

NOTICE: Although we believe the following to be a true and faithful rendering of the By-Laws of the Heritage Harbour Community Association, Inc., in the case of any conflict, the copy recorded in book 20 page 278 of the Homeowners Depository of the Circuit Court of Anne Arundel County shall prevail.

**BY-LAWS
HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.**

ARTICLE I

Name and Location

Section 1. Name and Location. The name of this Association is

HERITAGE HARBOUR COMMUNITY ASSOCIATION, INC.

Its principal office is located at

959 River Strand Loop
Annapolis, Maryland

ARTICLE II

Definitions

Section 1. Declaration. "Declaration", as used herein, means that certain Declaration made the 2nd day of December, 1999, and which Declaration is recorded in Book at page , in the Land Records of Anne Arundel County Maryland, and any amendments thereof recorded in the aforesaid Land Records.

Section 2. Association. "Association", as used herein, means Heritage Harbour Community Association, Inc.

Section 3. Mortgage. "Mortgage", as used herein, shall include deed of trust, and the term "holder" or "mortgagee" shall include the party secured by any deed of trust or any beneficiary thereof.

Section 4. Lot. "Lot", as used herein, shall mean any plot or parcel of land on which a dwelling is located or will be located within the Property. "Lot" includes a unit within a condominium association within the Property.

Section 5. Common Areas. "Common Areas" as used herein includes shorelines, open spaces, community facilities and recreational facilities and shall mean and refer to all real property now or hereinafter acquired by the Association for the benefit, use and enjoyment of its members, with all improvements thereon, including private roads, drives, sidewalks, street lights, water lines, sewer lines, storm drainage structures and facilities and related appurtenances.

Section 6. Owner. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot or condominium unit within the scope and intent of that certain Agreement between Heritage Harbour Corporation and certain owners of units in Hidden Cove Condominium and Village of Middle Cove Condominium, dated March 24, 1977, and recorded April 7, 1977 in Liber 2947 at page 199 among the Land Records for Anne Arundel County, Maryland, and shall, in addition, mean and refer to the record owners of the twelve (12) model lots.

Section 7. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the same meaning as they are defined to have in the Declaration.

ARTICLE III

Membership

Section 1. Membership. The Association shall have the following categories of membership.

(a) Class A Member. Any person, group of persons, corporation, trust or other legal entity, or any combination thereof, who is a record owner of a fee interest in any Lot which is or becomes subject by covenants of record to assessment by the Association. A Class A Member shall be entitled to cast votes for the election of directors and upon issues presented for vote by the membership.

(b) Recreational Member. Middle Cove and Hidden Cove unit Owners of record and tenants of record who shall have elected to avail themselves of the privilege of using the Recreational Facilities pursuant to the certain Agreement between Heritage Harbour Corporation and certain owners, dated March 24, 1977, and who are current in the payment of all required fees and assessments. A Recreational Member shall be entitled to cast votes only on issues relating to the Recreational Facilities and Passive Amenities.

(c) Associate Member. Tenants of record of a Lot who have been extended the Class A Member's privileges for the use of Association facilities. An Associate member shall not be entitled to vote.

(d) Recreational Associate Member. Persons permanently residing with a Class A Member or Recreational Member who are eighteen (18) years of age or older. A Recreational Associate Member shall not be entitled to vote.

Section 2. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each Class A member of the Association shall be entitled to receive out of the assets of the Association available for distribution to the members an amount equal to that proportion of such assets which the number of Class A memberships held by such member bears to the total number of Class A memberships then issued and outstanding.

