




# The Promenade

TO: Perspective Shareholders and Residents

FROM: Carl Hyde, Community Manager 

DATE: February 27, 2018

RE: Possible Bylaw Amendment – Promenade Towers to Become Smoke Free

The Board of Directors have passed a proposed Bylaw Amendment that would make the entire building “smoke free”, **including inside apartments**. The Board has recommended its approval by the Shareholders of the Promenade Towers Mutual Housing Corporation. **This proposed smoking prohibition would include electronic cigarettes and vaporizers.**

The proposed Bylaw Amendment provides the Board of Directors with the authority to establish outdoor portions of the property as designated smoking area(s) so long as those area(s) are located at least 200 feet from an exterior wall or building entrance.

Rules enforcement of the smoking ban would not commence for at least 120 days following Shareholder approval of the Bylaw Amendment.

Thank you

## The Promenade

Dear Applicant/Shareholder:

In response to your inquiry regarding the lease of an apartment at the Promenade, the following information/procedures are provided for your use and are necessary for the approval of the lessee.

1. APPLICATION TO LEASE: Attached is a copy of the Promenade Towers Mutual Housing Corporation *Application to Lease*. This form must be completed by all prospective lessees appearing on the lease (each applicant must complete a separate form). A copy of the *Bylaws, House Rules, Occupancy Agreement, and Articles of Incorporation*, should be picked up at the Administrative Office before signing the application. Signing the application indicates receipt of this document.

2. APPLICATION FEE: The application must be submitted with a \$150.00 application fee and a \$65.00 inspection fee. **Note: If the application is denied, \$125 of the fee will be refunded. The remaining \$25 will be retained to cover administrative costs.** These fees may be paid in the form of a personal check from the Shareholder/Agent, Cash, Money Order or Certified Check from the Applicant. Make check payable to: The Promenade.

3. LEASE FORM: A copy of the Promenade's standard *Lease Agreement*, signed by the applicant should be included with the application. The Owner/Agent should not sign the *Lease Agreement* until approval by the Housing Corporation is received. The application will not be approved until a lease is submitted. In accordance with the By-laws of the Promenade Towers Mutual Housing Corporation, only leases of one year or more will be considered.

4. CREDIT REPORT: A credit report will be obtained on each prospective lessee named on the application. Each applicant must submit two forms of written verification of income such as W-2's, pay stubs, tax returns, letter from employer verifying length of employment and salary on company letterhead or an accountant's statement on letterhead.

5. UNIT INSPECTION: In accordance with the By-laws, an inspection of the unit by the maintenance staff must be completed prior to leasing. The inspection not only covers any alterations to the unit, but the appliances and plumbing are also checked. However, some deficiencies impossible to discover or overlooked in the initial inspection may become evident at a later date. Please be aware that you, the Shareholder, may be responsible for repair or replacement and the costs associated therewith, if said comes to light at a future date. The fee for this service is \$65.

Please note that it is to everyone's advantage for us to inspect the unit when it is empty. If you or your lessee are still occupying the unit you may schedule an appointment to have your unit inspected or advise us of your move-out date, so the inspection can be done at that time. You will be notified of the results of the inspection in the form of a letter.

6. LEASE APPROVAL: All prospective tenants must be approved by Management, as agent for the Board of Directors. Applications and leases are attached to this package and can be obtained in the Administrative Office Monday – Friday, 8:00 am - 5:00 pm, or at the Front Desk 24 hours a day. If you or your applicant require help in filling out the necessary forms, you may contact me at 301-493-4700 between 8:00 am and 4:00 pm.

7. NOTIFICATION OF APPROVAL/DENIAL: After reviewing the application and credit report. Management, as agent for the Promenade, will notify the owner/agent of the approval or denial in the form of a letter. Should you have any questions regarding this process, please feel free to call me at 301-493-4700 between 8:00 am and 4:00pm.

8. LICENSING & REGISTRATION: Chapter 29 of the Montgomery County Code requires that owners of residential property be licensed before their property may be rented to someone else. Please call the Department of Housing & Community Affairs at 240 777-3799 for further information.

**9. Effective January 1, 2015, all residential rental properties constructed prior to 1978 must comply with Maryland's Lead Risk Reduction in Housing Act. The Promenade Towers was constructed in 1972. Please direct any questions to MDE at [www.mde.state.md.us/lead](http://www.mde.state.md.us/lead)**

10. The information on the flash drive that accompanies the Lease Application includes: Bylaws, House Rules, Occupancy Agreement and Articles of Incorporation.

11. Applicant(s) have a three (3) day rescission period within which to withdraw his/her/their Lease Application.

Sincerely,

Linda Sherburn, Assistant Board Secretary  
5225 Pooks Hill Road, Bethesda, MD 20814  
Revised 2016

301-493-4700 (Fax) 301-493-6020

PROMENADE TOWERS MUTUAL HOUSING CORPORATION

LEASE APPLICATION FOR BOARD APPROVAL

THIS APPLICATION is hereby made to rent premises known as 5225 Pooks Hill Road Unit #\_\_\_\_\_,  
Bethesda, Maryland 20814, under lease for \_\_\_\_\_ months beginning on the \_\_\_\_\_ day of  
\_\_\_\_\_ 20\_\_\_ at and for the monthly rental of \$\_\_\_\_\_.

Adults on Lease: LAST NAME FIRST NAME SOC. SEC.# DATE OF BIRTH

1. \_\_\_\_\_

2. \_\_\_\_\_

All children & other occupants:

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

Adult #1 (see above): U.S. Citizen Yes No Legal Permanent Resident Yes No If no, please provide a copy  
of passport visa and copy of Form I-94 Arrival/Departure Card. Other, please  
specify:\_\_\_\_\_

Adult #2 (see above): U.S. Citizen Yes No Legal Permanent Resident Yes No If no, please provide a copy  
of passport visa and copy of Form I-94 Arrival/Departure Card. Other, please  
specify:\_\_\_\_\_

Present Address:\_\_\_\_\_

Street # & Name (Apt. #) Phone #

City State Zip Email

How Long?\_\_\_\_\_ Rent?\_\_\_\_\_ Own?\_\_\_\_\_ Lease ends\_\_\_\_\_

Landlord/Mortgage Co.\_\_\_\_\_ Phone #

Why moving?\_\_\_\_\_

Previous Address:\_\_\_\_\_

Street # & Name (Apt. #) Phone #

City State Zip

How Long?\_\_\_\_\_ Rent?\_\_\_\_\_ Own?\_\_\_\_\_ Lease ends\_\_\_\_\_

Landlord/Mortgage Co. Phone#

EMPLOYMENT OF RESPONSIBLE PARTIES (ATTACH WRITTEN VERIFICATION: W-2, TAX RETURN, LETTER):

\_\_\_\_\_  
Name of Person employed Place of Employment Phone #

\_\_\_\_\_  
Business Address

\_\_\_\_\_  
Position Salary How Long?

Annual Overtime/Bonuses/Commissions:\$ \_\_\_\_\_

If current employment is less than one year:

\_\_\_\_\_  
Where employed How long Salary Phone #

Additional Income: Amount \$ \_\_\_\_\_ Per \_\_\_\_\_ Source \_\_\_\_\_

Amount \$ \_\_\_\_\_ Per \_\_\_\_\_ Source \_\_\_\_\_

Bank Accounts:

Checking: \_\_\_\_\_

Name of Bank Balance

Savings: \_\_\_\_\_

Name of Bank Balance

Installment debts: (including "revolving charge accounts")

Owed to : \_\_\_\_\_ Balance \_\_\_\_\_ Mo. Pymt. \_\_\_\_\_

Owed to: \_\_\_\_\_ Balance \_\_\_\_\_ Mo. Pymt. \_\_\_\_\_

Owed to: \_\_\_\_\_ Balance \_\_\_\_\_ Mo. Pymt. \_\_\_\_\_

Owed to: \_\_\_\_\_ Balance \_\_\_\_\_ Mo. Pymt. \_\_\_\_\_

Automobile Loans:

Company: \_\_\_\_\_ Balance \_\_\_\_\_ Mo. Pymt. \_\_\_\_\_

Company: \_\_\_\_\_ Balance \_\_\_\_\_ Mo. Pymt. \_\_\_\_\_

Other Debts:

Type: \_\_\_\_\_ Balance \_\_\_\_\_ Mo. Pymt. \_\_\_\_\_

Type: \_\_\_\_\_ Balance \_\_\_\_\_ Mo. Pymt. \_\_\_\_\_

Have you ever declared bankruptcy? Yes \_\_\_ No \_\_\_. If yes, explain on a separate piece of paper. Are there any outstanding judgments, lawsuits or tax liens current? Yes \_\_\_ No \_\_\_. If yes, explain.

General: Number & description of automobile or other vehicles:

Make \_\_\_\_\_ Year \_\_\_\_\_ Tag  
# \_\_\_\_\_ Color \_\_\_\_\_  
Make \_\_\_\_\_ Year \_\_\_\_\_ Tag  
# \_\_\_\_\_ Color \_\_\_\_\_

Drivers License: Name \_\_\_\_\_

License # \_\_\_\_\_ State \_\_\_\_\_

Description of Pets (if any) NO DOGS ALLOWED!!!:

Do you have a waterbed? Yes \_\_\_\_\_ No \_\_\_\_\_

Emergency Contact: Name \_\_\_\_\_ Relationship \_\_\_\_\_

Phone # \_\_\_\_\_

I/We the undersigned hereby make an application for approval to occupy an apartment in the PROMENADE TOWERS MUTUAL HOUSING CORPORATION. I/We have knowledge of the House Rules, Occupancy Agreement, Bylaws and Articles of Incorporation and agree to abide by the rules of this community. The undersigned does each certify that the information given in this application is true and I/We have not knowingly withheld any fact or circumstances which would, if disclosed, affect my/our application unfavorably. PTMHC, its employees and agents shall have the right to confirm any and all information furnished.

Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_  
Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_  
Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_  
Applicant Signature \_\_\_\_\_ Date \_\_\_\_\_

NO DOGS ALLOWED !!

If you do not have the above documents, copies may be obtained in the Administrative Office.

LANDLORD/OWNER - PLEASE FILL IN THE FOLLOWING INFORMATION.

OWNER: \_\_\_\_\_ AGENT(if any) \_\_\_\_\_

PHONE# \_\_\_\_\_ (W) \_\_\_\_\_ APT SIZE \_\_\_\_\_

VACANT? YES \_\_\_\_\_ NO \_\_\_\_\_

CURRENT LEASE EXPIRES \_\_\_\_\_

LEASE AGREEMENT

THIS AGREEMENT (the "Lease") made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ by and between \_\_\_\_\_ (herein called the "Lessor") and \_\_\_\_\_ (herein called the "Lessee").

WITNESSETH:

That in consideration of the representations made in the application filed by Lessee with Lessor, the rent herein to be paid, and the covenants herein contained and by the said Lessee to be performed, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, Apartment No. \_\_\_\_\_ (check one) \_\_\_ including \_\_\_ excluding garage space(s) designated as number(s) \_\_\_\_\_ (the "Premises") in the cooperative apartment building known as "THE PROMENADE" (the "Building") located at 5225 Pooks Hill Road, Bethesda, County of Montgomery, State of Maryland, to be occupied as a private dwelling and not otherwise.

The \_\_\_\_\_ year term of the Lease shall commence on the \_\_\_\_ day of \_\_\_\_\_ 20\_\_ and shall end on the \_\_\_\_ day of \_\_\_\_\_ 20\_\_ (the "Initial Term"). The total rent during the Initial Term is \_\_\_\_\_ Dollars (\$\_\_\_\_\_) payable in equal monthly installments of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), in advance, without deduction or demand and said obligation to pay rent is independent of any other clause in this Lease, on the FIRST day of \_\_\_\_\_ and each month thereafter (the "Rent Due Date") during the Initial Term, at the office of Lessor, or at such place designated by Lessor, the first payment of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) to be made upon the execution hereof covering rent in advance for the first month of said term. Failure to pay rent on the Rent Due Date will constitute default and Lessor may use any remedy afforded under the terms of this Lease and/or applicable law. All sums of money or other charges, including payments required to be paid by Lessee to Lessor or to any other person under the terms of this Lease, whether or not the same be designated "rent" or "additional rent", will be deemed rent and will be collectible as such.

IT IS UNDERSTOOD AND AGREED that Lessee is taking possession of the Premises on \_\_\_\_ day of \_\_\_\_\_ 20\_\_ and is to pay the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), as pro rata rent from that date through \_\_\_\_\_ 20\_\_.

The Premises shall be occupied by not more than \_\_\_\_\_ persons.

Each Lessee shall be jointly and severally liable to Lessee for full performance under each and every covenant and condition of this Lease and for compliance with applicable law.

IT IS FURTHER COVENANTED AND AGREED BETWEEN THE LESSOR AND THE LESSEE AS FOLLOWS:

**1. LESSOR'S RESPONSIBILITY FOR MAINTENANCE, WARRANTY OF HABITABILITY AND COVENANT OF QUIET ENJOYMENT.**

Lessor acknowledges responsibility for the maintenance of the premises as required by Section 29-30 of the Montgomery County Code and incorporates by reference Chapter 8, Chapter 22, Chapter 26 and Chapter 59 of the County Code, as an express warranty of habitability and covenant to repair. Lessor further warrants that the premises will be delivered in a clean, safe, habitable, and sanitary condition, free of rodents and vermin, and in complete compliance with all applicable laws. Lessor further assures Lessee that Lessee, peaceably and quietly, may enter on the premises at the beginning of the term of the Lease. If Lessor fails to provide Lessee with possession of the Premises at the beginning of the term, the rent payable under the Lease shall abate until possession is delivered. The Lessee, on written notice to Lessor before possession is delivered, may terminate, cancel and rescind the Lease within 3 days after delivery of the House Rules to Lessee.

**2. LESSEE ACKNOWLEDGES GOOD CONDITION OF PREMISES.**

(a) Delivered in Compliance with Law. Lessor covenants that the Premises and all common areas are delivered in a clean, safe and sanitary condition, free of rodents and vermin, in a habitable condition, and in complete compliance with all applicable law. Lessee has been given an opportunity to examine the Premises, and has found the Premises to be in satisfactory condition, unless otherwise specified herein. Lessee agrees that no representations or warranties as to the condition of the Premises have been made and that no other agreement has been made to redecorate, repair or improve the premises unless hereinafter set forth specifically in writing.

(b) List of Existing Damages. Lessee has the right to have the Premises inspected by Lessor in Lessee's presence for the purpose of making a written list of damages that exist at the commencement of the tenancy if Lessee so requests by certified mail to Lessor within fifteen (15) days of Lessee's occupancy. This list is for information only, and Lessor shall not be obligated to make any repairs except as specified herein or as required by law.

(c) Inspection by the Promenade Towers Mutual Housing Corporation. Lessee authorizes an agent of the Promenade Towers Mutual Housing Corporation to conduct an inspection of the Premises to determine the condition thereof. The Lessee agrees and acknowledges that the inspection and any resulting report indicating the condition of the Premises is for the sole and exclusive use of the Promenade Towers Mutual Housing and that Lessee shall not be entitled to rely upon the thoroughness or the accuracy of such inspection and report.

**3. POSSESSION.**

Except as otherwise provided by law, Lessor shall not be liable for failure to deliver possession of the Premises at the time stipulated herein as the date of the commencement of the tenancy, except that in the event of delay, the rent herein stipulated to be paid shall be abated for the period from the date of the commencement specified in this Lease to the day possession is tendered to Lessee.



#### **4. DAMAGE TO PREMISES, ETC.**

(a) **Duty to Report.** Lessee shall promptly report to Lessor any damage to or defect found within the Premises so that Lessor may make repairs diligently. When the failure of Lessee to so report the known existence of damage or defects within his Premises causes injury or damage to any part of the Premises, the Building or any person, Lessee shall be liable for the resultant damages or injuries.

(b) **Lessee Caused Damages.** Lessee must generally maintain the Premises in a clean, sanitary and safe condition. Such maintenance includes the caulking of bathtubs and sinks; replacement of HVAC filters, fuses, resetting of circuit breakers, batteries and light bulbs; and cleaning of appliances including, but not limited to, stoves and microwave ovens. Lessee is responsible for keeping plumbing fixtures clean, sanitary and maintaining commode, drains and air gaps free of blockages, and operating all electrical and plumbing fixtures properly. Lessee must not refinish or shellac the wood floors. When abuse or negligent acts of commission or omission (including a failure to report a problem to Lessor in a timely manner) of Lessee, his family, visitors, guests, employees invitees or pets, whether negligent, reckless or intentional, cause damage to any part of the Premises or the Building or to the Building's employees, Lessee shall promptly pay expenses incurred by Lessor to correct such damages upon presentation of a bill itemizing the costs involved. That amount shall be considered additional rent due on the first of the month following Lessee's receipt of the bill. The Lessor and Lessee hereby covenant that when either of them make repairs to the Premises which they subsequently seek to charge the other party to this Lease, then it shall be the responsibility of the party making the repairs to prepare an itemization of all charges for repair, both labor and materials. Any and all such charges listed herein shall be substantiated upon written request by the party sought to be charged. It is further agreed that *Lessee must not order repairs or replacements without prior written approval from Lessor.* It is further agreed and understood that in the event the items described as Lessee's responsibilities in this Lease are not properly maintained in accordance with the terms hereof, after ten (10) days' written notice from Lessor to Lessee of the need for maintenance if the maintenance is not performed, Lessor has the right to complete the necessary maintenance and charge Lessee for the expenses.

**If Lessee and Lessor make arrangements for Lessee to meet a vendor to make repairs or perform maintenance, and Lessee fails to meet such vendor as scheduled, Lessee shall be responsible for any charges incurred for Lessee's failure to meet such vendor as scheduled. Further, should Lessee require that such vendor appointments be made during vendor's overtime hours, and the work required does not qualify as an emergency, Lessee shall be responsible for the additional charges incurred to accommodate said overtime request.**

#### **5. USE AND OCCUPANCY RESTRICTIONS; SUBLETTING, ETC.**

Lessee shall personally use and occupy the Premises solely as a private dwelling for himself and those individuals set forth as occupants on the signature page of this Lease (including children) and shall not sublet or rent the Premises or any part thereof or suffer to permit the Premises or any part thereof to be used by any additional occupant, and shall not transfer or assign this Lease,

or take any action in connection with any of the same, without the prior written consent of Lessor, which shall be within Lessor's sole, subjective and absolute discretion and subject to the sole, subjective and absolute approval of the Promenade Towers Mutual Housing Corporation ("PTMHC"). Lessee agrees that the number of occupants is not to exceed the number shown on the first page of this Lease and is otherwise in accordance with Montgomery County law. The Premises shall not be used for any commercial purpose whatsoever. Lessee will not use the premises for any disorderly or unlawful purposes or in any manner offensive to others and will comply with all applicable Federal, State, County and local laws and ordinances. Lessee shall not permit any person on the Premises with Lessee's permission to negligently, willfully or wantonly destroy, deface, damage, impair or remove any part of the structure or the Premises or the facilities, equipment or appurtenances. Failure to comply with the forgoing limitations shall constitute a substantial and material breach of covenant by Lessee mentioned at the option of Lessor, and Lessor shall have the right and option to re-enter and take possession of the Premises by legal process from the court having jurisdiction over the Premises.

