each Unit Owner and any mortgagee may obtain, in addition to the insurance hereinabove provided to be obtained by the Association, a "Tenant's Homeowner's Policy" or equivalent, to insure against loss or damage to personal property used in or incidental to the occupancy of the Unit, additional living expense, fire vandalism, malicious mischief, theft, personal liability and the like. Such policy should include a "condominium unit owner's endorsement" covering losses to improvements and betterments to the Unit or acquired at the expense of the Unit Owner. Such insurance should contain the same waiver of subrogation

provision as that required by Section 3.E. of this Article VII. No Unit Owner shall maintain insurance coverage which will tend to decrease the amount which the Association may realize under any insurance policy which it may have in force at any particular time. The Board of Directors may require that each Unit Owner shall file with the Managing Agent proof of liability coverage and/ or a copy of each individual policy of insurance purchased by the Unit Owner shall notify the Board of Directors of all improvements made by him/her to his/her Unit having a value in excess of \$10,000 and all damage to his/her Unit which costs in excess of \$10,000 to repair.

6. Insurance Trustee

The Board of Directors shall serve as the Insurance Trustee. All insurance policies purchased by the Association shall be for the benefit of the Association, each Unit Owner, and his/her First Mortgagee, as their interests may appear, and shall provide that proceeds payable pursuant to the policies shall be paid directly to the Board of Directors as the Insurance Trustee. All policies shall provide that adjustment of loss shall be made by the Board of Directors.

7. Covenants for Benefit of Mortgagees

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

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

B. If it is determined in the manner elsewhere provided herein that the damage for which the proceeds are paid shall not be reconstructed or repair, then and in that event, the Condominium shall be deemed to be owner in common by the Unit owners and shall be subject to an action for partition upon the suit of any Unit Owner or mortgagee in which event the net proceeds of sale together with the net proceeds of any insurance shall be distributed pro rata to the Unit Owners, after first paying off, out of the share of each Unit Owner, to the extent sufficient for that purpose, all liens, including mortgage liens, on the Unit of such Unit Owner. This is a covenant for the benefit of any mortgagee and may be enforced by such mortgagee.

8. Reconstruction

If any part of the Condominium shall be damaged by casualty, the determination of whether or not to reconstruct or repair the same shall be made as follows:

A. Where there is partial destruction, which shall be deemed to mean destruction which does not render two-thirds or more of the Units untenable, there shall be compulsory reconstruction or repair.

B. Where there is total destruction, which shall be deemed to mean destruction which does render two-thirds or more of the Units untenable, reconstruction or repair shall not be compulsory if at a meeting which shall be called within ninety (90) days after the occurrence of the casualty, or if by such

date the insurance loss has not been finally adjusted, then within thirty (30) days thereafter, 89% if the Unit Owners, including every Owner of a Unit or assigned Limited Common Element which will not be rebuilt, vote not to rebuild.

C. If any Building or improvement standing or erected upon the Condominium shall be destroyed or damaged by some casualty and such destroyed or damaged property is to be reconstructed or repaired, the reconstruction or repair thereof shall, at least, be to the extent of the replacement value of the property destroyed or damaged, and as nearly as practicable to the character of the Building or improvement existing immediately prior to such casualty. Any reconstruction or repair shall be done in accordance with the outstanding building code requirements of the District of Columbia and may be done with contemporary building materials, and achieved by utilizing updated construction systems and technology.

If the damage is only to those parts of one Unit for which the responsibility of maintenance and repair is borne by the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty and shall be entitled to apply, with the assistance of the Board of Directors, for the applicable insurance proceeds. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Board of Directors.

D. The proceeds of insurance collected on account of casualty and funds received by the Board of Directors from collections of assessments against Unit Owners on account of such casualty shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner:

(i) If the amount of the estimated cost of reconstruction and repair is \$25,000 or less (estimated by the Board of Directors), 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 a mortgagee which is a beneficiary of an insurance policy, the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereinafter provide in Subparagraph (2);

(ii) If the estimated cost of reconstruction and repair of the building or other improvement is more than \$25,000 then the construction fund shall be disbursed in payment of such costs upon approval of an architect, or other qualified independent professional, qualified to practice in the District of Columbia and employed by the Board of Directors to supervise such work, payment to be made from time to time as the work progresses. The architect, or other professional, shall be required to furnish a certificate giving a brief description of the services rendered and materials furnished by various contractors, subcontractors, material persons, the architect, the professional, or other persons who have rendered services or furnished materials in connection with the work, and stating that:

(a) the sums requested by them in payment are justly due and owing and that said sums do not exceed the value of the services and materials furnished; and

(b) there is no other outstanding indebtedness known to the said architect, or other professional, for the services and material described.