ARTICLE IV

Meeting of Members

Section 1. Place of Meetings. Meetings of the membership shall be held at the principal office or place of business of the Association or at such other suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The annual meetings of the members of the association shall be held on the third Wednesday of May each year or as soon thereafter as practical in the sole direction of the Board of Directors. At such meeting, the members may transact such business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by at least twenty percent (20%) of the members entitled to vote, having been presented to the Secretary. The notice of any special meetings shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meeting. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each member of record entitled to vote, at his address as it appears on the membership records of the Association or, if no such address appears, at his last known address, at least ten (10) but not more than ninety (90) days prior to such meeting. Notice by either such method shall be considered as notice served. Attendance by a member at any meeting of the members shall be a waiver of notice by him of the time, place and purpose thereof. It shall be the duty of each member to promptly notify the Association of any change in mailing address.

Section 5. Quorum. The presence, either in person or by proxy, of members representing at least twenty five percent (25%) of the then members of record entitled to vote shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of members. Once the presence of a quorum has been established, business can continue to be transacted during the duration of the meeting, even if the number of members at the meeting subsequently drops below the quorum requirements.

Section 6. Voting. The vote of more than fifty percent (50%) of voting members present at the meeting, in person or by proxy, shall be necessary to decide any question brought before the meeting, unless the question is one upon which, by express provision of statute or of the Articles of Incorporation, or of the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control.

(a) Only Class A members may vote at a meeting of the members; except that Owners may vote on certain questions as provided by Article IX of the Declaration.

(b) Each member eligible to vote may cast one vote on each question, in person or by proxy, for each Lot owned.

(c) In the event a Lot is owned by more than one person, only one vote may be cast on any question. The vote may be exercised by any of the owners present at any meeting unless an objection or protest by any other owner of such Lot is noted at the meeting. In the event that all of the co-owners of any Lot who are present at any meeting are unable to agree on the manner in which the vote shall be cast on any particular question, then such vote shall not be counted for the purpose of deciding that question.

(d) In the event that any Lot is owned by a corporation, then the vote shall be cast by a person designated in a certificate signed by the president or any vice president of such corporation and attested by the secretary or an assistant secretary of such corporation and filed with the Secretary of the Association prior to the meeting.

(e) In the event a Lot is owned by a trust or partnership, then the vote may be exercised by any trustee or partner thereof. Unless any objection or protest by any other trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes.

(f) No Class A member shall be eligible to vote, either in person or by proxy, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 7. Proxies. A member may appoint any other member or the Secretary, to cast his vote as directed, as his proxy. In no case may any member (except the Secretary) cast more than one vote by proxy in addition to his own vote. Any proxy must be in writing and must be filed with the Secretary in a form promulgated by the Board of Directors before the appointed time of each meeting.

Section 8. Order of Business. The order of business at all regularly scheduled meetings of the members shall be as follows:

- (a) Roll call and certificate of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading and disposal of minutes of preceding meeting.
- (d) Reports of officers, if any.
- (e) Reports of committees, if any.
- (f) Unfinished business.
- (g) New Business.
- (h) Adjournment.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

ARTICLE V

Directors

Section 1. Number and Qualifications. The affairs of the Association shall be governed by the Board of Directors composed of seven (7) natural persons, all of whom shall be Class A Members of the Association.

Section 2. Powers and Duties. The Board of Directors shall have all the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, the Declaration or by these By-Laws directed to be exercised and done by the members. The powers and duties of the Board of Directors shall include, but are not limited to, the following.

To provide for in a manner consistent with law and the provisions of the Declaration and these By-Laws the:

- (a) care, upkeep and surveillance of the common areas and community facilities; and
- (b) establishment and collection of assessments, fees, and/or carrying charges from the members and to provide for the assessment and enforcement of liens therefore; and
- (c) designation, hiring and/or dismissal of the personnel necessary for the good working order of the common areas and community facilities and to provide services for the Association; and
- (d) promulgation and enforcement of such rules, regulations, restrictions or requirements as may be deemed proper respecting the use, occupancy and maintenance of the Common Areas and to prevent unreasonable interference with the use and occupancy of the Common Areas by the members; and

(e) authorization, in their discretion, of refunds of excess residual funds to members when and as reflected in the annual report; and

(f) receipt, recording, use, and expenditure of revenues from assessments, fees, carrying charges, contributions, donations, refunds, bequests and from any other sources not specifically enumerated herein; and

(g) authorization and appointment of committees as it considers necessary or appropriate from the membership of the Association, each of which shall consist of a chairman and at least two (2) other members. Any committee so appointed shall serve at the pleasure of the Board of Directors.