## **6. PERSONAL AND PROPERTY RISK.**

All personal property placed in the Premises, storage room, or in any other portion of the Building, or any place appurtenant thereto, shall be at the sole risk of Lessee or the parties owning the same, except that Lessor shall be liable for and will reimburse Lessee for any damage to the property of Lessee caused by the negligence of Lessor or Lessor's violation of any law.

## **7. RULES AND REGULATIONS.**

(a) Notice to Lessee. The Lessee hereby acknowledges that he has been informed that the Premises hereby leased to Lessee are included within and part of a cooperative housing project, and that Lessee has had an opportunity to review the Articles of Incorporation, By-laws and House Rules (including, without limitation, the Parking Regulations) of PTMHC. Additionally, Lessee acknowledges that he has been informed that Lessor is entitled to possession of the Premises subject to the terms and conditions of an "Occupancy Agreement" by and between Lessor and PTMHC, a copy of which has been exhibited to and reviewed by Lessee and is attached hereto as "Exhibit A". Lessor shall deliver a copy of the Articles of Incorporation, By-laws and House Rules of PTMHC to the Lessee.

(b) Covenants of Lessee. The Lessee hereby covenants and agrees that Lessor's right to lease and Lessee's right to possess the Premises are subject to all terms and conditions of the Articles of Incorporation, By-laws and House Rules of PTMHC as now existing and as the same may from time to time hereafter be amended and adopted, as the case may be. The Lessee expressly agrees to be bound by and conform to all terms, conditions and covenants contained in the Occupancy Agreement by and between Lessor and PTMHC. Any obligation of the owner that affects the use and occupancy of the unit or any common area associated with the unit is enforceable against Lessee. Failure to cure any on-going violations of the Articles of Incorporation, By-laws and House Rules of PTMHC by Lessee will be deemed a breach of this Lease and Lessee will be responsible for the cost of any fines levied upon Lessor as a result thereof.

**8. HEAT, A/C, WATER, ETC.**

Lessor shall furnish Lessee only in the pipes and faucets provided for such purposes, hot and cold water, during the term of this Lease, and in the radiators a reasonable amount of heat at all reasonable hours, if the weather and outside temperature require it, except when prevented by strike, accident or other cause beyond the control of Lessor, and except during the repairing of the apparatus provided in the Buildings for furnishing of such heat or water. Lessor shall not be liable for any injury or damage whatsoever which may arise or accrue, either from his furnishing or his failure to furnish hot or cold water, or heat, or air conditioning.

**9. GAS AND ELECTRICITY.**

Lessee shall be entitled to the use of gas and electricity and Lessee shall exercise due diligence in conserving both gas and electricity. Lessee is not to have the right or privilege of installing any additional gas or electrical apparatus without the prior written consent of Lessor. In the event of removal of such additional gas or electrical apparatus, all cost of removal shall be paid by or charged to Lessee.

**10. ELECTRIC LIGHTBULBS.**

Lessor shall furnish electric light bulbs in the fixtures installed by Lessor at the time Lessee takes possession of the Premises, but not thereafter.

**11. REFRIGERATOR AND GARBAGE DISPOSAL.**

Lessor will furnish and maintain in operation in the Premises such refrigerator and garbage disposal as Lessor shall deem suitable and appropriate but shall not be liable for any damages which may be caused directly or indirectly, in furnishing or maintaining the same, or by failure to maintain the same in operation, except that Lessor shall be liable for and will reimburse Lessee for any damage to the property of Lessee caused by the negligence of Lessor or Lessor's violation of any law. Lessee agrees that if any member of his household, his agents, contractors, guests or visitors shall cause damage to the refrigerator or garbage disposal of Lessor, Lessee agrees to pay cost of repairing the damage.

**12. LAUNDRY.**

The Lessee shall not install or use a washing machine and/or dryer in the Premises but shall be entitled, upon payment of the meter charges to the use of the equipment located in the Building, to use the laundry facilities afforded by Lessor, in such manner and during such times as may be determined by Lessor.

**13. TRASH AND GARBAGE.**

No trash or trash cans or garbage receptacles will be permitted in the hallways at any time. The Lessor maintains a room in the Building in which the Premises are located and Lessee must take his trash and garbage and deposit the same in such room. Lessor shall have the right to impound

any trash can or garbage receptacle which is placed in the hallways of the Building in violation of this provision. Lessee will abide by all local laws and regulations concerning the separation, special pick-up and removal of recyclables. Lessee further agrees to keep the Building and the Premises clean, sanitary and safe and dispose of all rubbish, garbage and other waste in a clean and sanitary manner.

**14. UNLAWFUL USE AND DISTURBING NOISES, ETC.**

Lessee shall not use or permit to be used, the Premises for any unlawful or illegal purpose, or do or permit any unlawful act in or upon the Premises. The Lessee shall not make or permit to be made any disturbing noises or to permit any act which will unreasonably interfere with the rights, comforts, or convenience of other lessees. The Lessee shall keep the volume of any radio, television, stereo, electronic device or musical instrument in his or her apartment sufficiently reduced at all times so as not to disturb other lessees in the Building and shall not conduct or permit to be conducted vocal or instrumental practice or instruction. In order to eliminate any noise caused or occasioned by walking on the hardwood floors in the Premises Lessee shall install carpeting or rugs over 85% of the walking areas of the Premises.

**15. ENTRANCE DOORS.**

Lessee shall keep or cause to be kept all doors leading from and to the Premises into the hallways of the Building closed at all times and Lessor reserves the right to close such doors in the event of the violation of this provision.

**16. PAINTING AND ALTERATIONS.**

Lessee shall not paint or permit the painting of any portion of the Premises, or erect or cause to be erected any structure in, about, or upon the Premises, or permit or make any structural alterations or changes in and about the said Premises, without the prior written consent of Lessor and PTMHC.

**17. USE OF WINDOWS, DUSTING, DEFACING PROPERTY, ETC.**

The Lessee shall not suffer or permit anything to be kept on the window sills in the Premises; and shall not permit anything to be thrown out of the windows of the Premises, or down the courts or light shafts of the Building or the dusting or shaking of mops, brooms or other cleaning material out of either the windows or the doors of the Premises, and shall not permit anything to be placed in or hung from outside of said windows. The Lessee shall not deface or injure the floors, walls, woodwork or windows of the Premises or place any sign, advertisement or notice of any kind in or upon the Premises.

**18. PETS.**

The Lessee expressly agrees not to keep or maintain in said apartment any pet, except with the prior written consent of Lessor and PTMHC, which consent may be withheld, conditioned or delayed in the sole discretion of Lessor and/or PTMHC. The consent, if given may be revoked

by Lessor or PTMHC at any time within its sole and subjective discretion. Lessee is prohibited from keeping a dog with or without the consent from Lessor and PTMHC. This provision does not apply to service animals covered by the Americans with Disabilities Act and/or the Fair Housing Act. Lessee shall not keep any pet on the Premises if the pet is or becomes vicious or threatening, bites or attacks any person or other pet, or otherwise is or becomes a nuisance. Lessee assumes full liability for the results of any actions of pet.

**19. LOCKS AND KEYS.**

No additional locks shall be placed upon any doors of the Premises. Upon the termination of this Lease, Lessee shall surrender to Lessor all keys to the Premises.

**20. AWNINGS, SHADES, RADIO AERIALS, WATER BEDS, ETC.**

No awnings or other projections except such as are presently installed on the Premises shall be attached to the outside or other parts of the Building and no blinds, shades, screens, attachments or contrivances of any kind shall be attached to, hung in, or used in connection with any window or door of the Premises. Lessee shall not install or use any radio aerials or television aerial other than the central television aerial installed in the Premises. Lessee agrees to have television connected by an electronics service approved by Lessor, so as to avoid damage to the master television system or sets of other residents. Under no circumstances shall any air-conditioning apparatus, television aerials, or radio antennas be installed by Lessee upon either the interior or exterior of the Building. No furniture containing water, including but not limited to, water beds, are permitted to be brought into the Premises.

**21. PLUMBING FIXTURES.**

The water-closets, sinks, faucets and other water and sewer apparatus and fixtures shall not be used for purposes other than those for which they were designed, and no sweepings, matches, rags, ashes, or other improper articles shall be thrown therein. The cost of repairing any damage resulting from misuse of any of the same shall be paid by Lessee of the damaged Premises. The Lessee further covenants to keep all plumbing fixtures clean and sanitary.

**22. FIRE HAZARDS.**

Lessee shall not permit any act or thing deemed hazardous by Lessor on account of fire or that will increase the rate of insurance on said Premises. In case the Premises shall be damaged by fire, rain, wind, or other cause beyond the control of Lessor, unless the same shall occur for any reason for which Lessee is responsible, then the Premises shall be repaired within a reasonable time at the expense of PTMHC in conformity with its By-laws. In cases where the damage by fire or unavoidable accident is so extensive as to render the Premises untenable, the tenancy terminates and all liability for rent ceases on payment proportionately to the day of fire or unavoidable accident.

**23. BABY CARRIAGES, BICYCLES, ETC.**

No baby carriages, velocipedes, bicycles or other articles of personal property shall be deposited in the lobbies of the Building or to stand in the halls, passageways, areas, courts, sidewalks, parking garages, parking lots or lawns of the Building. All such articles will be impounded and a charge of Five Dollars (\$5.00) a day for each day the property is held by Lessor or the PTMHC will be assessed and items will not be returned by Lessor to Lessee until all such charges are paid by Lessee.

**24. LOITERING, ETC.**

The Lessee shall not permit or allow any agent, contractor, employee, or his children, or any of his guests or invitees to loiter in the lobby, recreation rooms, playground, swimming pool corridors, landings or on the stairs of the Building.

**25. PROPER ATTIRE.**

All persons shall be properly attired when appearing in the lobby, corridors, swimming pool and other public spaces in or around the Building and the apartment development of which it is a part, and in the event that Lessee or members of his household or his guests or invitees shall avail themselves of the privilege of using the sun deck or swimming pool in the event same is provided by Lessor, then they shall be suitably attired.

**26. PARKING.**

Garage parking accommodations are not included in the rental unless expressly agreed upon in writing executed by all parties hereto and approved by PTMHC. It is further agreed between the parties hereto that Lessee's use of any parking space in said development, whether within or outside of the garage, for the parking of automobiles shall be at Lessee's sole risk, except that Lessor shall be liable for and will reimburse Lessee for any damage to property of Lessee caused by the negligence of Lessor or Lessor's violation of any law. Any employee of Lessor or the PTMHC who shall move or handle Lessee's automobile or any articles or packages therein at the request of Lessee or members of Lessee's family, shall be deemed to be the agent of Lessee, and not the agent of Lessor or the PTMHC for such purpose. No mechanical or body repair work shall be performed to or upon any automobile inside the garage or anywhere upon the property of PTMHC nor shall any automobile be stored in the apartment development outside of the garage, and if so stored, may be removed and/or stored elsewhere at Lessee's sole cost, expense and risk. Any automobile stored or placed in such garage, or in the space allocated to Lessee together with the contents of such automobile, shall be at the sole risk of Lessee, it being understood and agreed that neither the owners nor the agent shall be held in any way responsible to Lessee for loss of or damage to Lessee's car, or to any personal property left therein, by fire, theft, collision or otherwise, except that Lessor shall be liable for and will reimburse Lessee for any damage to the property of Lessee caused by the negligence of Lessor or Lessor's violation of any law. Lessee's right to park upon the Premises shall be subject to all rules and regulations regarding parking as contained in the House Rules and other documents of the PTMHC which are subject

to change from time to time. Failure to comply with all such rules and regulations shall be deemed to be a substantial and material breach of this Lease.

**27. SWIMMING POOLS, HEALTH CLUB, TENNIS COURTS, ETC.**

Lessee understands and agrees that use of the swimming pools, health club, tennis courts and all other recreational amenities are privileges subject to Lessee being in full compliance with the terms and conditions of this Lease and the rules and regulations and all other documents of PTMHC which may from time to time elect to declare to be in effect: a copy of said rules and regulations to be available for inspection at the management office, pool area, and/or at the reception desk in the lobby of the Building. All such privileges are limited to Lessee and all said occupants listed on the signature page this Lease. These privileges terminate when this Lease terminates. Said privileges may be revoked or suspended if Lessee is in default of any of the aforesaid. It is understood by both Lessor and Lessee that a non-occupant Lessor shall not have the use of the amenities.

**28. LIEN FOR RENT.**

Lessor shall have a lien upon all personal property of Lessee moved in and located upon the Premises or in the aforesaid building, as and for security for the rent herein provided to be paid as provided by Real Property Article, Annotated Code of Maryland, Section 8-301 through 8-332, inclusive.

**29. EARLY TERMINATION OF THE LEASE FOR BREACH.**

Lessor may terminate this Lease upon fourteen (14) days' written notice when Lessee, or a person who is on the Premises with Lessee's consent, demonstrates a clear and imminent danger to themselves, other lessees, Lessor, Lessor's property or representatives, or any other person on the property. Further, Lessor may terminate the Lease upon thirty (30) days written notice for any substantial breach of lease that warrants eviction.

**30. TELEPHONE.**

The Lessee shall pay all telephone bills for services to the Premises during the entire term created by this lease, as the same shall become due and payable, if such service is rendered. Listings in the telephone directory shall be the sole responsibility and at the expense of Lessee. In the event the Building in which the Premises is located shall be provided with secretarial service by Lessor, such service and the extent thereof, shall be governed by the rules and regulations referred to in Paragraph 7 hereof. The failure to provide such service shall not be a ground for cancellation of this Lease or for non-payment of rent.

**31. ABANDONMENT.**

If Lessee shall abandon the Premises, or quit and vacate the Premises, voluntarily or involuntarily, except as provided herein, the same may be re-let by Lessor for such rent and upon such terms as Lessor may deem reasonable and advantageous and in the event of such re-letting,

Lessee shall be and remain liable for any deficiency in rent, any expenses incident to such re-letting, including but not limited to attorneys' fees as awarded by a court of competent jurisdiction, any damages which Lessor may have sustained by virtue of Lessee's use and occupation of the Premises, and all costs for repairing and restoring the Premises. The attorneys' fees are not part of the lessee's rent and need not be paid to redeem the Premises in a non-payment of rent action. Lessor shall be obligated to pay lessee's attorneys' fees if the lessee is the prevailing party in the legal action and fees are awarded by the court.

**32. ACCESS BY LESSOR FOR INSPECTION AND MAINTENANCE AND SERVICING.**

The Lessor shall retain duplicate keys to all of the doors of the Premises, and Lessor, or his agent, shall have access to the Premises, upon 24-hour notice to Lessee, in order to inspect the same, or to make necessary repairs. Lessee hereby agrees to permit various mechanics authorized by Lessor from time to time to render service and make adjustments in connection therewith, customary, or necessary in the construction, remodeling, or in the maintenance of the Premises or the Building. Lessee further agrees that any such work whether requested by Lessee or directed by agent shall be accepted by Lessee as a necessity to the tenancy. Lessor shall have the right, during the last thirty (30) days of the term hereby created, to show the Premises to prospective lessees, and during the last ten (10) days of said term shall have access to the Premises in order to make repairs or redecorate same for the incoming lessee should it deem this action necessary. Lessor shall exercise these rights of access only after due notice to Lessee and without objection from Lessee, and shall supply such services except in an emergency only during normal business hours. Normal business hours to include weekends unless otherwise agreed to between the parties but nothing herein contracted which shall prohibit Lessor from entering upon the Premises in an emergency without notice or after due notice has been given when Lessor has good cause to believe Lessee may have damaged the Premises.

**33. NOTICE TO VACATE.**

Lessor may terminate this Lease as of the end of the initial term by providing Lessee with at least sixty (60) days prior written notice to vacate and Lessee may terminate this Lease at the end of the initial term by providing Lessor with at least sixty (60) days prior written notice, to become effective upon the first day of the next month in which said notice is delivered or immediately if delivered on the first day of any month. No reason need be stated in the notice by the issuing party. In respect to any "Notice to Vacate" issued by Lessee, such notice shall be deemed to be permission granted to Lessor to enter and show said Premises in order to make repairs or redecorate same for the incoming lessee should it deem this action necessary. Lessor shall exercise this right of access only after due notice to Lessee and shall exhibit the Premises to prospective Lessees only during normal business hours, including weekends, unless otherwise agreed to between the parties.

**34. HOLDING OVER TENANCY.**

Upon the expiration of the original term of this Lease by a lapse of time, Lessee shall automatically thereafter become a lessee on a month-to-month basis at 1 times the rental rate in



effect on the date of expiration or at a new month-to-month rental rate to be determined by Lessor after written notice thereof to Lessee. In no event can there be a renewal or extension of this Lease in excess of the month-to-month term without the prior written approval of the PTMHC which shall be in its sole, subjective and absolute discretion. If Lessor desires to increase Lessee's rent from the rate in effect at the expiration of the original term, effective at or after the expiration of the original term of this lease, Lessor shall give two (2) full calendar month's prior written notification of such increase to Lessee. It is further understood and agreed that any such notice of rent increase effective at or after the expiration of the original term of this Lease or given a month-to-month lessee, shall become automatically effective and legally binding upon Lessee by his continuing to remain in the Premises after the effective date of such rent increases provided in the notice, whether or not such Lessee shall have communicated to Lessor his assent or dissent to such rent increase in writing or otherwise. Any notice of a rent increase issued by Lessor shall be in conformity with any applicable statute both as to form and content. Lessor may terminate the month-to-month lease with or without cause by written notice to Lessee delivered not less than sixty (60) days prior to the effective date of the lease termination; provided that, in the event that Lessor delivers notice prior to the first day of the month, the 60-day notice shall be deemed effective as of the first day of the month in the month following the date of delivery of the notice. Lessee may terminate the month-to-month lease with or without cause by written notice to Lessor delivered not less than sixty (60) days prior to the effective date of the lease termination; provided that, in the event that Lessee delivers notice prior to the first day of the month, the 60-day notice shall be deemed effective as of the first day of the month in the month following the date of delivery of the notice.