9. Condemnation

A taking of, injury to, or destruction of part or all of the property by the exercise of the power of eminent domain shall be considered to be included in the term damage or destruction as provided in Section 7.A. and B. and in Section 12 for purposes of this Article VII and the award, settlement, or any other compensation arising out of any such taking or condemnation shall be treated in the same manner as insurance proceeds arising from a casualty loss.

10. Assessments, If Insurance is Inadequate

Immediately after a casualty causing damage to property for which the Board of Directors has the responsibility of maintenance or repair, the Board of Directors shall obtain reliable and detailed estimates of the cost to replace the damaged property in as good a condition as it was before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desires. If the proceeds of insurance are not sufficient to defray such estimated costs, a special Assessment shall be made against all the Units in proportion to their Percentage Interest in sufficient amounts to provide funds to pay the estimated costs. If at any time during reconstruction and repair, or upon completion of reconstruction or repair, the funds for the payment of the costs thereof are insufficient, Assessments shall be made against all the Units in proportion to their Percentage Interest in sufficient amounts to provide funds for the payment of such costs. Such Assessments shall constitute Assessments for Common Expenses.

11. Disbursements

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

12. Notification

A. The Board of Directors shall notify in writing:

(a) the First Mortgagee of a Unit whenever damage to the Unit by the mortgage is reported to the Board and exceeds \$10,000; and (b) all First mortgagees whenever damage to the Common Elements exceeds \$25,000.

B. The holder of the mortgage on any Unit in the Condominium is entitled, upon written request to the Association, to timely written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

13. Premiums and Deductibles

Premiums and deductibles upon all insurance policies purchased by the Board of Directors shall be deemed to be a Common Expense.

14. Secondary Market Entities

The Condominium shall at all times to the extent feasible comply with the insurance requirements of the Federal National Mortgage Association, in Federal Home Loan Mortgage Corporation, or like entities whose requirements govern the availability of mortgage financing for Units. Such compliance shall take precedence over any other provision of this Article.

ARTICLE VIII. MORTGAGES

1. Notice to Board of Directors

A Unit Owner who mortgages his/her Unit shall notify the Board of Directors through the Managing Agent of the name and address of his/her mortgagee and shall promptly file a conformed copy of

the note and deed of trust with the Board of Directors, and the Board of Directors shall maintain such information in a book entitled "Mortgagees of Units."

2. Notice of Unpaid Assessment

The Board of Directors whenever so requested in writing by a mortgagee shall promptly report any then unpaid Assessments due from, or any other default by, the Owner of the mortgaged Unit.

3. Notice of Default

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

4. Examination of the Books/Audit

Each Unit Owner and each Mortgagee shall be permitted to examine the books of account, including any audited statement, of the Condominium during regular business hours at the time and in the manner set by the Board of Directors. If there is no audited statement available, any mortgage holder shall be allowed to have an audited statement prepared at its own expense.

5. Rights of First Mortgagees

Notwithstanding any other provision of the Declaration, the By-Laws, or the Rules and Regulations, except as provided by the Act in case of condemnation or substantial loss to the Units and/or Common Elements of the Condominium, unless at least seventy-five percent (75%) of the First Mortgagees (based on one vote for each first mortgage owned) have given their prior written approval, the Condominium Association shall not:

- A. By act or omission seek to abandon or terminate the Condominium regime;
- B. Change the pro rata interest or obligations of any Unit in order to levy assessments or charges, allocate distribution of hazard insurance proceeds or condemnation awards, or determine the pro rata share of ownership of each Unit in the Common Elements;
- C. Partition or subdivide any Unit;
- D. Seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements by act or omission (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium is not a transfer within the meaning of this clause); or
- E. Use hazard insurance proceeds for losses to the Condominium (whether Units or Common Elements) for other than the repair, replacement, or reconstruction of the Condominium.

ARTICLE IX. NOTICE

1. Manner of Notice

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

2. Waiver of Notice

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

ARTICLE X. AMENDMENT OF BY-LAWS

1. Amendment of By-Laws

Except as otherwise provided in the Declaration or the By-Laws, these By-Laws may be amended by the affirmative vote of Unit Owners of Units to which at least sixty-six and two-thirds (66 & %) of the total votes in the Association appertain, at a meeting of the Association called for that purposed. Amendments may be proposed by the Board of Directors or by petition signed by Unit Owners representing at least 30% of the votes in the Association. No amendment to the By-Laws shall become effective until recorded among the Land Records of the District of Columbia.