Section 3. Management Agent. The Board of Directors shall employ for the Association a management agent (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. The Association shall not undertake self-management and institutional holders of first mortgages may receive notice of the termination of management contracts by providing the Association with a written request, stating both its name and address and the address on which it has the mortgage. Any management agreement with such Management Agent shall provide that it may be terminated by the Board of Directors at any time upon 30 days notice without cause.

Section 4. Election and Term of Office.

(a) Districting Committee: The Board of Directors shall appoint a Districting Committee consisting of seven (7) Class A members of the Association. The Districting Committee shall be established at least one hundred twenty (120) days prior to the first election of the Board of Directors for the Association. The Districting Committee shall submit its recommendations for seven (7) compact geographical areas, containing approximately equal number of voting members to be called Voting Districts, to the Board of Directors within thirty (30) days of its formation. These seven (7) Voting Districts shall be approved by the Board of Directors, either with or without revision of the recommendation of the Districting Committee, and shall serve as the Voting Districts for the election of the seven (7) members of the Board of Directors, one (1) member from each Voting District. After the first election, the Board of Directors may appoint a new Districting Committee at least one hundred twenty (120) days prior to an election for the Board of Directors, if required, by changes in membership due to new home sales, or to review the seven (7) districts and modify them if necessary.

(b) Nominating Committee: Nominations for election to the Board of Directors shall be made by a Nominating Committee consisting of three or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors at least ninety (90) days prior to the scheduled election, and such appointment shall be announced. The nominating Committee shall solicit nominations for election to the Board of Directors, by written questionnaire delivered to each voting member of each district for which the election is to be held at least sixty (60) days prior to the date of election. Both the nominator and the nominee must be Class A members who own a Lot in the district for which the election is to be held. No person may be a Director from more than one Voting District at the same time. Nominations shall be closed a minimum of four (4) weeks before the election. If there are no nominations from a Voting district for election to the Board of Directors, the Nominating Committee shall actively seek to have at least one candidate nominated from each Voting District. Nominees for election to the Board of Directors shall not be more than sixty (60) days delinquent in assessments to the Association. At least fifteen (15) days prior to the election, the names of each candidate and a brief biographical note for each candidate shall be made available to the Class A members by mail or by other suitable method, as determined by the Board of Directors.

(c) Election Committee: The Board of Directors shall appoint an Election Committee at least sixty (60) days prior to the election, which shall consist of five (5) or more Class A members, none of which shall be nominated for election to the Board of Directors. The committee shall be responsible for conducting the election, and verifying, counting and safekeeping of the ballots. The Election Committee may, subject to approval by the Board of Directors, establish procedures to be used in conducting the election.

(d) Ballots: All elections to the Board of Directors shall be by written ballot. Separate and distinct ballots shall be prepared for each of the districts for which the election is held. The ballot shall describe the

vacancy to be filled and set forth the names and addresses of those persons nominated. Ballots shall be available at least fifteen (15) days prior to the election to facilitate the issuing of absentee ballots.

(e) Election: Elections shall be held each year on the third (3rd) Friday of October to fill upcoming vacancies on the Board of Directors. These elections shall be conducted from 10:00 A.M. to 3:00 P.M. in the auditorium of the Heritage Harbour Lodge, or at such time and place as the Board of Directors may otherwise designate. The nominee, from each district, receiving the largest number of votes shall be elected. In the event of a tie, there shall be a runoff election, of the tied nominees, on the fourth (4th) Friday of October. The times and place for this runoff election shall be specified in advance by the Election Committee.