### **35. ACTION BY LESSOR UPON DEFAULT.**

Should Lessee at any time during the continuance of the occupancy of the Premises fail to pay any one of the monthly installments of rent reserved as aforesaid, when and as the same shall become due and payable, although no demand may have been made for the same, or should Lessee violate any one of the agreements, terms or conditions of this Lease, or any rules and regulations herein, or hereafter adopted by Lessor for the Building, Lessor shall have the right and option to re-enter and take possession of the Premises forthwith, by legal process from the Court having jurisdiction over the Premises. In the event of any default, except the failure to pay rent and late charges, or if Lessor deems the tenancy of Lessee undesirable by reason of objectionable or improper conduct by Lessee or Lessee's family, guests, or employees that causes annoyance to neighbors or should Lessee occupy the Premises in violation of any rule, regulation, or ordinance of Lessor, PTMHC, any governmental rental authority, or any federal, state or local law, then, Lessor has the right to terminate this Lease by giving Lessee personally or by sending via first class mail to Lessee a thirty (30) day written notice to quit and vacate the Premises that includes the basis for said termination. When initiating any legal action, Lessor may recover its costs, including reasonable attorneys' fees, from Lessee. The Lessor's attorneys' fees are not part of Lessee's rent and need not be paid to redeem the Premises in a nonpayment of rent action. If Lessee is the prevailing party in the legal action, Lessor may be obligated to pay Lessee's reasonable attorneys' fees if awarded by the court.

### **36. WAIVING OF ONE BREACH NOT A GENERAL WAIVER.**

No waiver of any breach of the covenants, provision or conditions contained in this Lease shall be construed as a waiver of the covenant itself or of any subsequent breach thereof; and if any breach shall occur and afterwards be compromised, settled or adjusted, this Lease shall continue in full force and effect as if no breach had occurred.

**37. REPRESENTATIONS IN APPLICATION.**

The Lessor tenders this Lease to Lessee and Lessee accepts the same on the basis of the representations contained in the aforesaid application submitted to Lessor by Lessee and made a part of this Lease, for the purpose of inducing Lessor to execute the Lease with Lessee; and in the event that any of the representations in the aforesaid Application shall be found by Lessor to be misleading, incorrect or untrue, said shall be deemed a substantial and material breach hereof and Lessor shall have the right to forthwith cancel this Lease and to repossess the Premises in the manners set forth by law in this Lease, and pursuant to the documents of the PTMHC. Lessor and Lessee covenant that this Lease shall not be valid until approved in writing by PTMHC.

**38. RENTAL PAYMENT.**

No payment by Lessee or receipt by Lessor of a lesser amount than the rent herein stipulated or, in the event of holding-over by Lessee after the expiration of the term herein specified, the rent required to be paid during such holding-over period, shall be deemed to be other than on account of the stipulated or required rent. The deposit by Lessee of all or any part of the stipulated or required rent in escrow, in trust or in any form with any party other than Lessor or his designated agent without the prior or written consent of Lessor shall not be deemed payment to Lessor, or payment of rent. No endorsement or statement on any check or any letter accompanying any check or payment of rent shall be deemed an accord and satisfaction and Lessor may accept such check or payment without prejudice to Lessor's right to recover the balance of such rent or pursue any other remedy in this Lease. Lessee agrees to pay Lessor, as additional rent, a sum equal to five percent (5%) of the rent due as a late charge if the full amount of monthly rent is not received by Lessor by the 10th day of the month in which such rent shall be due and payable. However, the 10-day later period is NOT a grace period and the rent is due and payable on the first day of each month. The late charge must be paid as additional rent together with the rent then overdue and in arrears and acceptance of such payment is not a waiver of the requirement that rent is due on the first day of each month. A service charge (which sum shall not exceed the maximum permitted by Maryland law) of thirty-five Dollars (\$35.00) will automatically become due and payable in each instance in which a check is returned unpaid for any reason by Lessee's bank. Nothing in this Lease constitutes a waiver or limitation of Lessor's right to institute legal proceedings for rent, damages and/or repossession of the Premises for non-payment of any installment of rent when and as the same becomes due and payable. For any and all sums paid in cash or by money order by Lessee for rent, Security Deposit or otherwise, Lessor shall furnish to Lessee a written receipt.

**39. SECURITY DEPOSIT.**

In accordance with the Real Property Article of the Annotated Code of Maryland, Lessee has deposited with Lessor the sum of \$\_\_\_\_\_ (the "Security Deposit"), receipt of

which is hereby acknowledged by Lessor, which sum does not exceed two (2) months' rent, which is to be held as collateral security for the full and faithful performance of all of the covenants and conditions contained herein during the term of this Lease and any extension or renewal thereof the rights and remedies reserved to Lessor under this Lease being cumulated in the event of a default by Lessee and applied on any rent or unpaid additional rent that may remain due and owing at the expiration of this Lease, any extension thereof or any holding over period, or applied to any damages to the Premises in excess of ordinary wear and tear caused by Lessee, Lessee's family, guests, employees, agents or pets, or other damages and expenses suffered by Lessor as a result of a breach of any covenant or provision of this Lease. Lessee may not utilize the Security Deposit as rent and must not apply the Security Deposit to the last month's rent. Lessor shall not be required to resort to the Security Deposit before exercising any other remedy available to it under this Lease or by law.

This section advises Lessee of the following rights under Maryland law.

The Security Deposit may be held in insured certificates of deposit at branches of a federally insured financial institution within the State of Maryland or in securities issued by the Federal Government or the State of Maryland.

(1) Lessee has a right to have the Premises inspected by Lessor in Lessee's presence for the purpose of making a written list of damages that exist at the commencement of the tenancy if Lessee so requests by certified mail within fifteen (15) days of Lessee's occupancy.

(2) Lessee has a right to be present when Lessor inspects the Premises at the end of the tenancy in order to determine if any damage was done to the Premises if Lessee notifies Lessor by certified mail at least fifteen (15) days prior to the date of Lessee's intended move, of Lessee's intention to move, the date of moving, and Lessee's new address.

(3) Lessor is obligated to conduct an inspection within five (5) days before or after Lessee's stated date of intended moving.

(4) Lessor has an obligation to notify Lessee in writing of the date of the inspection.

(5) Lessee has a right to receive, by first class mail, delivered to the last known address of Lessee, a written list of charges against the Security Deposit claimed by Lessor and the actual costs, within forty-five (45) days after the termination of the tenancy.

(6) Lessor is obligated to return any unused portion of the Security Deposit together with simple interest, as set forth by Section 8-203(e)(1) of the Real Property Article of the Annotated Code of Maryland less any damages rightfully withheld by first class mail, addressed to Lessee's last known address within forty-five (45) days after the termination of the tenancy. Interest will accrue at six (6) month intervals from the day that Lessee deposits said Security Deposit with Lessor provided that the Security Deposit is \$50.00 or more. The foregoing provisions do not apply to any Lessee who has abandoned the Premises or who has been evicted unless such Lessee makes a written demand for the return of the Security Deposit within forty-five (45) days

after being evicted, ejected or having abandoned the Premises and provides Lessor with his/her new address.

(7) Lessor's failure to comply with the Security Deposit law may result in Lessor being liable to Lessee for a penalty of up to 3 times the Security Deposit withheld, plus reasonable attorneys' fees. The Lessor or Lessor's estate will remain liable to Lessee for the maintenance of the Security Deposit as required by law.

Lessee's obligations under this Lease may not end when Lessee ceases to occupy the Premises. Repairs may be so substantial or of such a nature that work will not be completed within the 45-day period following the termination of the tenancy. In such event, Lessor reserves the right to pursue Lessee for reimbursement for costs incurred to repair damages to the Premises. In the event of a sale of the property upon which the Premises are situated or the transfer or assignment by Lessor of this Lease, Lessor has the obligation to transfer the security deposit to the transferee. After the transfer is made and after written notice of same is given to Lessee with the name and address of the new Lessor, Lessor is released from all liability for the return of the Security Deposit and Lessee must look solely to the new Lessor for the return of the Security Deposit. It is agreed that the foregoing will apply to every transfer or assignment made of the Security Deposit to a new Lessor.

In the event of any rightful or permitted assignment of this Lease by Lessee to any assignee or sublease, the Security Deposit is deemed to be held by Lessor as a deposit made by the assignee-sublessee and Lessor will have no further liability with respect to return of such Security Deposit to the assignor.

#### **40. SUBORDINATION.**

This Lease Agreement and all of its terms, covenants and provisions are and each of them is subject and subordinate to any Mortgage or Deed of Trust constituting a lien now or hereafter placed upon the property of which the Premises is a part. Lessee hereby agrees that, except as otherwise provided below, this Lease shall not terminate in the event of enforcement of any obligation secured by such Mortgage or Deed of Trust upon the property of which the Premises is a part, and Lessee further agrees to recognize the mortgagee or trustee or the purchaser at any sale pursuant to the enforcement of any such obligation as Lessee's lessor for balance of the terms of this Lease subject to all the lessees and provisions hereof. Notwithstanding the attornment agreement above set forth, Lessee specifically agrees that the holder of any such Mortgage or Deed of Trust secured upon the property of which the Premises is a part, or any purchaser at any sale pursuant to the enforcement of such obligation shall have the right within thirty (30) days after the acquisition of title to the property of which the Premises is a part to declare the said attornment provision to be null and void and of no force and effect and thereby terminate this Lease.

#### **41. CONDEMNATION.**

In the event that the Premises or any part thereof is taken by any authority exercising the power of eminent domain, this Lease shall terminate as of the date possession shall be taken by the

condemning authority. The Lessee waives all claims against Lessor or any condemning authority by reason of the complete or partial taking of the Premises and shall not be entitled to receive any part of such award which Lessor may receive, hereby quit-claiming all interest therein to Lessor.

**42. LIMITATION OF LIABILITY.**

The term "Lessor" as used in this Lease shall refer to the owner only for the time being of Lessor's interest or estate and the property of which the Premises is a part. Lessor shall be and is hereby relieved of all covenants and obligations of Lessor hereunder after the date of transfer of Lessor's estate or interest in said property, and it shall be construed without further agreement between the parties that the transferee has assumed and agreed to carry out any and all covenant and obligations of Lessor hereunder for the period that said transferee shall own or hold Lessor's estate or interest in said property and the liability of Lessor under this Lease shall be and hereby is limited to its interest in the property of which the Premises is a part and no other asset of Lessor shall be affected by reason of any liability which Lessor may have to Lessee or to any other person by reason of the execution of this Lease, or acquisition of Lessor's interest in said property or this Lease.

**43. CANCELLATION BY LESSEE IN INITIAL TERM.**

(a) Reasonable Cause beyond Lessee Control. The initial term of this Lease may be terminated upon thirty (30) days written notice to Lessor due to involuntary change of employment from the Washington-Metropolitan Area, death of major wage earner, unemployment, or for any other reasonable cause beyond Lessee's control. Lessee shall provide Lessor with written proof of such involuntary change in employment of greater than 25 miles from the Washington-Metropolitan Area. If death of major wage earner, unemployment, or other reasonable cause beyond Lessee's control is claimed, Lessee shall specify the specific cause(s) in writing to Lessor and must include appropriate documentation thereof. If reasonable cause beyond Lessee's control is claimed other than death of major wage earner or unemployment, Lessor may verify and accept or reject such claim depending upon the particular circumstances. In the event of termination under this covenant, Lessee may be liable for a reasonable termination charge not to exceed the equivalent of one (1) month's rent at the rate in effect as of the termination date, or the actual damages sustained by Lessor, whichever is the lesser amount; the termination charge is to be in addition to rent due and owing through said termination date.

(b) Reason within Lessee Control. If Lessee elects to voluntarily terminate this Lease during the initial term (for example, house purchase, voluntary job change, marriage) two (2) full months' written notice prior to the rent due date to quit and vacate—to run from the first of the month to the last day of the second month—shall be given to Lessor. Lessee shall be responsible for rent payment during that period. Furthermore, Lessee shall be responsible for reasonable advertising and redecorating expenses, lost rent and other expenses incurred by Lessor as a result of Lessee's premature termination of this Lease. Lessor is not obligated to provide Lessee notice that the Premises has been re-rented. Upon re-rental, Lessee will be held secondarily liable for default(s) by subsequent Lessee(s) in the payment of rent during the

balance of the initial term of this Lease. If the Premises are located in a multi-family structure or condominium building where Lessor owns multiple units, Lessor is under no obligation to rent Lessee's vacant Premises before any other vacant dwelling unit in the rental facility.

**44. EVICTION AND ASSISTANCE.**

The Lessee is hereby notified that general information and assistance regarding evictions is available from the Montgomery County Department of Housing and Community Services, 100 Maryland Avenue, Rockville, Maryland 20850. Further, in the event of eviction of Lessee by judicial process, Lessee has the right to request, at Lessee's expense or with financial assistance from Montgomery County (if such assistance is available) through the Office of Landlord-Tenant Affairs, moving services and storage accommodations by making such request prior to or immediately following the entry of judgment; provided such services and facilities are not otherwise available to Lessee.

**45. CONTEXT OF AGREEMENT.**

Where by context required, words in the singular shall be substituted for the plural and vice versa, and words in the masculine shall be substituted by any gender.

**46. LEASE BINDING ON HEIRS, ETC.**

This Lease and all covenants, conditions, terms and provisions hereof are binding upon and shall inure to the benefit of the successors and assigns of Lessor and the heirs, executors administrators, and to the extent herein permitted on the assigns of Lessee.

**47. LICENSE.**

The Lessor affirms that the Premises is licensed in accordance with Montgomery County law. Licensing information can be obtained from the Montgomery County Department of Housing and Community Affairs, Office of Landlord-Tenant Affairs (240) 777-3636.

**48. DRUG FREE ENVIRONMENT.**

Lessee expressly agrees not to allow or permit controlled dangerous substances of any type or paraphernalia used in connection with controlled dangerous substances within the Premises or in the common areas. Lessee expressly assumes the obligation and affirmative duty of prohibiting family members and guests from possessing or bringing onto the Premises or common areas any controlled dangerous substance or paraphernalia. Lessee expressly agrees that the use, possession or distribution of controlled dangerous substances or paraphernalia in the Premises or common areas by Lessee, family or guests shall constitute a substantial breach of this Lease by Lessee, which shall entitle Lessor to terminate this Lease and recover possession of the Premises. It is expressly stipulated and agreed to by Lessee that it will not be a defense to any action for possession resulting from Lessee's breach of this provision that Lessee did not consent to or have knowledge of the presence of the controlled dangerous substances or paraphernalia upon the

Premises or common areas by Lessee's family members or guests. This provision does not limit any rights Lessor might have to seek termination of this Lease without a showing of controlled dangerous substances actually being on the Premises if vehicular and foot traffic to and from the Premises is of such magnitude so as to interfere with the enjoyment of neighbors or, if applicable, common areas.

**49. VALIDITY OF LEASE.**

This Lease shall be of no force and effect and shall not be valid unless and until approved by PTMHC in writing in accordance with the Articles of Incorporation, By-laws and House Rules and Occupancy Agreements of the PTMHC

**50. ENTIRE AGREEMENT.**

Lessor and Lessee covenant and agree that this Lease, with the attachments thereto, construe the entire agreement of the parties and there are no collateral agreements and all subsequent agreements of the parties, if any, shall be in writing, and a copy of such agreements attached to each copy of this lease.

**51. TWO-YEAR LEASE OPTION.**

Montgomery County law requires each lessor to offer each prospective lessee a lease for an initial term of two (2) years unless the lessor has reasonable cause to do otherwise. The lessee may accept or reject this offer. Before signing this lease, the lessee confirms that (initial and date one option):

\_\_\_\_\_ (A) Lessor offered me a 2-year lease term and I accepted it.

\_\_\_\_\_ (B) Lessor offered me a 2-year lease term but I rejected it.

\_\_\_\_\_ (C) Lessor gave me a statement:

(i) Explaining why Lessor had reasonable cause not to offer me a 2-year lease term; and

(ii) Telling me that I can challenge Lessor's action by filing a complaint with the Montgomery County Department of Housing and Community Affairs.

**52. SMOKE DETECTORS.**

Lessor certifies that Smoke Detectors have been installed and are in proper working condition in accordance with applicable law prior to Lessee's occupancy. It is the responsibility of Lessee to check Smoke Detectors periodically during the tenancy and replace batteries as necessary to keep the Smoke Detectors in proper working condition and to report any malfunctions to Lessor in writing. Lessor assumes no responsibility or liability for any non-reported malfunctions to or

misuse of Smoke Detectors by Lessee which results in injury or damage to persons or to the Premises and Lessee shall be responsible for any fines by any governmental agency.

**53. HOLD HARMLESS.**

Lessee must indemnify and save Lessor harmless from any and all loss, claim or damage by reason of any accident, injury, or damage to any person or property occurring anywhere on or about the Premises which is within the exclusive control of Lessee, unless damage, injury or accident is caused by Lessor's negligence or violation of law. Further, Lessor is not liable for any loss or damage to property of Lessee caused by vermin or by rain, storm water or steam that may leak into or flow from any part of the said premises or from any source, unless the damages are caused by Lessor's negligence or violation of law. Lessee is entitled to pursue all legal and equitable remedies including reimbursement against Lessor for any loss sustained by Lessee that is the result of Lessor's negligence.

**54. SURRENDER OF PREMISES.**

Lessee will, upon termination of this Lease, surrender the Premises and all personal property of Lessor therein in good and clean condition, ordinary wear and tear excepted. Lessee will leave the Premises in broom-clean condition, free of trash and debris; however, Lessee will not paint marks, plaster holes, crevices or cracks; or attempt any repair of the Premises without Lessor's prior written consent. If such cleaning and removal of trash is not accomplished by Lessee, or if the Premises are not left in good and clean condition, then any action deemed necessary by Lessor to accomplish same shall be taken by Lessor at Lessee's expense. Any personal property, which is left on the Premises after termination of the tenancy, shall be considered to be abandoned and Lessor may dispose of it at Lessee's expense. Lessor shall not be liable to Lessee or any other person for the loss of property so abandoned.

**55. MILITARY CLAUSE.**

In the event Lessee is a member of, or subsequently enlists into, the Army, Navy, Air Force, Marine Corps, Coast Guard or the National Guard under call to active service authorized by the President of the United States or Secretary of Defense for more than thirty (30) consecutive days for purpose of responding to a national emergency, declared by the President and supported by Federal funds and if Lessee subsequently receives permanent change of station orders or temporary change of station orders for ninety (90) days or more, including release from military service, Lessee may terminate the Lease upon delivering written notice to Lessor with proof of his/her assignment. Written notice is effective upon personal delivery, delivery by private business carrier or by placing the written notice in the mail, with return receipt requested. Termination will be effective thirty (30) days after the first date on which the next rental payment is due and payable after the date on which the notice is delivered in the case of a month-to-month tenancy. For any other tenancy, termination is effective on the last day of the month following the month in which the notice is delivered. The Lessee must pay rent through the effective date of termination, on a prorated basis. Lessee is also responsible for the cost of repairing damage to the Premises caused by Lessee, if any. The Lessor will refund the Security Deposit less deductions for unpaid rent and damages, if any, within thirty (30) days of the date of termination.