2. Approval of First Mortgagees

The Declaration and the By-Laws contain provisions concerning various rights, priorities, remedies, and interest of First Mortgagees of Units. Such provisions in the Declaration and in the By-Laws are to be construed as covenants for the protection of the First Mortgagees on which they may rely in making loans secured by mortgages of the Units. Accordingly, all First Mortgagees shall be given thirty (30) days' notice of all proposed amendments, and no amendment or modification of the Declaration or the By-Laws impairing or affecting the rights, priorities, remedies, or interest of a First Mortgagee shall be adopted without the prior written consent of such First Mortgagees. If there is more than one First Mortgagee holding mortgages on the Units, it shall be sufficient for this purpose to obtain the written consent of the First Mortgagee or Mortgagees holding mortgages on seventy-five percent (75%) or more of the Units encumbered by mortgages.

ARTICLE XI. COMPLIANCE AND DEFAULT

1. Relief

Each Unit Owner shall be governed by, and shall comply with, all of the terms of the Condominium Instruments and the Rules and Regulations, and any amendments of the same. A default by a Unit owner shall entitle the Association acting through the Board of Directors, the Managing Agent, the property manager, or another appropriately designated Person, to the following relief:

A. Legal Proceedings:

Failure to comply with any of the terms of the Condominium Instruments and the Rules and Regulations shall be grounds for relief which may include, without limiting the same, as 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 By-Laws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the Managing Agent, or another appropriately designated Person, or if appropriate by an aggrieved Unit Owner.

B. Additional Liability

Each Unit Owner shall be liable for the expenses of all maintenance, repair, or replacement rendered necessary by his/her act, neglect, or carelessness, or the act, neglect, or carelessness of any member of his/her family or his/her 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 insurance rates occasioned by use, misuse, occupancy, or abandonment of any Unit or its appurtenances. The liability of an Owner under this Section may be assessed by the Board of Directors as a lien against such Owner's Unit. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation.

C. Costs and Attorney's Fees

In any proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the court; and the Association has the right to collect such costs and fees by lien.

D. No Waiver of Rights

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

E. Interest

In the event of a default by any Unit Owner which continues for a period in excess of fifteen (15) days, such Unit Owner shall be obligated to pay interest on the amounts due, if any, from the due date thereof at a rate established by the Board of Directors, but not to exceed the highest rate allowed by law in the District of Columbia.

F. Abatement and Enjoyment of Violations by Unit Owners

The violation of any Rule or Regulation adopted by the Board of Directors, or the breach of any By-Law contained herein, or the breach of any provision of the Condominium Instruments, (after due notice to the Unit Owner that said violation or breach constitutes an immediate danger to the Condominium and Unit

Owners) shall give the Board of Directors the right, in addition to any other rights set forth in these By-Laws: (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 provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; provided, however, that before any items of construction can be altered or demolished, judicial proceedings must be instituted; or (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

2. Lien for Contributions

A. The total annual Assessment of each Unit Owner for the Common Expenses levied pursuant to these By-Laws is hereby declared to be a lien levied against the Unit of such Unit Owner within the purview of the Act, which lien shall be effective as of the time the Assessment becomes due and payable. If an Assessment is payable in installments, the full amount of the Assessments shall be a lien from the time the first installment becomes due and payable. Such lien shall also secure the Unit owner's obligation to any interest, late payment charges, costs, fines, penalties, fees, or attorneys' fees for which such Unit owner may be obligated because of a default in the payment or performance of his/her obligations under the Condominium Instruments. The Board of Directors, Managing Agent, may file or record such other or further notice of lien, or such other or further document as may be required by the then laws of the District of Columbia to confirm the establishment of such lien.

B. In any case where an Assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the payment of any single installment, which continues for ten (10) days after written notice of such default has been sent to the Unit Owner, the maturity of the remaining total of the unpaid installments of such Assessments may be accelerated, at the option of the Board of Directors, and the then balance owing may be declared due and payable in full, together with interest thereon, by the service of notice to such effect upon the defaulting Unit Owner by the Board of Directors or Managing Agent or property manager.