(f) Voting:

(i) Only Class A memberships may vote for Directors. Each Class A member may cast one vote, in person or by absentee ballot, in an election for each District in which the members owns a Lot.

(ii) In the event a Lot is owned by more than one person, only one vote may be cast at any election. The vote may be exercised by any of the owners.

(iii) In the event that any Lot is owned by a corporation, then the vote shall be cast by a person designated in a certificate signed by the president or any vice president of such corporation and attested by the secretary or an assistant secretary of such corporation and filed with the Secretary of the Association prior to the election.

(iv) In the event a Lot is owned by a trust or partnership, then the vote may be exercised by any trustee or partner thereof.

(v) No Class A member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

(g) Term of Office: The term of office of the Directors shall expire when their successors have been elected and hold their first regular meeting. Directors shall be elected to serve terms of three (3) years, unless elected to fill a vacancy as provided in Section 6 of this Article. A member of the Board of Directors shall not serve for more than two (2) consecutive three-year terms of office.

Section 5. Vacancies. In addition to resignation or death of a Director, a vacancy shall be created if a Director, during the Directors's term of office, ceases to own a Lot in the Voting District from which the Director was elected or is removed as provided in Section 7 of this Article. Vacancies in the Board of Directors caused by any reason shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members at the next election to serve out the unexpired portion of the term. Any person elected by the Board of Directors, to fill a vacancy, must be a Class A member from the same Voting District for which the vacancy is to be filled. In the event that all Directors shall simultaneously resign, or if all shall resign, or their positions all become vacant, before the successors of any of them have been appointed, it shall be the responsibility of the President to appoint interim Directors who shall serve until the next election of Directors, at which time the entire Board of Directors shall be elected. The term of office of the newly elected Directors shall be determined by a lottery.

Section 6. Removal of Directors. Directors may be removed as follows.

(a) At a regular meeting of members, or special meeting of members duly called for such purpose, any Director may be removed for cause by the affirmative vote of the majority of the Class A members, either in person or by proxy. The vacancy thus created shall be filled as provided by Section 6 of this Article. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

(b) By referendum for such purpose, a Director may be removed for cause by the affirmative vote of the majority of Class A members. The referendum shall be held upon a majority vote of the Board of Directors or by a petition signed by Class A members representing at least twenty percent (20%) of the total Class A membership. The ballot shall be mailed to each member at his/her address as it appears on the membership records of the Association at least thirty (30) days prior to the deadline for casting of ballots. Any vacancy thus created shall be filled as provided in Section 6 of this Article. Any Director whose removal has been proposed shall be given an opportunity to include a statement with the ballot sent to the Class A members.

(c) The term of any Director who becomes more than sixty (60) days delinquent in payment of any assessments and/or carrying charges due the Association shall be automatically terminated and the remaining Directors shall appoint his successor as provided in Section 6 of this Article.

Section 7. Compensation. No compensation shall be paid to Directors for their services as Directors.

Section 8. Organization Meetings. An organizational meeting of the Board of Directors shall be held within ten (10) days of each election at such place as shall be fixed by the Directors.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone, electronic mail or telegraph, at least six (6) days prior to the day named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director given personally or by mail, telephone, electronic mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-third (1/3) of the Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a Quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those Directors present may adjourn the meeting from time to time without notice until a quorum is present.

Section 13. Action without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 14. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for corporate or trust funds shall furnish adequate fidelity bonds. The premium of such bonds shall be paid by the Association.

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The officers of the Association must be members of the Association. The Directors may appoint an Assistant Secretary and an Assistant Treasurer and such other officers as in their judgement may be necessary. The offices of Secretary and Treasurer may be filled by the same person. No compensation shall be paid to Officers for their services to the Association.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed for cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including, but not limited to, the power to appoint committees from among the membership from time to time as he may, in his discretion, decide are appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated to him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have custody of the seal of the Association; he shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for corporate funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII

Liability and Indemnification of Officers and Directors

Section 1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every officer and director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or director of the Association whether or not such person is an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the members of the Association for any mistake of judgement, negligence, or otherwise, except for their own individual willful misconduct, or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association, and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Association, or former officer or director of the Association may be entitled.