**56. NOTICES.**

Pursuant to Section 8-210(a) Real Property Article of the Annotated Code of Maryland, for purposes of notices to Lessor, the name of Lessor is \_\_\_\_\_, Lessor's address is \_\_\_\_\_, and Lessor's telephone number is \_\_\_\_\_. Notice to and service upon Lessor's agent shall constitute notice to and service upon Lessor. In the event that Lessor changes address, Lessor must notify Lessee in writing within ten (10) days of the change. Whenever the ownership of the rental property changes hands, the transferor must notify Lessee of the name, address and office location of the transferee within ten (10) days of the change. If the transferee is a corporation, the transferor must list the most current name and address of the resident agent of the corporation.

Any written notice regarding any of the provisions of this Lease must be given by \_\_\_\_\_ on behalf of all other Lessees to Lessor, and any written notice regarding any of the provisions of this Lease may be given by Lessor to any one Lessee. All Lessees agree that such notices given or received affect and apply, with equal force, to all Lessees, authorized occupants and, if applicable, co-signers and sub-lessees. Any notice, other than any notice regarding the final move-out inspection, is effective upon hand delivery or three (3) days after deposit into the U.S. Postal Service, first-class postage.

**57. INSURANCE.**

Lessor's insurance policy does not provide Lessee coverage for personal belongings or public liability. Lessee is strongly encouraged to obtain Renter's Insurance to protect Lessee's personal belongings and for public liability. Lessee will do nothing and permit nothing to be done on or about the Premises, which will contravene any fire insurance policy covering the Premises.

**58. RECEIPTS.**

Lessor agrees to provide to Lessee a written receipt for payment of rent if Lessee pays with cash or a money order or, if payment is not in cash or with money order, upon Lessee's request for a receipt. This Lease shall serve as a receipt for the aforementioned Security Deposit.

**59. ADDENDUM ATTACHED.**

Yes \_\_\_\_\_ No \_\_\_\_\_

(Signature page follows.)

**60. AUTHORIZED RESIDENTS.**

The following persons and no others except for after-born children, children adopted by Lessee or children of whom Lessee is appointed guardian are authorized by Lessor to reside within the Premises:

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IN WITNESS WHEREOF, the parties hereto agree to abide by all of the terms and conditions in this Lease.

**LESSEE(S)**

\_\_\_\_\_  
Lessee Date  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

\_\_\_\_\_  
Lessee Date  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

\_\_\_\_\_  
Lessee Date  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

\_\_\_\_\_  
Lessee Date  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

**LESSORS(S)**

\_\_\_\_\_  
Lessor Date  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

\_\_\_\_\_  
Lessor Date  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

**REALTOR FIRM**

\_\_\_\_\_  
Agent Date

**PROMENADE TOWERS MUTUAL HOUSING CORPORATION**

**ADDENDUM TO LEASE**

**Landlord:** \_\_\_\_\_ **Tenant(s):** \_\_\_\_\_

***Disclosure of Information on Lead-Based Paint and Lead-Based Paint Hazards***

**Lead Warning Statement**

Housing built before 1978 may contain lead-based paint. Lead from paint, paint chips, and dust can pose health hazards if not taken care of properly. Lead exposure is especially harmful to young children and pregnant women. Before renting pre-1978 housing, landlords must disclose the presence of known lead-based paint and lead-based paint hazards in the dwelling. Residents must also receive a Federally and State approved pamphlet on lead poisoning prevention and the Maryland State pamphlet on tenant's rights.

**Landlord's Disclosure (initial)**

\_\_\_\_\_ (a) Presence of lead-based paint or lead-based paint hazards (*check one below*):

Known lead-based paint and/or lead-based paint hazards are present in the housing. Explain.

\_\_\_\_\_  
\_\_\_\_\_

Landlord has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.

\_\_\_\_\_ (b) Records and repairs available to the Landlord (*check one below*):

Landlord has provided the Tenant with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards that are present in the housing (*list documents below*)

Landlord has no reports pertaining to lead-based paint and/or lead-based paint hazards in the housing.

**Tenant's Acknowledgment (initial)**

\_\_\_\_\_ (c) Tenant has received copies of all information listed above.

\_\_\_\_\_ (d) Tenant has received the pamphlet *Protect Your Family from Lead in Your Home*.

\_\_\_\_\_ (e) Tenant has received the pamphlet *Notice of Tenant's Rights*, pursuant to § 6-823 (Envir.), Annotated Code of Maryland, 1996.

**Agent's Acknowledgment** (*initial*)

\_\_\_\_\_ (f) Agent has informed the Landlord of the Landlord's obligations under 42 U.S.C. 4852(d) and is aware of his/her responsibility to ensure compliance.

**Certification of Accuracy**

*The following parties have reviewed the information above and certify, to the best of their knowledge, that the information provided by the signatory is true and accurate.*

LANDLORD(S):

\_\_\_\_\_  
Landlord Date

\_\_\_\_\_  
Landlord Date

TENANTS(S):

\_\_\_\_\_  
Tenant Date

\_\_\_\_\_  
Tenant Date

AGENT(S):

\_\_\_\_\_  
Agent Date

\_\_\_\_\_  
Agent Date

**EXHIBIT A**

Occupancy Agreement

# Promenade Towers Mutual Housing Corporation

## HOUSE RULES

I/We the undersigned hereby acknowledge receipt of the Promenade Towers Mutual Housing Corporation's House Rules as amended October 1986, November 1988, August 1990, October 1991, September 1995, July 1996, October 1996, June 1999, September 1999, June 2001, April 2006, October 2007, June 2009, July 2011 and May 2014 consisting of 34 pages.

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Printed Name

Signature

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Apartment Number

Signature

2014 Revised House Rules Approved 04/28/14, Adopted 5/1/14

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Promenade Towers Mutual Housing Corporation  
5225 Pooks Hill Road  
Bethesda, Maryland 20814

HOUSE RULES

**PREAMBLE:**

The Promenade Towers Mutual Housing Corporation, hereinafter the “Promenade”, is a stock corporation formed under the Laws of the State of Maryland. A Board of Directors elected by the Shareholders operates it and Officers are selected by the Board of Directors from its members. The primary corporate documents from which the Board of Directors draws their authority are the By-Laws (Article I, 1.02) and the House Rules (Article IV, 4.08). The By-Laws may not be amended except by vote of the Shareholders. The Board of Directors have the duty and obligation to create and from time to time amend the House Rules as may be necessary in respect of the use and operation of the Promenade for the health, safety, benefit, enjoyment and convenience of the Shareholders and occupants of the Apartments. All proposed House Rules must be circulated to all Shareholders for a minimum of Thirty (30) days before the Board of Directors can adopt them.

Whereas, the House Rules have not been amended for some time and the Board of Directors has determined to circulate these amended House Rules to the Shareholders this 28 day of July 2011.

Now Therefore, the House Rules will be amended as follows:

Promenade Towers Mutual Housing Corporation  
5225 Pooks Hill Road  
Bethesda, Maryland 20814

**HOUSE RULES**

**PREAMBLE:**

The most comfortable and pleasant living conditions possible can be obtained at the Promenade through the cooperation and good will of each resident in recognizing the



rights and comforts of their neighbors under the By-Laws and these House Rules. These rules are applicable to each and every resident, their guests and all occupants of the Promenade, including Employees and Contractors and their employees.

## **Article I. Definitions**

The following terms have the following meanings wherever used throughout these rules unless context otherwise specifies or requires:

- 1.01 Apartment: Individual dwelling unit, as such dwelling unit is identified by Certificates of Shares of Stock of the Promenade issued to Shareholders, together with any parking space(s) and balconies and patios appurtenant thereto.
- 1.02 Board of Directors: The governing body of the Promenade elected by the Shareholders pursuant to the By-Laws.
- 1.03 House Rules: Published rules and regulations for the use and operation of the Promenade as may be amended and adopted from time to time by the Board of Directors
- 1.04 By-Laws: The By-Laws of the Cooperation adopted upon the filing of the Corporate Charter as may be amended from time to time by the Shareholders
- 1.05 Corporation: The Promenade Mutual Housing Corporation a corporation organized and existing pursuant to the Laws of the State of Maryland upon the filing of the Corporate Charter, as may be amended from time to time by the Shareholders
- 1.06 Common Areas and Limited Common Areas: The entire Promenade other than the Apartments and the Limited Common Area, which consists of the individual garages parking spaces, balconies and patios.
- 1.07 Default: Failure to comply with or abide by any of the covenants, conditions, promises or undertakings of or under the Occupancy Agreement or any article or part thereof or of any provision of the By-Laws or House Rules (under Article XII of the By-Laws, a default gives the Corporation the right to cancel the Shareholder's right to occupy an Apartment)
- 1.08 Occupancy Agreement: The Lease(s), which entitle Shareholders to the use of his/her/its Apartment(s), the Common Areas and the Limited Common Areas.

- 1.09 “Promenade”: All of the real property, personal property, furniture, fixtures and equipment now owned or hereafter acquired belonging to the Promenade Towers Mutual Housing Corporation, comprising the cooperative housing complex.
- 1.10 Residents or Occupants: Resident Shareholders and Tenants of Shareholders, and their families, Doctors and Professional and Commercial Tenants and their employees.
- 1.11 Promenade Decals and Vehicles: All vehicles that enter the Promenade must display a Promenade Bar Code Decal or obtain a temporary pass. Residents must obtain and have affixed to their vehicle a non-transferable Bar Code Decal. All others such as Commercial vehicles, Contractors, Visitors and Guests will receive a parking pass to be displayed on the vehicle’s dashboard at all times.
- 1.12 Managing Agent: The person(s), Corporation, partnership or other entity under contract to the Corporation to manage the affairs of the Corporation as required by the By-Laws.

## **Article II. Move in or Out**

- 2.01 All move in and move outs must be coordinated with the Site Manager or his/her designee in the Administrative Office. Two weeks prior to the move a verbal or written request is required. At the time a move is scheduled a \$250.00 refundable security deposit is required (this deposit may be amended from time to time by the Board of Directors). All moves shall be conducted within the hours of 8:00 a.m. and 6:00 p.m., Monday through Saturday, and Sunday noon to 4:00 p.m. **NO MOVING ON HOLIDAYS!** The Freight Elevators shall be reserved for the scheduled moves exclusively. A site visit by the moving company is strongly advised before the Resident obtains a job cost quote!
- 2.02 Moving Reservation for the Freight Elevators will be on a first come first serve basis. Reservations are limited to 4-hour time slots. The Security Officer at the front Gate is given an updated list of all move-in/move-out schedules. All moving transport vehicles must report to the Security Officer at the Front Gate when entering the property. The driver of the moving vehicle is required to leave a valid identification with the Security Officer. The Security Officer shall notify another Security Officer to meet the vehicle at the designated loading dock. The Security Officer must fill out a Move In/Move Out Registration Form and instruct the movers as to the proper use of the Freight elevators and their responsibility with regard to the elevators and common areas.
- 2.03 All Movers are required to be insured and to submit a Certificate of General Commercial Insurance that names the Promenade Towers Mutual

Housing Corporation as an insured to the Site Manager or his/her designee no less than 3 days before the scheduled move. A copy of the Contract between Resident and Mover may also be required. If an Individual is moving him/her self or if the Mover does not have adequate Insurance, the Site Manager or his/her designee reserves the right to hire, at mover's expense, a Security Officer to be on duty and observe the moving process.

- 2.04 A walkthrough of the Common Areas utilized by the moving company during the move must be conducted with the Site Manager or his/her designee at the beginning and end of each move. A pre-inspection report will be made noting existing damage or discrepancies. At the end of the move, the driver will report to the Administrative Office or front desk that the move is completed. A security officer, administrative staff member or maintenance personnel will post-inspect the common areas of the moving area for damage to walls, floors, elevators, and halls and the freight elevator and loading docks for any discarded trash or furniture. The report will be submitted to the Administrative Office. The Site Manager or his/her designee will review the report and any damage assessment and/or monetary assessment will be calculated at the sole discretion of the Site Manager or his/her designee. These costs may not be limited to the cost of cleaning, repair, replacement, trash removal, material and labor costs for discrepancies noted. Any charges will then be debited to the shareholder/resident deposit funds. The remaining balance and a statement of charges will be returned as soon as possible to the shareholder/resident.
- 2.05 Movers and/or Residents are required to remove all packing boxes and related moving materials from the Promenade. Movers must use threshold mats to avoid damage to the doorways.
- 2.06 If the move requires special circumstances, please notify the Site Manager or his/her designee in advance to make suitable arrangements. Any oversized furniture such as a piano must be cleared in advance, and an elevator technician will need to be on the premises during the move (at the Resident's expense).

### **Article III. Pets**

- 3.01 A maximum of two small domestic cat(s), caged bird(s), rabbit(s), hamster(s) or similar pet(s) is allowed, provided the Resident agrees to:
  - (a) Confine the pet to the Apartment and not allow the pet on the balcony, patio, lobby, hallways or any Common Area.
  - (b) Register the Pet at settlement or upon signing a Lease Agreement.
  - (c) The Resident and Pet owner is responsible for any damages caused by the Pet and hereby indemnifies the Board of Directors, its Employees and the

Managing Agent, or their designee and other Residents and hold each of them harmless against any loss, claim or liability of any character whatsoever arising from the privilege of housing a Pet within the Promenade.

- (d) If the Pet becomes an annoyance or nuisance to others, the Resident, agrees that the Board of Directors shall have the right to revoke the privilege of housing a Pet.

3.02 Dogs of any size ARE NOT ALLOWED!

## **Article IV. Keys**

- 4.01 Shareholders are responsible for providing two (2) door keys and one (1) Mailbox key to the new Shareholder(s) or the new Residents(s) at the time of occupancy. Convenience keys are located at the Front Desk, at the option of the Resident, for lockouts, maintenance requests, admits and for the convenience of the Resident.
- 4.02 In case of loss, keys will be replaced and locks changed (when that is necessary) at the Resident's expense. Locks, bolts, knockers, mirrors, and other attachments shall not be altered or replaced without the written consent of Site Manager or his/her designee.
- 4.03 Emergency keys are located in the Administrative Office for emergencies, scheduled maintenance with notice and lockouts for a fee. If a lock is changed, keys are to be provided to Site Manager or his/her designee to be secured in the Administrative Office for emergency access.
- 4.04 If you have not provided a key at the Front Desk for your convenience, and you are locked out of your unit during normal business hours, there will be a \$25.00 fee, payable to the Promenade, for lockout service. After business hours and on weekends & Holidays the fee for this service is \$50.00, payable to the personnel providing your lockout service.
- 4.05 All Residents are required to have a front door lock that can be opened by a "Master Key". The Master Key will be in a "Knox Box" located on the property. The Knox Box will be opened only in emergencies by the Fire Marshall or his/her designee and Emergency Rescue Vehicles.

## **Article V. Common Area Usage**

- 5.01 Proper attire must be worn in the lobby and other public Common Areas. No bare feet, bathing suits, nightclothes or bathrobes in any public area, except the Pool and Health Club and the Outdoor Pool and pool deck areas.

- 5.02 All of the common and public areas of any and all Buildings which comprise The Promenade shall be a Smoke Free environment. Buildings shall include but not be limited to the Observation Deck, Tennis Clubhouse, stairwells, lobbies, arcade, parking garage, and all public areas and hallways. Additionally, all of the grounds of The Promenade which are within fifty feet (50') of any Promenade building shall also be Smoke Free. Smoke Free shall be defined as prohibiting the smoking, lighting, or carrying of any tobacco product, or any other combustible inhaled product. The rights of residents to smoke within their apartments with their entry door closed is not affected by this rule. Smoking on the pool deck is only permitted in designated areas.
- 5.03 Residents shall not permit any maid, employee(s), children or other guest(s) to loiter or play in the lobby, corridors, stairs, landings or parking lots or garages in the Promenade. Use of skates, skateboards, scooters, bicycles, and other recreational vehicles is strictly prohibited in the halls, lobbies, garages, and other interior and exterior areas of public access.
- 5.04 Grilling/BBQing is prohibited within the property except in designated outdoor Picnic Areas.
- 5.05 Decorative items are not to be placed or installed in the hallways, which are considered common areas. This includes mirrors, door mats, tables, pictures, decorative pieces, plants and other household items. Storage of personal items is not allowed in the hallways or other common areas including the garage.

## **Article VI. Parking**

- 6.01 The following terms have the following meanings wherever used throughout these Parking Rules unless context otherwise specifies or requires:
- (a) "Residents" All Resident Shareholders, Tenants of Shareholders, Employees, Doctors and other Professional and Commercial Tenants who reside or have businesses in the Promenade and who have been issued any parking registration designated by Site Manager or his/her designee. Management will register all vehicles and will issue all Bar Code decals, which must be affixed to the vehicle for which it was assigned and displayed AT ALL TIMES! Residents will provide their name, Apartment Number, ownership, make, year, model, style and color, State tag number, and similar information on forms provided by Site Manager or his/her designee.
- (b) "Promenade Bar Code Decals" Permanent, non transferable, parking Promenade Decals and Employees Hanging Tags are issued as follows:

- i. Residents Decals shall be Black and White in color and must be visibly displayed AT ALL TIMES on the passenger side as directed by Management and/or Security. Decals are not transferable and must be used with the vehicle for which it was issued.
  - (c) “Visitors” All persons who are invited guests or who wish to enter the Promenade for legitimate purposes such as doing business with the Promenade Management, or other legitimate business not addressed elsewhere herein.
  - (d) “Patients” All Patients who are visiting the Professional or Doctors’ Offices located on the ground floor next to the Arcade parking lot.
  - (e) “Contractor/Commercial Vehicles” All vehicles which are entering the Promenade for commercial business, on behalf of Residents or the Corporation or for commercial use, such as suppliers, tradesmen and contractors.
  - (f) “Public Vehicles” All public vehicles such as Taxis, Limousines, Airport Transportation, Ride On Buses, Vans and Cars for Special Transport such as Senior Citizens, Ambulances and rescue Vehicles and Fire Department Equipment
  - (g) “Handicapped Vehicles” All vehicles properly displaying a validly issued Handicapped License or Permit in the form prescribed under the ADA Regulations and issued by any State Department of Motor Vehicles or other authorized issuing authority.
  - (h) “Licensed / Licensed Vehicles” A vehicle exhibiting a state license plate with current year stickers. This includes trailers, campers, commercial vehicles, etc.
  - (i) “Customer Vehicle” A vehicle visiting The Promenade for the purpose of patronizing one of the commercial entities including, but not limited to, the grocery store, the travel agency, restaurant, New Wave, etc.
- 6.02 Various vehicles depending on type will be give temporary passes to display while they are on the property. These include the following:
- (a) “Parking Passes” In addition to the Promenade Bar Code Decals issued to Residents, parking passes which are color coded, as hereafter set forth, will be issued by the Security Guards at the Front Gate to various vehicles as follows (NOTE: Management is authorized to change the style and color of the Passes from time to time for security purposes):

- i. “Visitor’s/House Guest Pass” All visitor/house guest vehicles that are admitted will obtain a Visitor Pass which will be Blue in color and must be visibly displayed on the dash board at all times.
- ii. “Contractor Visitors Pass” All Contractors’ vehicles that are admitted will obtain a Contractor Visitors Pass, which will be Bright Green which must be visibly displayed on the dashboard at all times.
- iii. “Commercial/Customer Pass” All non-resident vehicles visiting one of the commercial establishments will obtain a Commercial / Customer Pass, which will be Red in color and must be visibly displayed on the dashboard at all times.
- iv. “Patient Pass” All Professional and Doctors’ Patient vehicles that are admitted will obtain a Patient Pass, which will be Green in color and must be visibly displayed on the dashboard at all times.
- v. “House Guest Pass” Visitors of Residents staying longer than 24 hours may obtain a House Guest Pass. The House Guest Pass allows the holder to park in the visitor lots, excluding the horseshoe visitor spaces, or spaces subject to posted signs.