C. The lien for Assessments may be foreclosed in the manner provided by the laws of the District of Columbia by suit brought in the name of the Board of Directors, acting on behalf of the 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 judgement or order if any court having jurisdiction over such sale. The plaintiff in such proceedings shall have the right to the appointment of a receiver, if available under the then laws of the District of Columbia. In the event the net proceeds received on such a foreclosure (after deduction of all attorney's fees, advertising costs, brokerage commissions and other such costs and expenses incurred in connection therewith) shall be insufficient to satisfy the defaulting Unit Owner's obligations to the Association, then such Unit owner shall remain personally liable for the deficit.

D. The lien for Assessments shall be prior to all other liens and encumbrances except: (i) liens and encumbrances recorded prior to the Recordation of the Declaration; (ii) liens of any first mortgage or deed of trust on such Unit recorded before the date on which the Assessment sought to be enforced became delinquent; provided, however, that the lien for Assessments shall be prior to such mortgage or deed of trust liens which are recorded after March 7, 1991, to the extent of the Common Expense Assessments based on the periodic budget adopted by the Unit Owners' Association which would have become due in the absence of acceleration during the six (6) months immediately preceding institution of an action to enforce the lien; and (iii) liens for real estate taxes and municipal assessments or charges against the Unit.

E. Suit to recover a money judgement for unpaid Assessments and other charges shall be maintainable without foreclosing or waiving the lien securing the same, and foreclosure shall be maintainable notwithstanding the pendency of any suit to recover a money judgement.

ARTICLE XII. MISCELLANEOUS

1. Compliance

These By-Laws are set forth in compliance with the requirements of the Act.

2. Conflict

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

3. Severability

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

4. Waiver

No restriction, condition, obligation, or provision of these By-Laws shall be deemed to be abrogated or waived by reason of failure to enforce the same,

5. Captions

The captions contained in these By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

6. Gammar

Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse; and the use of any gender shall be deemed to include bother genders.

7. President and Secretary as Attorneys-in-Fact

Each Unit Owner who votes in favor of, or agrees to, a termination of the Condominium and each Unit Owner who votes in favor of, or agrees to, an amendment of the Condominium Instruments, hereby makes, constitutes, and appoints the President and the Secretary of the Condominium Association as his/her attorneys-in-fact to execute, acknowledge, and deliver, in his/her name and on his/her behalf, all instruments and documents required by the Condominium Act to terminate the Condominium or amend the Condominium Instruments.

87700000231

CONDOMINIUM BY-LAWS
THE BADER, A CONDOMINIUM

2515 K St. NW
Washington, DC 20037

As Adopted November 23, 1993

**THE BADER, A CONDOMINIUM
FIRST AMENDMENT TO CONDOMINIUM BYLAWS**

WHEREAS, The Bader, A Condominium (hereinafter called the "Condominium"), was constituted and established under the Condominium Act of 1976 (D.C. Law 1-89) of the District of Columbia by a Condominium Declaration recorded January 26, 1981 as Instrument No. 2429 among the land records of the District of Columbia (hereinafter called the "Condominium Declaration) and by the Condominium Plat and Plans recorded January 26, 1981 in Condominium Book 27 at page 42 in the Office of the Surveyor for the District of Columbia, said Condominium being situate on Lot 52 in Square 15 in the subdivision made by The Bader Tenants Limited Partnership as per plat recorded in Liber 172 at folio 28 in the Office of the Surveyor for the District of Columbia; and

WHEREAS, there are like wise recorded Condominium Bylaws recorded January 26, 1981 as the Instrument number 2530 among the land records of the District of Columbia (hereinafter called the "By-Laws"); and

WHEREAS, the Unit Owners wish to modify various provisions of the Bylaws which have raised difficulties in practice; to incorporate various changes made in the Condominium Act and not otherwise applicable to the Condominium; and otherwise to adopt various improvement which have been suggested to them; and

WHEREAS, Unit Owners of Units in the Condominium to which tow-thirds of the votes in the Bader Unit Owners' Association appertain have agreed to adopt the amendment stated herein; and

WHEREAS, pursuant to Article XII, ¶6 of said Bylaws, each Unit Owner who votes in favor of or agrees to an amendment of the Bylaws has appointed the President and the Secretary of the Condominium as his or her attorney-in-fact to execute acknowledge and deliver in his or her name and behalf, all instruments and other documents required to amend such Bylaws; and

WHEREAS, the current President of the Condominium is Karen Hamrick;

NOW THEREFORE, the Unit Owners of the Bader Unit Owners' Association hereby adopt the amended and restated Condominium Bylaws stated herein, as a total replacement of the previously recorded Bylaws.