Section 2 Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm or association in which one or more of the Directors of this Association are directors or officers or are pecuniarily or otherwise interested, is 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, or because his or their votes are counted for such purpose, if:

(a) the fact of the common directorate or interest is disclosed or known to the Board of Directors and noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith; and

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

Common or interested Directors may be counted in determining the presence of a quorum of any meetings of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction.

ARTICLE VIII

Management

Section 1. Management and Common Expenses. The Board of Directors shall manage the affairs of the Association for the benefit of the members and shall enforce the provisions hereof.

Section 2. Management Agent. The Association may by contract in writing delegate any of its ministerial duties, powers or functions to the Management Agent. The Association and the Board of Directors shall not be liable for any omission or improper exercise by the Management Agent of any such duty, power or function so delegated.

Section 3. Limitation of Liability. The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for out of the common expense funds, or for the damage to person or property caused by the elements, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the Common Areas or from any wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any member for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Areas. No diminution or abatement of assessments, as herein elsewhere or in the Declaration provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Areas, or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 4. House Rules. The Board of Directors is authorized to adopt rules and regulations to implement the provisions of the Declaration and these By-Laws, including rules for the use of Common Areas or such other "house rules" considered necessary to protect the interests of the Association and its members. Such rules shall be in writing and made available to the members. The Board of Directors shall be responsible enforcing the rules and regulations, including the imposition of sanctions for noncompliance.

ARTICLE IX

Insurance

Section 1. Insurance. The Board of Directors shall take steps to procure and maintain adequate property, liability and hazard insurance on property owned by the Association and adequate officers and directors indemnity insurance.

Section 2. Annual Review. The Board of Directors shall review and approve annually the details of the Association's insurance program considering appropriateness of type, amount and extent of coverage, source quality and cost.

ARTICLE X

Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin at the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures of the Association and its administration and shall specify the maintenance and repair expenses of the common areas and community facilities and services and any other expenses incurred.

Section 3. Auditing. At the close of each fiscal year, the books and records of the Association shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards. Based upon such report, the Association shall make available to its members with an annual financial statement, including the income and disbursements of the Association. Copies of such statement shall also be furnished to any mortgagee requesting the same.

Section 4. Inspection of Books. The books and accounts of the Association, and vouchers accrediting the entries made thereupon, shall be available for examination by the members of the Association, and/or their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any condominium unit and/or its duly authorized agents or attorneys, during normal business hours and for purposes reasonable related to their respective interests.

Section 5. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or Vice President. All checks shall be executed on behalf of the Association by such officers, agents, or other persons as are from time to time so authorized by the Board of Directors.

Section 6. Seal. The Board of Directors shall provide a suitable corporate seal containing the name of the Association, which seal shall be in the charge of the Secretary. If so directed by the Board of Directors, a duplicate seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE XI

Amendment

Section 1. Amendments. These By-Laws may be amended by the affirmative vote of the majority of the members by ballot or by proxy either at a regular or special meeting of the members of the Association or by scheduled referendum. Amendments may be proposed by the Board of Directors or by petition signed by members representing at least thirty percent (30%) of the total membership. A description of any proposed amendment and method of voting shall be set forth in a written notice distributed at least thirty (30) days prior to any regular or special meeting or referendum in which such proposed amendment is to be voted upon.

ARTICLE XII

Interpretation - Miscellaneous

Section 1. Conflict. These By-Laws are subordinate and subject in all respects to the provisions of the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control.

Section 2. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in the Declaration and in these By-Laws shall be given in writing.

Section 3. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 4. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 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.

Section 6. Gender, etc. 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 all genders.