6.03 Parking Areas: The parking areas, as shown on the diagrams and sketches, available in the Promenade are as follows:

- (a) “Garage Parking” There are three levels of inside garage parking consisting of numbered spaces in Level G-1; numbered spaces in Level G-2 and numbered spaces in Level G-3. Each Resident has a Promenade Bar Code that is assigned to a specific numbered space and may be occupied by only that vehicle visibly displaying such Promenade Bar Code or by a Visitor who has been given permission by the Resident to use such space provided the Visitor’s vehicle has a Visitor’s Pass visibly displayed.
- (b) “Horseshoe Lot” The horseshoe shaped lot in the front of the main Promenade entrance contains spaces for Handicapped Parking and spaces for Visitors Parking.
- (c) “Arcade Lot” The Lot in the rear of the South Building at the entrance to the Professionals and Doctors Offices and the Arcade Shops contains spaces for Handicapped Parking; spaces for Professionals and Doctors patients; a space for Post Office Vehicles and spaces for Customer Parking. Residents and visitors may park in the Arcade Lot only during off hours. Off hours are determined by the sign at each parking space. Service / Vendor vehicles may park in the Arcade lots for periods of up to 15 minutes for the purpose of unloading/loading work materials. Moving vans may park for the period reserved by the Resident.

- (d) “Lots 1, 2 and 3” The three parking lots in the front of the Promenade contain spaces for the use of Residents and Visitors.
- (e) “North Lot” The parking area behind the North Building which contains spaces restricted for the use of the Promenade Engineers and spaces for C level Resident Parking as designated.
- (f) “Employee Lot” The lot adjacent to the loading dock behind the North Building contains 5 spaces, which are restricted for the use of the Promenade Management.
- (g) “Loading and Unloading Area” The areas located in the Arcade Lot and the North Parking Lot adjacent to the Freight Elevator entrances which are so designated by yellow stripping are for the sole purpose of allowing loading and unloading of items only (motors must be turned off while in these areas).
- (h) “Contractors Lot”: A parking area across the road from the “North Lot” for the use of contractor parking.

6.04 Permitted Parking at the Promenade is as follows:

- (a) All Residents displaying Promenade Bar Codes must park in either their assigned parking space in the Garage Parking; a space in Parking Lots 1, 2 and 3; designated spaces in the North Lot. All vehicles displaying Patient Passes must park in one of the designated Professional and Doctors Visitor Spaces in the Arcade Lot, handicapped and Post Office spaces excluded.
- (b) All Visitors displaying Visitors Passes must park in Parking Lots 1,2 and 3; or designated spaces in the Horseshoe Lot only. Visitors are limited to the period indicated by the signs in the Horseshoe Lot and the Arcade Lots. Residents are responsible for their Guest(s).
- (c) All Commercial Vehicles displaying Commercial Passes must park in either a space in Parking Lots 2 and 3; or designated spaces in the Contractors Lot behind the North Tower. Residents are responsible for Contractor(s) servicing their units. Residents must make sure their Contractor(s) understands the parking rules
- (d) All Vehicles shall turn on their headlights while in motion in the indoor Garages at a speed limit not-to-exceed 5 mph.
- (e) Residents may utilize the space in the gravel lot behind the North Tower for the storage of Resident’s campers, trailers, boats, etc. (excluding commercial vehicles) with prior approval of Management. Any vehicle(s) (including trailers) stored on the property must be operable for the road and properly licensed.



- 6.05 Prohibited Parking at the Promenade is as follows:
- (a) Parking is prohibited in all fire lines, ingress and egress roadways, and other areas except in parking spaces designated by painted white lines.
  - (b) Traffic signs and “No Parking” restrictions are posted at various locations in parking spaces designated by white or yellow lines and all such signs must be obeyed at all times.
  - (c) Except for Employees of the Promenade or the Managing Agent of the Promenade, parking is prohibited in spaces set-aside for the Promenade Management in the Employees Lot which spaces are designated by special signs in the rear of the North Tower Building.
  - (d) The driveway in front of the main entrance and under the canopy is a Fire Lane and shall be kept clear at all times and otherwise its only use is limited to passenger boarding and alighting. All vehicles must be attended to at all times and the driver may not leave the vehicle unattended.
  - (e) Commercial vehicles must park only in designated areas and all deliveries shall be made at the service entrance in the Arcade Lot or at the loading docks at the rear of both the North and South Buildings.
  - (f) Except for emergency repairs, no vehicle shall be cleaned, waxed, washed or otherwise serviced at the Promenade in any parking area.
  - (g) Handicapped Spaces are for the strict use of vehicles visibly displaying Handicapped Tags or a Handicapped Permit. All other vehicles shall be subject to fines and towing at their own cost. Vehicles with Handicapped Permits may also park in designated spaces in the Arcade Lot, the Horseshoe Lot, the North Lot, Parking Lots 1, 2 and 3 except the Post Office Space, spaces reserved for the Promenade Management or his/her designee/Engineers or a space in the Garage on Level 1, 2 and 3 that is not registered to said vehicle.
  - (h) (WARNING: Montgomery County parking violations for Handicapped parking violations are presently \$250.00 plus towing, which fines may be increased in the future!!)
  - (i) All vehicles must obey the Speed Limit of 15 mph on the premises and 5 mph in the Garages and obey all posted rules and regulations such as headlights on in the garages; caution/stop signs at the exit of all Levels of the garage; parking in a manner that does not interfere with the vehicles parking next to them; parking only within the white or yellow lines designating each parking space and any other posted signs.
  - (j) All parking spaces and areas shall be used for their intended purpose only, which is the parking of vehicles. Household items, personal property and

other property shall not be stored in parking spaces and are subject to removal and disposal without prior notice.

- (k) All outdoor spaces are for short term parking only and are not intended for storage.
- (l) Shareholders and Residents may not park or store more than two vehicles per Apartment without specific approval of Management.
- (m) Vehicles which are not licensed and/or not operable for the road are prohibited and subject to towing.
- (n) The storage of non-resident vehicles or the renting of parking spaces to non-residents is prohibited.
- (o) Residents are responsible for the maintenance of their vehicles. Oil and other fluid leaks must be attended to immediately. Residents will be held responsible for the costs related to the cleaning of leaks, particularly in the garage.
- (p) Residents may not park or store commercial or public vehicles from their own company and/or work on the property unless authorized by management. This includes, but is not necessarily limited to vehicles that have printed advertising printed and/or construction additions such as ladder holders.

6.06 Enforcement Provisions:

- (a) Site Manager or his/her designee has the right to seek the cooperation of Montgomery County or Maryland State Police for the enforcement of these Regulations.
- (b) Any vehicle found in violation of these regulations is subject to being fined and/or towed to private storage. Violations will subject the responsible individual to the following fines:
  - i. For Parking Violations: \$15.00
  - ii. If not paid within 10 days \$10.00 late fee
  - iii. Repeat Violations: Referred to Covenants Committee
  - iv. Guest/Contractor Loss of Access
- (c) All fines shall be paid within thirty (30) days of Notice from Site Manager or his/her designee that a Resident and/or his/her/their/its tenant or Guest has received a Parking Violation and/or Towing Charge. Failure to pay

such fines will result in said fines being added to the Resident's Monthly Assessment Charges.

- (d) All vehicles are subject to the enforcement of all County and State Motor Vehicle Rules and regulations and by County and State Law Enforcement Officers.
- (e) Residents are responsible for the conduct of their Tenants and/or visitors and should inform all such visitors of the Parking Regulations. Any violation of these Regulations will be the responsibility of the Resident(s).

## **Article VII. Structural Changes and Alterations Washers/Dryers**

- 7.01 Residents may not erect or cause to be erected any structure in or about the premises, or permit any structural changes in or about the premises, without prior written consent of the Board of Directors. Any Resident who undertakes renovations or alterations without such approval is subject to a fine of \$250.00. You must complete an Apartment Renovation Packet (available at the Administrative Office) and receive written authorization from the Board of Directors before commencing renovations and/or alterations. All renovations and/or alterations are subject to an Administrative fee and a fully refundable damage deposit.
- 7.02 The installation of a washer and/or dryer in any unit is strictly prohibited, except for Washers/Dryers installed prior to September 1, 1981, with prior written permission and/or reported to Site Manager or his/her designee by deadline imposed by letter to all Shareholders on August 1, 1984. This letter requires that such machines be 1) in accordance with Montgomery County, WSSC and other governmental requirements and 2) subject to the standard Promenade indemnification agreement. The four Penthouse Apartments are excepted and exempt from the above criteria.
- 7.03 Furthermore, if the Washer/Dryer is subject to complaints by adjacent Residents due to noise, or any Resident due to fluctuating hot and cold water or any other adverse circumstances emanating from the installation of said Washer/Dryer, the approval may be revoked by the Board of Directors and the machines must be removed.

## **Article VIII. Balconies and Patios**

- 8.01 Enclosures, any installation of Artificial Plants and Flower Boxes shall not exceed the height of the balcony railing. Live plants may extend beyond the confines of the railings as long as they do not constitute a hazard. Carpeting, painting and tiles of any sort are prohibited except upon written request and approval by the Board of Directors. Hooks or other devices

from which plants and other objects are suspended from the ceilings or fastened on the floor are prohibited. All balcony rules apply to patios and in addition entry is only from inside the Apartment. Nothing may be hung on the outside of the balconies or from windows.

- 8.02 Cooking is prohibited by Montgomery County Regulations. Feeding of birds is also prohibited as is throwing debris over the railings. Drying or airing of clothes is not permitted.
- 8.03 Nothing may be done which causes debris and/or water to fall on balconies, patios, or the ground below. Examples would be, but not necessarily limited to, sweeping debris from balcony or watering plants which do not have drip pans.

## **Article IX. Laundry Rooms**

- 9.01 The Laundry Room will be open for Residents' and their employees' use at times posted in said Rooms. Clothes shall not be hung or strung in the Laundry Room or on the balconies or patios appurtenant to the Apartments. Automatic clothes dryers are provided for that purpose.
- 9.02 The Promenade assumes no responsibility for clothing damaged in the washer or dryers, or for clothes left in the Laundry Room.
- 9.03 No dyeing of any articles in the Washers is permitted.
- 9.04 Lint traps in the Dryers should be cleaned after each use. All trash must be deposited in the trash receptacle in the same room as the Washers/Dryers. All glass, plastic and/or items that can be recycled shall be placed in the bins for such purpose in the Laundry Room Lobby.

## **Article X. Health Club Rules and Regulations**

- 10.01 Shall be as adopted and approved by the Board of Directors from time to time as may be necessary and as may be recommended by the "Pool & Health Club Committee". Such rules, regulations and procedures, will be duly circulated for Shareholders comments and suggestions for a period of thirty (30) days prior to adoption and approval of the same.

## **Article XI. Tennis Club Rules and Regulations**

- 11.01 Shall be adopted and approved by the Board of Directors from time to time as may be needed and necessary as may be recommended by the "Tennis Club Committee". Such rules, regulations and procedures, provided however, that any and all such Rules, Regulations and procedures will be duly circulated for Shareholders comments and

suggestions for a period of thirty (30) days prior to adoption and approval of the same.

**Article XII. Lobby, Library, Community Room,  
Wi-Fi/Business Center & Card Room**

- 12.01 The Lobby, Library, Community Room, Wi-Fi/Business Center and Card Room are governed by the Rules for common area usage. These spaces are for the use and enjoyment of all Promenade Residents. The Rules listed below apply to each area.
- (a) Each area should be used for the purposes for which it was intended. In addition to the general rules, there may be specific rules and regulations for each area.
  - (b) Soliciting is prohibited.
  - (c) All persons must be properly attired at all times. No one is allowed in these areas in bare feet, bathing suits, nightclothes or bathrobes.
  - (d) Smoking is not permitted.
  - (e) Pets are not allowed.
  - (f) With the exception of the lobby, the hours of operation of each of the public rooms are 8:00 am to 11:00 pm Monday through Sunday.
  - (g) Eating and drinking is prohibited in all public areas including the observation deck, unless otherwise noted.
  - (h) Baby carriages, tricycles, bicycles and other items of personal property shall not be left in these areas.
  - (i) Under no circumstances may power cords impede foot traffic or walkways when using electronic devices in areas where they are allowed.
  - (j) The use of alcoholic beverages is prohibited.
  - (k) Common areas are not to be used for commercial purposes without authorization from the Board of Directors.
  - (l) The use of the Common Areas is restricted to Residents and their guests.
  - (m) Residents and/or their guest(s) shall not make or permit any action, which will unreasonably interfere with the rights, comfort, or convenience of others.

- (n) The Front Desk Attendants and Security Guards are charged with enforcing these Rules. Their instructions should be followed. If you feel they are in error, contact the site manager.

#### 12.02 Lobby

- (a) No furniture or deliveries by outside contractors that require hand trucks, etc. are permitted in the main lobby. All moves, deliveries or carrying of large articles must be made through the North or South loading dock. Residents may use the luggage carts in the lobby (but not for moves).
- (b) The lobby should not be used as a play area. Roller blades, bicycles, tricycles, etc., are not allowed. Bicycles may not be transported through the lobby.

#### 12.03 Library

- (a) The use of the library is limited to the reading of printed materials. No electronics including, but not necessarily limited to laptop or “iPad” type computers may be used in the library.
- (b) The library materials are managed by the Library Committee. Do not rearrange books. The materials are not to be rearranged.
- (c) There are no refreshments permitted in the Library
- (d) Returned books and/or donations should be left in the designated basket. If you are making a donation and the materials do not fit in the return basket, please contact management for instructions.

#### 12.04 Community Room:

- (a) The Community Room is for the enjoyment of Promenade Residents and their guests.
- (b) The Community Room may be reserved on a first come first serve basis by Residents. For more information on reserving the Community Room, contact the Administrative Office.
- (c) There are no Refreshments permitted in the Community Room.
- (d) A maximum of 25 persons is allowed in the Community Room at any one time. The Site Manager or his/her designee shall have free access to the Community Room at all times to inspect for compliance with the House Rules.

#### Wi-Fi/Business Center

- (e) The Wi-Fi/Business Center is designed as an area for Residents to use their personal computers through a Wi-Fi network.

#### 12.05 Card Room

- (a) The Card Room shall be available from 8:00 a.m. to 11:00 p.m. Monday through Sunday. Residents and their guest(s) shall comply with all applicable State and County laws and regulations and shall not make or permit any action, which will unreasonably interfere with the rights, comfort, or convenience of others. A maximum of 45 persons is allowed in the Card Room at any one time. The Site Manager or his/her designee shall have free access to the Card Room at all times to inspect for compliance with the House Rules pertaining to the Card Room.
- (b) In conformity with State and County law, gambling is prohibited in the Card Room.
- (c) The kitchen facilities are not available when using the card room.
- (d) The Card Room may not be reserved except under special circumstances as determined by the Manager.

### **Article XIII. Guidelines For The Resale of Apartments and Leasing of Apartments**

- 13.01 Outlines for the Resale of Apartments: The Board of Directors of the Promenade Towers Mutual Housing Corporation has established these guidelines or rules governing the resale of units to inform all Residents of the community of the criteria used by the Board and Site Manager or his/her designee when reviewing applications related to the purchase or sale of a unit.
- 13.02 General Policy of the Cooperative for Resales: The general policies of the Promenade in the application and approval of all resales shall be as follows:
  - (a) All applications shall be reviewed without regard to the race, color, creed, religion, age, national origin, physical disability or sex of the applicants. All Fair Housing and ADA laws shall continue to be followed.
  - (b) All applicants shall submit the required application forms to Site Manager or his/her designee or the Board Secretary prior to approval of the resale.

- (c) It is the intent of the Corporation, through its Board of Directors, to preserve and enhance the values of the apartments. Financial institutions have indicated that access to FNMA is necessary in order to continue to make share loans available to the members of the Cooperative. Accordingly, the Corporation will endeavor to not cause or create any condition, which will adversely impact the borrowing capabilities of its members.
- (d) It shall be the policy of the Board to approve only owner occupied resales because:
  - i. They have an interest in the continuing affairs of the Cooperative; and
  - ii. They have an interest in maintaining their homes and P.T.M.H.C.; and property; and
  - iii. It is easier to maintain a community spirit; and
  - iv. It is important to maintain an ability to finance the units.

NOTE: The Board of Directors reserves the right to waive any of these guidelines or rules for good cause shown.

#### 13.03 Applicability:

- (a) These guidelines shall apply only to those Apartments, which are contracted for sale or lease from and after November 5, 1987.

#### 13.04 Resales

- (a) Resales must be submitted to the Board of Directors for approval at least thirty (30) days prior to proposed settlement. The Administrative Office should be contacted for proper procedure in submitting resales to the Board of Directors.
- (b) On multiple listed Apartments, the listing agent shall provide ONLY an over-the-door handle door type lock box to allow for access to the apartment. The use of over-the-door type lock boxes is prohibited. The use of lock boxes will ensure that Agents have access to the units without having to go through the front desk personnel. Also, lock boxes will eliminate contention for keys at the front desk and eliminate the Promenade's and Site Manager or his/her designee's responsibility in providing access to the units. Apartments may be shown by appointment, but the Promenade assumes no responsibility for ensuring access to an apartment.



- (c) For Sale Signs: No signs are to be posted at the front entrance of the Promenade. The Realtor with the Site Manager or his/her designee's permission shall post directional sign at the front entrance with the words "Residences Open, inquire at the front desk." All Realtors/Agents shall be responsible for notifying the Site Manager or his/her designee and the front desk of any open apartments.

13.05 Responsibilities of Seller:

- (a) Notice of Intent to Sell: Shareholder must file a Notice of Intent to Sell with the Corporation. It should be filed as soon as the seller has a definite intention of selling the apartment.

- (b) Sales Agreement:

- i. The seller and buyer shall execute a sales agreement on a standard cooperative contract form approved by The Promenade. The signed agreement must be submitted along with the purchaser's Application for acquiring Shares in the Cooperative and the payment of the administrative processing fee in effect at that time.

- (c) Settlement:

- i. Upon signing of the sales agreement, the seller shall notify the Corporation of the desired date agreed upon with the buyer for settlement of the financial transition and acquisition by the buyer of the rights and responsibilities of Share ownership.
  - ii. Any outstanding arrearage due the Corporation by the Shareholder must be paid either prior to settlement or at settlement by the seller.
  - iii. Pursuant to Article X, Section 10.09 (2), Each Shareholder must obtain personal liability insurance and provide the Housing Corporation yearly with written proof of such coverage for each unit owned. Unless such Policy is in evidence at the time of settlement there can be no closing.
  - iv. Site Manager or his/her designee shall inspect all resale units prior to settlement to ensure conformance to the By-Laws, Occupancy Agreement, and House Rules. This inspection will be paid for by Seller and will be for the sole benefit of the Corporation.. The Buyer may not rely on such inspection and must obtain the services of an inspector if he/she/it so desires. Any violations or defaults under the House Rules must be cleared up by Seller prior to settlement.

13.06 Responsibilities of Purchaser:

- (a) Purchaser must submit to the Corporation, after receiving the Bylaws, House Rules and Occupancy Agreement, the following:
  - i. Application for acquiring Shares
  - ii. Request for Verification of Income or Copies of Form 1040 from the last two (2) years (if self-employed)
  - iii. Request for Verification of Employment (2 forms)
  - iv. Application Fee (in effect at time)
  - v. Sales Agreement (fully signed)
  - vi. By-Laws, Occupancy Agreement, Resale and Leasing Guidelines, and House Rules (signed receipt).
- (b) Criteria for Purchasing
  - i. A prospective purchaser must demonstrate a pattern of stability in residence and responsibility during the previous two to five years.
  - ii. Have a positive credit rating according to credit industry standards.
  - iii. Prove an ability to pay the cost of Share Loan, if any, and underlying mortgage, real estate taxes, insurance and interest on the share loan and underlying mortgage according to the following:
    - 1) The purchaser must have equity in the apartment of 10% or greater of the value including the underlying mortgage.
    - 2) The monthly cost of housing shall be less than 30% of the gross monthly income and,
    - 3) The monthly cost of housing plus monthly debts of 10 months duration or longer shall be less than 38% of gross monthly income.
- (c) Complete the application form approved by the Corporation certifying that all information therein contained is true and correct and without material omissions.
- (d) Agree to personally occupy the unit or have the unit occupied by parents, children or siblings of the purchaser for the twelve calendar months immediately following closing.

### 13.07 Responsibilities of Corporation

- (a) The Corporation shall, through its Board of Directors and authorized representatives, apply approved Rules and Regulations of the Corporation with respect to the admission of new Shareholders.
- (b) It shall be the responsibility of the Corporation to furnish purchasers with required documents and related material including:
  - i. Resale and Leasing Guidelines
  - ii. Application for Membership
  - iii. Standard contract form
- (c) It shall be the responsibility of the Corporation to process all Applications to Purchase within a reasonable time.
- (d) It shall be the responsibility of the Corporation to notify the seller and purchaser of the final determination made on the application within thirty (30) days of receipt of the application. If the application cannot be processed within this time limit, the purchaser and seller shall be notified of the delay and the new date when the application will be processed.

## **Article XIV. Guidelines for the Leasing of Units**

14.01 Outlines for the Leasing of Apartments: The Board of Directors of the Promenade Towers Mutual Housing Corporation established these guidelines or rules governing the leasing of units by Shareholders. It is the policy of the Board that all leasing be in conformity with all national, state, and local civil rights, fair housing, human relations, landlord & tenant and zoning laws, regulations and ordinances.

### 14.02 General:

- (a) Shareholder may lease their units if any of the following conditions exist:
  - i. The Shareholder contracted to purchase the shares and the right to occupy the unit prior to November 17, 1988 or,
  - ii. The Shareholder contracted to purchase the shares and the right to occupy their unit for not less than twelve (12) months following the purchase of said shares.
  - iii. The Shareholder does not have a current lease in effect or a lease having been approved less than twelve months prior without a special exception from the Board of Directors.

(b) A Shareholder may apply to the Board of Directors for exemption to the requirement of 14.02 (a) ii above for any of the following conditions:

- i. A Transfer or change in employment whereby the Shareholder's principal place of business is further than forty-five (45) miles from the Promenade; or
- ii. Such other hardship situation exists which the Board of Directors deems is reasonable to grant exemption to the requirements of 14.02 (a) ii above.

(c) Leases must be for not less than twelve (12) months.

(d) Shares secured by financing must receive the prior approval of the note holder, if so required by the recognition agreement.

(e) All leases must be approved by the Site Manager or his/her designee in accordance with the guidelines and rules established by the Board of Directors.

14.03 Prospective lessee must meet the following guidelines and credit/financial criteria:

(a) Monthly rent must not exceed thirty percent (30%) of the applicant's gross monthly income.

(b) Monthly rent plus long-term debt must not exceed thirty-eight percent (38%) of applicant's gross monthly income.

(c) Have positive credit rating according to general industry standards.

(d) Have satisfactory pattern of rental payment from rentals for the previous two (2) to five (5) years.

(e) Complete the approved application truthfully without material omissions.

(f) Demonstrate a willingness to comply with the Bylaws, Occupancy Agreement and House Rules.

(g) Sign the Promenade lease for a tenancy not less than one year in length.

(h) Comply with Montgomery County occupancy standards that no more than two persons may occupy Apartment bedrooms of less than 170 square feet.

14.04 Prospective lessee must submit the following:

(a) Fully completed application and Promenade standard lease agreement.

- (b) Two (2) forms of written verification of employment and income.
  - (c) Verification of rental from most recent landlord and previous landlord, if necessary, stating amount of rental and satisfactory payment history.
  - (d) Site Manager or his/her designee shall inspect any leased unit to insure conformance to the Bylaws, Occupancy Agreement, and House Rules. Any violation or defaults must be rectified by Shareholder prior to approval of any new lease.
  - (e) Follow the appropriate application and inspection fee policy in effect at the time.
- 14.05 The Shareholder agrees that by leasing his/her apartment (or otherwise changing his/her designation to Absentee Shareholder) he/she relinquishes the right to the use of the Promenade Tower's Facilities and Amenities. This includes, but is not necessarily limited to:
- (a) Automatic entry to the property with the Promenade Parking Decal (Decal deactivated & all vehicles removed);
  - (b) Use of pool and health facilities (Facilities pass deactivated);
  - (c) Vacate storage locker (Storage lockers are not transferable. The lessee would be eligible for a storage locker depending on availability);
  - (d) Access to courtesy keys without an admit slip from the lessee (access will be allowed if there is no tenant/occupant).
  - (e) Rental of the party room, guest quarters, etc., only with a Resident sponsor.

## **Article XV. Rules Enforcement Procedure**

- 15.01 These rules shall be applicable to the enforcement of the Bylaws, Occupancy Agreement, and House Rules of the Promenade Towers Mutual Housing Corporation.
- 15.02 Complaints: Shareholders or Residents shall notify the Managing Agent, preferably in writing, of any complaints regarding a violation. The Managing Agent shall hold the name of the complainant in confidence, if so requested by the complainant. The Managing Agent, if possible, shall conduct its own independent evaluation of the complaint and attempt to resolve the matter informally.
- 15.03 Notice of Violation and Default: Upon learning of a violation, either through a complaint or its own investigation, and failing to resolve the

matter informally, the Managing Agent shall issue a written notice to the Shareholder to cease and desist from further violations or to cause a cessation of the violation, if the violation is caused by a renter or other occupant, a copy of the notice shall be sent to the renter or other occupant. When the Managing Agent, acting in good faith, reasonably believes the violation is of such a nature as to endanger the health, safety, property or welfare of the Residents of the Promenade or the Corporation, as the case may be, the Managing Agent takes such corrective action as the Managing Agent deems appropriate to correct such violation. In the event the Managing Agent takes such action, the Managing Agent shall deliver written notice to the Shareholder and the occupant of the unit involved, describing the violation and the reason for such immediate corrective action.

- 15.04 Permanent Record: The Managing Agent shall maintain a permanent record of all Notice of Violation and Notices of Immediate Corrective Action for a period of three (3) consecutive calendar years.
- 15.05 Repeated Violations: If a Shareholder and/or occupant ignores a cease and desist order issued by the Managing Agent and the violation continues after the Shareholder and/or occupant has had fifteen (15) days to correct the violation, the Managing Agent shall promptly notify the Covenants Committee and a hearing shall be scheduled. Failure to cease and desist from violations may result in a notice of default being sent to the lender of record and may lead to legal action to terminate the Shareholders' occupancy agreement.
- 15.06 Appeal to Covenants Committee: In the event the Shareholder and/or occupant disagrees with the action of the Managing Agent taken in accordance with these Rules, the Shareholder and/or occupant may in writing within fifteen (15) days of the date of the notice, file a Notice of Appeal to the Covenants Committee and request a hearing regarding the action taken by the Managing Agent. Within thirty (30) days of the date of Notice of Appeal, the Covenants Committee shall conduct an evidentiary hearing and the appellant shall have the right to appear before the Covenants Committee and present evidence regarding the alleged violation(s). The appellant shall have the right to be represented by an attorney and to call witnesses including any employee of the Managing Agent or the Corporation. The Corporation shall have the right to be represented by an attorney and to call witnesses including any employee of the Managing Agent or the Corporation. Both parties shall have the right to cross-examine each other's witnesses. In order to protect the privacy of all parties, the Covenants Committee hearing shall be held in closed session. The Covenants Committee shall, within thirty (30) days of the hearing, issue a written decision which, unless appealed, shall be binding upon the Shareholder, the occupant, and the Corporation, and which will either dismiss the "cease and desist" order or affirm it.

- 15.07 Hearing for Repeated Violations: When the Covenants Committee is notified by the Managing Agent that a Shareholder and/or occupant have failed to follow a "cease and desist" order and continues the violations cited, the Committee shall:
- (a) Notify the Shareholder and occupant that the violations will be considered at a Covenants Committee hearing; and
  - (b) Request the Shareholder and occupant to appear at the hearing and provide the Shareholder and/or occupant with at least seven (7) days notice of the hearing; and
  - (c) Consider all the facts presented and take one or more of the following actions:
    - i. Dismiss the complaint and cancel the cease and desist order; or Continue the cease and desist order; or
    - ii. Recommend that the Board of Directors pass a special assessment against the Shareholder for monetary compensation for damages and/or other injury caused directly or indirectly; and/or
    - iii. Recommend that the Board of Directors refer the matter to the appropriate law enforcement authorities or regulatory agencies; and/or
    - iv. Recommend that the Board of Directors institute legal action to enforce the rule; and/or
    - v. Recommend that the Board of Directors take legal action to terminate the Shareholder's occupancy agreement.
  - (d) Make its findings and recommendations in writing.
- 15.08 Appeal From Decision of Covenants Committee: In the event the Shareholder, occupant and/or the Managing Agent shall dispute or be dissatisfied with the written decision of the Covenants Committee pursuant to 15.07 (d) above, the dissatisfied party shall serve written notice upon the President of the Corporation indicating the that the Party desires a hearing before the Board of Directors. Within thirty days (30) after receipt of the written notice, the President shall establish a hearing date and appoint a panel of at least three (3) Directors to hear the appeal. The Shareholder and/or occupant shall have the right to be represented by an attorney and to call witnesses including any employee of the Managing Agent or the Corporation. The Corporation shall have the right to be represented by an attorney and to call witnesses including any employee of the Managing Agent or the Corporation. Both parties shall have the

right to cross-examine each other's witnesses. In order to protect the privacy of all parties, said hearing shall be held in closed session.

- 15.09 Decision by the Board of Directors: Within thirty (30) days of the date of the hearing, the Board of Directors shall issue a written decision, which decision shall be binding and conclusive upon the Shareholder, Managing Agent, and the Corporation.
- 15.10 Complaints Against the Corporation: The jurisdiction of the Covenants Committee shall also include authority to hear complaints against the Corporation filed by Shareholders or occupant seeking monetary damages or other action which it is contended should be taken by the Corporation. The Committee may either dismiss the complaint or recommend to the Board of Directors an award of monetary damages or other affirmative action. The Corporation or Complainant has the right to appeal the decision of the Covenants Committee, which shall be in writing.
- (a) Complaints may be filed with the Managing Agent, who shall attempt to resolve the matter informally. Failing to do so, the Managing Agent shall notify the Covenants Committee of the filing of the complaint.
  - (b) The Covenant's Committee shall set a date for the hearing no later than thirty (30) days after receiving the notice from the Managing Agent.
  - (c) The procedures at said hearing shall be the same as those set forth in Rule 15.08 above.
- 15.11 Appeal to the CCOC: Residents have the right to file a dispute with the Montgomery County Commission on Common Ownership Communities (CCOC).

## **Article XVI. Miscellaneous**

### 16.01 16.01 Resident Information

- (a) Each Resident shall furnish Site Manager or his/her designee his/her residence telephone number, cell phone number and E-mail address. Any special restrictions imposed on that information Site Manager or his/her designee will honor (e.g. unlisted number).
- (b) Each resident shall furnish Site Manager or his/her designee with his/her address and business telephones number so that the Resident may be easily reached in an emergency.
- (c) Each Resident shall furnish Site Manager or his/her designee with the name, relationship, address, E-mail address and telephone number of an emergency contact person to be reached in case of an emergency.



- (d) Each Resident shall register with Site Manager or his/her designee the make of the Resident's automobile, and its license tag number to facilitate recognition of the Resident's car while on the premises.
- (e) To further aid in the identification of the resident's automobile, Site Manager or his/her designee will issue a numbered Bar Code Decal with instructions for its use for each car that occupies a garage space. The Resident shall maintain the Bar Code Decal on his/her automobile at all times.
- (f) When a Shareholder leases his unit, only a lease form approved by the Board of Directors may be used. Any Shareholder who leases his/her unit must furnish the Site Manager or his/her designee with a copy of the signed lease. Guidelines for the Leasing of Units are found under Article XII.
- (g) Effective July 1, 1996 all current Shareholders and all new purchasers will be required to carry liability insurance coverage, which may include coverage for personal property and betterments and improvements. The insurance company providing the coverage must be a licensed and admitted carrier in the State of Maryland.
- (h) All Resident's information given hereunder shall be strictly confidential

#### 16.02 Service

- (a) All requests for, and complaints about, service shall be registered with the Desk Clerk in the Lobby. When a Resident considers further action necessary, he shall report that need through the Desk Clerk to Site Manager or his/her/their/its designee.
- (b) The Valet Shop has been established as a receiving room for the receipt of packages and parcels on behalf of the Residents. The Resident, at his/her sole risk, may use this facility, together with any service that is offered by the operator thereof. The Promenade makes no charge for such accommodations and assumes no liability for any item left therein, or in connection with delivery of same.

#### 16.03 Daily Use of the Apartment

- (a) Apartment living requires that each Resident regulate the use of his/her apartment so as not to unreasonably or unnecessarily disturb any other Resident. Each Resident shall exercise due consideration at all hours in the operation of his/her radio, television, stereo, musical instrument, or other sound-producing items in his/her apartment so that the sound from them will not encroach, unreasonably or unnecessarily, on the comfort of other occupants of "The Promenade".

- (b) Each resident shall cover with rugs, carpets, or other adequate material, at least 85% of the walking areas of his/her apartment. The cover shall be sufficient to eliminate the transmission of objectionable noises to other apartments.
- (c) Mops, cloths, and brooms shall not be dusted or shaken from apartment windows, balconies, or in Service Rooms, halls or stairways. Under no circumstances shall dirt or debris be swept over or off the edge of the balcony. Cleaning which results in water dripping from balconies is prohibited.
- (d) A Resident shall not allow objectionable fumes or odors to escape from his/her apartment into the halls. All apartment doors must remain closed except for normal entry and exit.
- (e) The trash chute is for the disposal of trash and garbage that is not disposable in the kitchen disposal or recyclable as required by Montgomery County Law.
- (f) All trash and garbage shall be deposited down the trash chute, which is located in the trash room on each floor. It shall be wrapped in paper or other suitable material that will fit through the chute. Recyclable materials, i.e. cans, bottles, newspapers, etc., must be placed in the recycling containers provided in the trash room as required by Montgomery County Law. The Residents on the Arcade Level shall use the main trash room. Residents living on the B and C levels, North Building shall use the trash room located on the C level.
- (g) Boxes and packing material too large to go through the trash chute shall be placed on the floor of the Trash Room.
- (h) Residents' property, other than hand luggage and small packages, must be taken in and out through the Service Entrance, using the Service Elevator.
- (i) Satellite Dishes: The installation of TV Satellite Dishes must be pre-approved by the Chief Engineer to ensure that the placement and manner of securing the dish complies with the following safety requirements:
  - i. The dish is not mounted on the balcony railing or the side of the building and does not extend over the balcony perimeter.
  - ii. The dish must be securely installed so that they do not jeopardize the soundness or safety of any other structure or the safety of any person at or near the antennas, including damage from wind velocity.

- iii. There shall be no penetrations of exterior areas of the building to install, use or maintain the antenna. The flooring devices must be used to install cable wires, etc.
  - iv. Devices that permit the transmission of telecommunication signals through a glass pane without cutting or drilling a hole through the glass pane or other common property;
  - v. Devices such as ribbon cable that permit the transmission of telecommunication signals into a residence through a window or door without penetrating the wall; or
  - vi. Residents are liable for any personal injury or damage occurring to Common Property or other Resident's individually owner property and shall pay all costs related to such damage.
  - vii. The maximum size of the antenna is no more than one (1) meter in diameter but should be no larger that is actually necessary for reception.
  - viii. Residents must complete and submit to the Chief Engineer an Antenna Installation Request form. The Resident is responsible for the installation, maintenance and removal of the antenna. Should the Corporation have to maintain or remove an antenna, the cost will be charged to the Resident.
  - ix. In the event Residents employ a professional installer, said installer shall provide the Corporation with an insurance certificate listing the Corporation as a named insured prior to installation. The contractor's insurance general liability will be no less than one million dollars.
  - x. Failure to adhere to the rules related to the installation of antennas may result in fines up to \$250 per occurrence.
- (j) Residents shall close all windows and maintain heat before leaving their apartments. Any property of The Promenade which is damaged as the result of a window left open by the resident in his apartment, or from any carelessness or negligence of the Resident shall be repaired at the sole expense of the Resident.
  - (k) A Resident shall be responsible for any damage to The Promenade's property caused by his/her family or guests.
  - (l) The Promenade assumes no legal responsibility for the care, damage, or loss of any property of any Resident at or in The Promenade, whether it is the Resident's Apartment or any place of public access.

- (m) A Resident shall not engage any employee of The Promenade to perform services, either in his/her Apartment or elsewhere in The Promenade.

## **Article XVII. FIRE EVACUATION PLAN**

### **17.01 IN CASE OF FIRE IN YOUR APARTMENT, HALLWAY, COMMON AREA, ETC.**

- (a) Go to the nearest Pull Station located next to each stairwell exit sign (4 per floor). Pull the lever which will sound the alarm and call the fire department.
- (b) Go to the nearest Stairwell and exit. (Never use the elevators to exit)
- (c) Always close the doors behind you to reduce the spread of fire and smoke – especially in the stairwells.
- (d) Go down the Stairs.
- (e) In case of fire, call 911 and pull the nearest fire alarm then inform the front desk as you evacuate the building with detailed information.
- (f) Never use the elevators. They are potential death traps!
- (g) The Fire Department uses them because they have a fireman's service feature and must carry lots of equipment. Even so, they stop the elevators two flights below the fire door and walk the rest of the way.
- (h) When you reach the bottom of the stairs, go directly outside. Do not go to the garage or lobby. Staying away from the lobby avoids clutter where the Fire Department needs to gain access.

### **17.02 IF YOU ARE IN YOUR UNIT AND YOU HEAR THE FIRE ALARM ACTIVATED DO NOT CALL THE FRONT DESK OR SECURITY:**

- (a) Feel your door to see if it is hot. Test any doors with the back of your hand. If it is hot, do not try to exit through it.
- (b) Look out the peephole in the front door or slowly open the door a crack, leave your unit as indicated above.
- (c) If there is no heavy smoke, leave your unit as indicated above.
- (d) If there is heavy smoke or if the door is hot:
  - i. Hang a white sheet or other white material from the balcony to alert the Fire Department and call 911. Let the Fire Department

know where you are located. They will give you instructions on what to do. They may have you remain in your unit.

- ii. If smoke is entering your unit you may need to place wet towels or sheets around the threshold of doors and vents to keep smoke from entering your apartment.
  - iii. If it is feasible to leave your unit, shut off heat/AC units by turning your thermostat to the off position,
  - iv. If caught in a smoke-filled area, keep low to the floor under the smoke and move to an area of safety.
- (e) If you cannot exit the floor by using the stairs due to a physical condition, stay in your apartment and call 911.
- i. The Promenade maintains a list of Residents who may have difficulty evacuating in case of fire or other emergency. This list is made available to the Fire Department during any emergency.
  - ii. Any Resident who has special needs and wants to be on the list is encouraged to sign up at either the Front Desk or the Administrative Office.

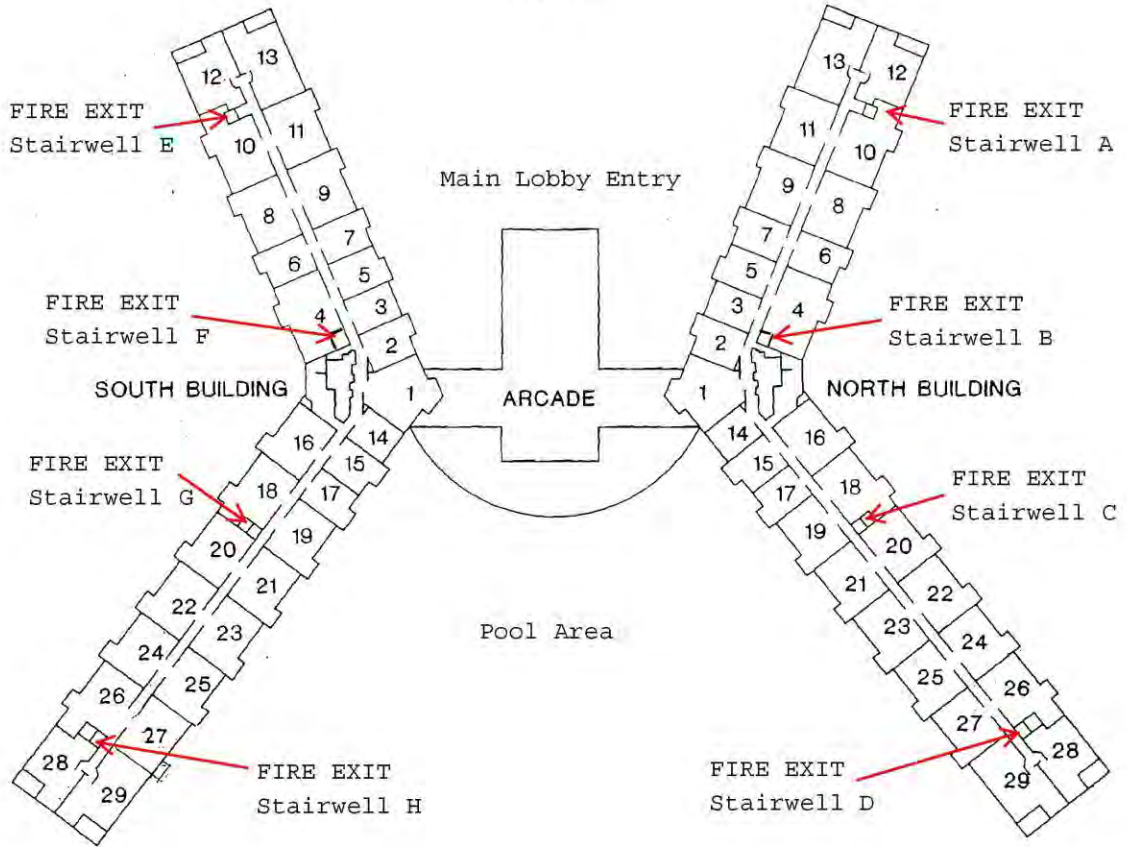
**17.03 IF YOU ARE IN THE GARAGE AND YOU HEAR THE FIRE ALARM ACTIVATED GO TO THE NEAREST EXIT.**

**17.04 THINGS TO ALWAYS REMEMBER:**

- (a) Crawl low under smoke.
- (b) Always bring your unit key.
- (c) Try to have a flashlight with you.
- (d) Learn to unlock your doors in the dark.
- (e) Count the number of doors from your unit to the lighted exit, (at the stairs) so you can feel your way in the dark (or in the event of thick smoke you can reach the exit)
- (f) Never use the elevators during a fire emergency.
- (g) Check your door to see if it is hot before exiting into the hallway or through a closed door.
- (h) If you hear the fire alarm and do not have the ability to exit the building contact the Fire Department and advise them of your location and situation.

- (i) Don't panic!
- (j) Never go back for anything!!!
- (k) Practice your evacuation plan.

Promenade  
Fire Evacuation  
Floor Plan  
Diagram



## **Indoor and Outdoor Pool Rules**

**ALL RESIDENTS AND GUESTS MUST OBEY THE LIFEGUARDS AT ALL TIMES** The lifeguards are authorized by the Promenade Board of Directors to oversee the operation of the pools and their instructions are based on Promenade House Rules. The lifeguard may refuse use of the facilities for inappropriate behavior and security can be called as necessary. Any disagreement with the Lifeguard must be addressed with the Administration Office.

### **Use of the Pool**

1. Each Resident must present a current, valid facilities pass for entrance to the pools or health club. If a pass is not presented, and the Administrative Office is closed, a driver's license or other government identification can be presented along with a signature. Once the Administrative Office reopens, a facilities pass must be obtained. Lifeguards will not allow continued access without a facilities pass.
2. All guests must be signed in by a Resident, and the guest must sign a Waiver of Liability. Two (2) complimentary guests per pass are allowed. Each additional guest over the age of 5 will be required to purchase a \$5.00 daily facilities pass. A total of 5 guests (paid and complimentary) are allowed. Larger parties must obtain approval from the Administrative Office and will not be considered for Weekends and Holidays.
3. Each Resident will have one facilities pass. Facilities passes are to be held by the current Resident(s). Non-Resident Shareholders are not eligible for facilities passes.

### **Behavior**

4. No person within the pool grounds shall behave in such a manner as to jeopardize the safety and health of him/her-self and others. Such behavior, including abusive/profane language, loud or destructive behavior, and intoxication, shall be grounds for expulsion and/or revocation of privileges.
5. Running, pushing, wrestling, horseplay, or other undue disturbances in or about the pool is prohibited. No diving or flipping off the side of the pool or from others' shoulders or raised hands will be permitted at any time. Lifeguards reserve the right to restrict diving due to conditions at the pool. Ball playing and Frisbee throwing or throwing of any other objects is prohibited. No rafts or floats are allowed.
6. The playing of music aloud is prohibited by Residents and Guests. Music should only be played through earphones.
7. The pool deck (any area other than the restaurant patio) is open when the Health Club is open.

### **At the Pool**

8. Smoking is NOT permitted on the pool deck
9. Glass is not permitted. Eating is only permitted in the designated area located outside of the outdoor pool area. (Marriott end of deck).
10. Each person must shower at the facilities before entering either the indoor or outdoor pool, or whirlpool.
11. Only one set of Styrofoam weights, one noodle or other pool gear per person is allowed. Fins, hand paddles, water wings and kick-boards may be used as long as they are being used in a safe manner. All Promenade equipment must be returned to the storage container after use. Lifeguards reserve the right to restrict use depending on conditions at the pool.



## **Children**

12. All children of Residents between the ages of 14 and 18 must have a facilities pass to use the pool alone. Children under 14 must be accompanied by an adult (18 or over) at the pools at all times.
13. Lifeguards reserve the right to administer a swimming test.
14. Children who cannot swim must be supervised within arm's length of the accompanying adult in the pools.
15. Babies/toddlers must wear "swimmers" in order to enter the pools.
16. No one under the age of 18 is allowed in the whirlpool, the sauna or the health club.

## **Attire**

17. Pool users must wear swim suits or swim trunks in the pools. Clothing such as cut-offs, gym shorts, jeans and underwear is not permitted as swimwear. Swimwear should not have been worn for exercising immediately prior to pool use and must be colorfast and lightweight material such as Lycra, Spandex or nylon. T-shirts are **not** allowed – only tight fitting "swim shirts" are acceptable. Lifeguards have final say as to what is acceptable attire.
18. Upon entering and leaving the pool area, footwear and cover ups must be worn at all times.
19. Lockers may only be used while using the Facilities. Property may be discarded if not claimed by closing time.

## **Safety**

20. No one is allowed in either swimming pool or whirlpool in the absence of a lifeguard.
21. Swim Instructors must be certified by organizations approved by The Promenade. Instructors will pay a fee of \$50.00 per year and carry a minimum of \$1,000,000 liability insurance with the Promenade listed as the certificate holder. A facilities pass will be issued.
22. In the event of thunder or lightning witnessed or confirmed by the lifeguard, the pool (indoor & outdoor) and deck area must be cleared immediately and will not reopen until 30 minutes after the thunder and lightning has passed. Ultimate decision rests with lifeguard.
23. No persons with infectious or communicable diseases, sores or bandages, will be admitted into the pools.
24. Residents and guests must furnish their own assistance, if needed, to and from equipment, pool chair lift, or shower. The pool chair lift (indoor and outdoor) may only be operated by the lifeguards. There is a 300 pound weight limit for these chairs.

## **Rules in the Pool**

25. Lap lanes:
  - 2 swimmers per lane (outdoor pool).
  - Lap lanes are to be used for lap swimming only- no walking or playing allowed.
  - Lap swimming will have priority at all times in the two rectangular lanes of the indoor pool.
  - Persons should not congregate at either end of a lap lane or around hand rails.

**Facilities privileges can be revoked for infractions of the rules.**

## **Health Club Rules**

### **ALL RESIDENTS AND GUESTS MUST OBEY THE LIFEGUARDS AT ALL TIMES**

**The lifeguards are authorized by the Promenade Board of Directors to oversee the operation of the health club and pools and their instructions are based on Promenade House Rules. The lifeguard may refuse use of the facility for inappropriate behavior and security can be called as necessary. Any disagreement with the Lifeguard must be addressed with the Administrative Office.**

### **USE OF THE HEALTH CLUB**

- No one under 18 is allowed in the whirlpool, the Sauna or the Health Club.
- Lockers may only be used while using the Facility. Property may be discarded if not claimed by closing time. Personal property must be taken with you when you leave.
- There is a 30 minute limit on cardiovascular equipment while others are waiting. Users of cardiovascular equipment must sign in on equipment sign-up sheets.
- Athletic shoes and appropriate clothing must be worn in the Health Club.
- Use the disinfectant provided to cleanse the equipment after use.
- All weights and other equipment should be returned to their proper storage upon completion of use.

### **PERSONAL TRAINERS**

- Trainers must be certified by organizations approved by The Promenade.
- While training clients, trainers must present a valid facilities pass.
- Trainers will pay a fee of \$50 per year to cover administrative costs, payable by January 15<sup>th</sup> of each year.
- Trainers shall carry a minimum of \$1,000,000 worth of personal trainer liability insurance with The Promenade listed as the certificate holder. Trainers should contact Administrative Office for additional information.
- Trainers shall not train non-residents.
- Trainers and their clients should always exercise proper Health Club etiquette.

# Promenade Tennis Club

## Rules & Regulations

1. The hours of operation are as follows:

	COURTS & CLUBHOUSE OPEN	COURTS (ONLY) OPEN
WEEKDAYS	9:00 A.M. to 12 NOON.	NOON. to 5:00 P.M.
WEEKNIGHTS	5:00 P.M. to 9:00 P.M.	9:00 P.M. to 11:00 P.M.
WEEKENDS	9:00 A.M. to 5:00 P.M.	5:00 P.M. to 11:00 P.M.

2. The clubhouse and courts are OPEN to residents and their guests only. ALL RESIDENTS MUST PROVIDE THEIR PROMENADE ACTIVITY PASSES TO THE ATTENDANT AT THE CLUBHOUSE DURING WORKING HOURS OR TO THE GUARD ON DUTY AFTER HOURS.
3. An adult must accompany children under the age of 16 on the tennis courts or in the clubhouse.
4. All residents and their guests must register and sign-in prior to entering the courts.
5. A resident must accompany all guests. One guest is free. Should a resident have more than one guest, each additional guest (maximum of 3) will be charged \$3.00 upon registering at the clubhouse. Guests are limited to one court with the resident.
6. Appropriate tennis attire must be worn on the courts and backboard area. Shirts and tennis shoes are required. Only non-marking soled shoes are allowed.
7. Singles play is limited to ONE HOUR reserved court time.
8. Doubles play is limited to ONE AND ONE HALF HOURS reserved court time.
9. Unlimited play is available when no players are waiting.
10. Children under 16 must relinquish the court if adults are waiting.
11. The Promenade tennis staff has exclusive teaching rights on the tennis courts and may use up to three courts for lessons. Courts 1 and 7 will primarily be used for instruction. Court s1 and 7 can be reserved for the ball machine, when free.

12. Please use only two cans of tennis balls per court. Check with the desk staff for any exceptions.
13. Inappropriate personal behavior will not be tolerated on the courts or in the clubhouse.
14. Only beverages in plastic containers are allowed on the courts, and players must clean up refuse.
15. Disputes involving courts and play must be addressed to the head tennis professional or to management, and not to the desk staff.
16. When the clubhouse is closed, the last players on the court must turn out the lights, lock the side gate, and return the key to the lock to security.

## RESERVATION POLICY

1. Only Promenade residents currently living in the building may make reservations and bring guests.
2. Players must sign in before playing and provide their activity passes.
3. Courts may be reserved by phone or at the clubhouse 24 hours in advance of play. Reservations can only be made during the hours of operation (9-Noon & 5-9 pm weekdays; 9 am-5 pm weekends).
4. Reserved courts have a ten-minute allowance for late players.
5. Planned events and tournaments approved by the tennis committee will have priority over the use of all courts. No advance reservations will be taken for any courts during those times.

## BALL-MACHINE RULES

The Promenade's ball machine can be used under the following conditions:

1. Only Promenade residents, 18 years or older, currently living in the building are eligible to use the ball machine. A release form must be signed (and will remain on file) prior to the machine being utilized by a resident.
2. A guest of a resident may use the ball machine if the resident is present and operating it. Both the resident and his/her guest must sign release forms.
3. All users of the ball machine must be properly trained in its use. Desk staff will assist the resident if they have not attended a training session. The ball machine is intended for use at the baseline only.
4. A valid Promenade activity pass will be provided at the desk prior to ball machine use. The pass will be returned only after all balls have been picked up by the user, hoppers are returned inside, and the remote control is returned to the staff member on duty.

5. The ball machine can be used only in 55-minute segments. Only courts 1 and 7 can be reserved, when they are not occupied with lessons. Reservations can be made in accordance with the policy described in the club's rules and regulations.
6. The ball machine is available from 9 a.m. to noon and between 5-8:55 p.m. on weekdays and on weekends between 9 a.m. and 4:55 p.m.
7. The cost for rental is \$5 per 55-minute session, paid in advance. Each additional session will be billed at the same cost. If a session lasts for over 30 minutes, the standard fee will be charged.
8. The tennis pro or desk attendant will decide if inclement weather prevents use of the machine.

## COURT ETIQUETTE

Court etiquette in tennis refers to conduct on and around the tennis court. The better the sportsmanship, the more smoothly your tennis will go, so here are some basic sportsmanship tips:

1. Avoid crossing an occupied court during a rally. Wait until the rally is over and signal to the players that you want to cross. Keep the interruption short--run, don't stroll.
2. If one of your balls rolls onto another court where someone is playing and you want one of them to retrieve it, please request that they return the ball to you when their point is finished.
3. Keep your court clean. Throw all your disposable items, such as tennis cans, soda bottles and papers into the nearest trashcan before you leave the court.
4. Foul language and displays of temper are inappropriate and will not be tolerated under any circumstances. Keep your voice down and be considerate of other players around you. Remember, tennis should be fun for everyone, players as well as spectators.
5. When you're nearing the end of your reservation time, be sensitive about when to yield the court to the next group of players. If you have a minute left, don't start a new game. On the other hand, if you are near the end of a long game when your time is up, the new group should let you finish.

# Promenade Towers Mutual Housing Corporation

## Amended and Restated ByLaws

<b>ORIGINAL BY LAWS:</b>	<b>OCTOBER 20, 1980</b>
<b>FIRST AMENDMENT:</b>	<b>JUNE 22, 1997</b>
<b>SECOND AMENDMENT</b>	<b>JUNE 29, 2000</b>
<b>AMENDED AND RESTATED</b>	<b>FEBRUARY 17, 2009</b>

bylaws amended and restated 090217

# PROMENADE TOWERS MUTUAL HOUSING CORPORATION

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**AMENDED AND RESTATED BYLAWS**  
**OF**  
**PROMENADE TOWERS MUTUAL HOUSING CORPORATION**

**ARTICLE I**

**Principal Office and Compliance with Bylaws**

**1.01 Principal Office:**

The principal office and place of business of the **PROMENADE TOWERS MUTUAL HOUSING CORPORATION** (“Housing Corporation”) shall be in Bethesda, County of Montgomery, State of Maryland at 5225 Pooks Hill Road, or at such other place as may from time to time be designated by the Board of Directors.

**1.02 Compliance with Bylaws:**

The administration and management of the Housing Corporation and the actions of its Shareholders, individually or collectively, and its Board of Directors and Officers, shall be governed by these Bylaws. All present and future Shareholders and their sub-lessees, licensees, invitees, agents, employees and any other person or persons that are permitted to use the Property of the Housing Corporation shall be subject to these Bylaws and to the House Rules. The acquisition of Shares, leasing, subleasing or occupancy of any Apartment or parking space shall be conclusively deemed to mean that the Shareholder, lessee, sub-lessee or occupant has accepted and ratified the Bylaws and the House Rules and will comply with them.

**ARTICLE II**

**Definitions**

**2.01 Definitions:**

(1) The following terms have the following meanings whenever used throughout these Bylaws unless the context otherwise specifies or requires:

(a) **Apartment:** Individual dwelling unit, as such dwelling unit is identified by certificates of Shares of stock of the Housing Corporation issued to Shareholders, together with any parking space and balconies or patios appurtenant thereto.

(b) **Articles of Incorporation:** The instrument executed March 15, 1980, by the Incorporator of Promenade Towers Mutual Housing Corporation, as amended, establishing the

Housing Corporation as a not-for-profit cooperative association incorporated for the powers, purposes and objectives set forth in the Articles of Incorporation.

(c) Board of Directors or Board: The governing body of the Housing Corporation designated or elected as provided by the laws of the State of Maryland and in these Bylaws to act for and direct the affairs of the Housing Corporation in the best interest of the Shareholders.

(d) Bylaws: These Bylaws, which are established for the purpose of managing and directing the affairs of the Housing Corporation, and such amendments hereto as may be made from time to time.

(e) Common Areas: All of the Property other than the Apartments and Limited Common Areas.

(f) Cooperative Fees: All assessments as may be established by the Board of Directors to meet the expenses of the Housing Corporation and provide for necessary reserves and contingencies.

(g) Dollar Amounts: All Dollar Amounts recited in these Bylaws are intended to reflect the buying power of dollars which are legal tender of the United States on July 1 in the calendar year 1999. In future years, Dollar Amounts shall be adjusted to reflect any variation between the then existing value of U.S. dollars and the value of U.S. dollars in the calendar year 1999. That adjustment will be three percent (3.0%) per year compounded or the cost-price index minus one percent compounded, whichever is greater.

(h) House Rules: Published rules and regulations for the use and operation of the Property and of the Housing Corporation as adopted from time to time by the Board of Directors of the Housing Corporation pursuant to the provisions of these Bylaws.

(i) Housing Corporation: Promenade Towers Mutual Housing Corporation, a Maryland not-for-profit corporation organized and existing pursuant to the laws of the State of Maryland.

(j) Lender: The holder of evidence of an indebtedness, the repayment of which is secured by an encumbrance on the shares in the Housing Corporation, duly recorded on the Share Loan Registry, their successors and assigns.

(k) Limited Common Areas: The garages, balconies and patios on the Property which are designed primarily for the use in connection with the occupancy of a particular Apartment.

(l) Managing Agent: The person, persons, corporation, partnership or business enterprise in charge of the administrative operation and management of the Property as authorized by the Board of Directors.

(m) Occupancy Agreement: The lease or leases which entitle Shareholders in the Housing Corporation to the use of the Common Areas and the occupancy of Apartments at the Property.

(n) Property: All of the real property, personal property, furniture, fixtures and equipment owned by and belonging to the Housing Corporation, comprising the cooperative housing complex known as 'The Promenade' located at 5225 Pooks Hill Road in Bethesda, Montgomery County, Maryland 20814.

(o) Shareholder: Any person or persons or other entity holding legal title to Shares of stock issued by the Housing Corporation and identified on the books of the Housing Corporation as the Shareholder of record.

(p) Share Loan: A loan secured by an Assignment of Shares of Stock in the Housing Corporation by a Shareholder and the Assignment of an Occupancy Agreement to a bona fide lender as collateral for a loan in accordance with the provisions of the Occupancy Agreement and these Bylaws.

(q) Share Loan Registry: The official written record of the Housing Corporation reflecting the identity of all Lenders holding security interests in Shares of Stock in the Housing Corporation granted by Shareholders.

(r) Special Charges: Costs, fees and other charges not included in the Cooperative Fees, as provided herein. All such Special Charges shall be payable on demand.

(s) Underlying Mortgage or Mortgage: The indebtedness now owed or incurred hereafter by the Housing Corporation, the payment of which is secured by a Deed of Trust(s) or Mortgage(s) encumbering the Property.

## ARTICLE III

### Meetings of Shareholders

#### 3.01. Annual Meeting:

The annual meeting of the Shareholders of the Housing Corporation, for the election of Directors and for such other business as may properly come before such meeting, shall be held in Bethesda, Montgomery County, Maryland, during the first seven days of December of each year, or on a date within thirty (30) days thereafter, and at such time and place as may be designated by the Board of Directors, provided that no more than thirteen (13) months shall pass between annual meetings. The notice of the meeting shall be in writing and signed by the President or Vice President or the Secretary or an Assistant Secretary and shall include the proposed agenda and an official proxy for the meeting. Such notice shall state the date, time and place within the County where it is to be held, and the Secretary shall cause a copy thereof to be delivered personally or mailed to each Shareholder of record of the Housing Corporation entitled to vote at such meetings not less than ten (10) nor more than forty (40) days before the meeting. If mailed, it shall be directed to each such Shareholder at the Shareholder's address as it appears on the shareholder's ledger in the Corporate Ledger Book, unless the Shareholder shall have filed with the Secretary of the Housing Corporation a written request that notices intended for the Shareholder be mailed to some other address, in which case it shall be mailed to the address designated in such request.

### **3.02 Special Meetings:**

Special meetings of Shareholders, other than those the calling of which is regulated by statute, may be called at any time by the President and Secretary or by a majority of the Board of Directors. It shall also be the duty of the Secretary to call such meetings upon a petition signed by Shareholders owning at least twenty-five percent (25%) of the outstanding Shares. The signatures on a petition requesting a special meeting shall be valid for a period of one hundred eighty (180) calendar days after the date of the first such signature, having been presented to the Secretary. The Secretary shall, within ten (10) calendar days after receipt of such request, cause a notice of such special meeting stating the time, place, and purpose thereof and the officer or other person or persons by whom the meeting is called, to be delivered personally or mailed as provided in 3.01 to each Shareholder of record of the Housing Corporation entitled to vote at such meeting not less than ten (10) nor more than forty (40) days before such meeting. No business other than that stated in such notice shall be transacted at such special meeting.

### **3.03 Waiver of Notices:**

The notice provided for in the two foregoing Subsections is not indispensable, but any Shareholders' meeting shall be valid for all purposes if all the outstanding Shares are represented in person or by proxy at such meeting. If a quorum is present, as provided in 3.04, and waiver of notice of the time, place, and purposes of such meeting has been duly executed in writing either before or after said meeting by a Shareholder, such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Shareholder at a Shareholder meeting shall be a waiver of notice of that meeting.

### **3.04 Quorum and Adjournments:**

At each meeting of Shareholders, except where otherwise provided by law, Shareholders entitled to vote thereat representing, in person or by proxy, a majority of the Shares then issued and outstanding shall constitute a quorum. In case a quorum shall not be present at any meeting, the holders, in person or by proxy, of a majority of the Shares represented may adjourn the meeting to some future time and place until a quorum is present, when any business may be transacted that may have been transacted at the meeting as originally called. A quorum shall be deemed to be present throughout the meeting of Shareholders until adjournment if a quorum was reached at the beginning of such meeting. Notice of the date, place and time for the adjourned meeting is to be posted on bulletin boards located in the Property within one (1) business day after the initial meeting.

### **3.05 Voting:**

At each meeting of Shareholders, each Shareholder present, in person or by proxy, shall be entitled to one vote for each Share registered in his or her name at the time of service of notice of such meeting or at such prior date, at least ten (10) days, but not more than forty (40) days before such meeting, as may be prescribed by the Board of Directors for the closing of the corporate share transfer books or fixed by the Board of Directors as the date for determining which Shareholders of record are entitled to notice of and to vote at such meeting. Voting by Shareholders to elect Directors shall be by written ballot, and each ballot shall state the name of the Shareholder voting and the number of Shares owned by him or her, and in addition, the name of the proxy of such ballot if cast by a proxy. Written votes shall be kept confidential. All elections shall be determined by a plurality vote, and unless otherwise specified in these Bylaws or the Articles of Incorporation, the affirmative vote of a majority of the Shares represented at any

meeting of Shareholders, in person or by proxy, shall be necessary for the transaction of any item of business and shall constitute the act of the Shareholders. Where the ownership of Shares is in more than one person who are present at the meeting(s) in person or by proxy, then such vote shall be cast only in accordance with their unanimous agreement. Shareholders who are more than sixty (60) days in arrears in the payment of Cooperative Fees or any other fees or assessments levied by the Board of Directors shall be deemed not in good standing and shall not be qualified to cast their votes but shall be counted in determining whether a quorum is present, and this suspension of voting rights shall remain in effect until the Cooperative Fees or any other fees and assessments have been paid in full. Voting by Shareholders on motions made and seconded at a meeting of the Shareholders may be conducted by voice vote.

### **3.06 Proxies:**

Proxies shall be in writing duly signed by the Shareholder but need not be acknowledged or witnessed, and the person named as the proxy holder shall be a Shareholder, the Managing Agent or a Lender provided however, no Shareholder may vote the Shares of more than one other Shareholder in addition to his or her own Shares. 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 unless sooner revoked by a written notice of revocation filed with the Secretary or by death of the Shareholder.

### **3.07 Inspectors of Election:**

Inspectors of election shall be appointed by the President or other officer presiding at any meeting of Shareholders where votes are taken. The inspectors shall count and report the vote and keep confidential the written ballots of all Shareholders.

### **3.08 Order of Business:**

The order of business for each annual meeting of Shareholders shall be established by a resolution adopted by the Board of Directors and a copy of such resolution shall be sent to each Shareholder with the Notice of the annual meeting.

### **3.09 Conduct of Meetings:**

The President, or if the President is not available, the Vice President, shall preside over all meetings, and the Secretary or Assistant Secretary shall keep and record the minutes of the meetings. The most recent edition of "Robert's Rules of Order" shall govern the conduct of all meetings when not in conflict with these Bylaws or law.

## ARTICLE IV

### Board of Directors

#### 4.01 Number and Qualifications:

The affairs of the Housing Corporation shall be governed by the Board of Directors composed of seven (7) natural persons, who are Shareholders of the Housing Corporation. Directors shall be elected for staggered terms of three (3) years and until their successors are elected and hold their first meeting. The number of Directors shall not be increased or decreased except by Bylaw Amendment. No Shareholder shall be elected to serve on the Board of Directors if payment by such Shareholder of any financial obligation to the Housing Corporation is delinquent for more than thirty (30) days, and the amount necessary to bring the account current has not been paid in full on the date of the election.

#### 4.02 Election:

The Directors shall be elected at the annual meeting of Shareholders or at a special meeting called for that purpose.

#### 4.03 Quorum:

At all meetings of the Board of Directors, a majority of the Directors then authorized by these Bylaws 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 is less than a quorum present, the majority of those present may adjourn the meeting to another time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

#### 4.04 Vacancies:

Vacancies in the Board of Directors resulting from death, resignation, or otherwise, shall be filled as soon as practical by a vote of a majority of the remaining Directors, which must constitute a quorum, which action may be taken at any regular meeting of the Board of Directors or any special meeting thereof called for such purpose. Any Director so elected shall serve until the next annual election, when the Shareholders shall elect a Director for the rest of that term.

#### 4.05 Meetings:

(1) The Board of Directors shall meet immediately after the annual meeting of Shareholders without notice and also whenever called together by the President of the Housing Corporation or upon the written request of any two (2) Directors then holding office, upon notice given to each Director, by delivering personally, mailing, faxing, or transmitting by other means of electronic communication to him or her at least two (2) days prior to such meeting. Regular meetings may be held at such times and places as a majority of the Board of Directors may determine, but such meeting shall be held at least once every three months during each fiscal year. The most recent edition of "Robert's Rules of Order" shall govern the conduct of all meetings when not in conflict with these Bylaws or law.



(2) Any meeting of the Board of Directors of which all the Directors shall have received notice, or of which notice shall be duly waived by all absentees, either before or after the holding of such meeting, shall be valid for all purposes provided a quorum be present. Meetings of the Board of Directors may be held either at the principal office of the Housing Corporation or elsewhere within the State of Maryland as provided in the notice calling the meeting, unless the Board of Directors by resolution adopts some further limitation in regard thereto. At all meetings of the Board of Directors, each Director shall be entitled to one (1) vote. The vote of a majority of the Directors present at the time of a vote of a duly constituted meeting shall be the act of the Board of Directors. Full discussions of the issues and motions under consideration by the Board will be made for the benefit of Shareholder observers before votes are taken.

(3) The President, or if unavailable the Vice President, shall preside over all meetings of the Board of Directors and the Secretary, or if unavailable an Assistant Secretary, shall keep Corporate minutes of the Board of Directors meetings, recording therein all resolutions adopted by the Board of Directors and a record of all votes, transactions and proceedings occurring at such meetings. Except for unanimous votes, the Secretary shall record the names of Directors voting for and against any motion. 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. Any such written consent shall be filed with the minutes of the proceedings of the Board of Directors.

#### **4.06 Resignation and Removal:**

(1) Any Director may resign at any time and shall be deemed to have resigned upon disposition of Shares of stock in his or her Apartment which made such person eligible to be a Director. The resignation shall be by written notice delivered in person or sent by certified, registered mail to the President or Secretary of the Housing Corporation. Such resignation shall take effect at the time specified therein and, unless specifically requested, acceptance of such resignation shall not be necessary to make it effective. Any Director may be removed without cause at a Shareholder meeting duly called for that purpose by a vote of the majority of all Shareholders present in person or by proxy at said meeting. Any Director whose removal has been proposed shall be given at least fifteen (15) days notice of the time, place, and purpose of the meeting and shall be given an opportunity to be heard at the meeting.

(2) If a Director, without good cause, misses more than three (3) consecutive regularly scheduled meetings within a 12 month period of which he or she has received notice, that constitutes cause for which a Director may be removed at a meeting of the Shareholders. This cause for removal is not exclusive.

#### **4.07 Annual Cash Requirements; Cooperative Fees:**

The Board of Directors shall, from time to time, determine the cash requirements as defined in these Bylaws and fix the terms and manner of payment of Cooperative Fees under the Housing Corporation's Occupancy Agreements.

#### **4.08 House Rules:**

The Board of Directors may, from time to time, adopt and amend such House Rules as it may deem necessary in respect of the use and operation of the Property and of the Housing Corporation for the

health, safety, benefit, enjoyment and convenience of the Shareholders and occupants of the Apartments. Copies thereof and of changes thereto shall be furnished to all Shareholders who shall be bound by such House Rules as if said House Rules were set forth in these Bylaws and as otherwise may be provided in the Occupancy Agreements. Proposed House Rules shall be circulated to all Shareholders for their comments for a minimum of thirty (30) days before adoption thereof by the Board of Directors.

#### **4.09 Committees:**

The Board of Directors may, by resolution, appoint committees as it may deem appropriate. Such committees shall serve at the pleasure of the Board of Directors and shall exercise such functions as may be determined by the authorizing resolution of the Board of Directors and so far as may be permitted by law. No committee shall have power to determine or change the cash requirements for the Housing Corporation or the Cooperative Fees as fixed by the Board of Directors. The President and Vice President of the Board of Directors shall be members, ex officio, of all committees.

#### **4.10 Salaries and Compensation:**

No salary or other compensation shall be paid to any Director or Officer of the Housing Corporation for services rendered. A Director or Officer may be reimbursed for expenses incurred in connection with Housing Corporation business, if the Board approves of the expenditure in advance and the Director or Officer furnishes to the Board of Directors expense documentation satisfactory to the Board in its sole and absolute discretion.

#### **4.11 Powers and Duties:**

(1) The Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Housing Corporation and may do all such acts and matters as are provided for by the Articles of Incorporation of the Housing Corporation and Bylaws as are necessary and done by the Housing Corporation. The Directors and Officers shall exercise their powers and duties in good faith and with a view to the interests of the Housing Corporation as a whole. Every such determination by the Board of Directors shall be final and conclusive as to all Shareholders and any expenditures made by the Housing Corporation's Officers or its agents under the direction or with the approval of the Board of Directors shall, as against the Shareholders, be deemed necessarily and properly made for such purpose. In addition to the duties imposed by these Bylaws or by any resolution of the Shareholders that may hereafter be adopted, the Board of Directors shall, on behalf of the Housing Corporation:

(a) Prepare and adopt an annual budget, in which there shall be established the Cooperative Fees and Charges for each Apartment which shall provide for the operation, care, upkeep, and maintenance of the Property and services and operations of the Housing Corporation.

(b) Authorize the designation, hiring and dismissing of the personnel necessary for the maintenance, operation, and repair of the Property and provide services for the Property and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies, material and equipment shall be deemed part of the property of the Housing Corporation.

(c) Collect the Cooperative Fees and Charges, including the costs of collection together with reasonable attorney's fees and costs necessary thereto, deposit the proceeds thereof in bank depositories designated by it, and use the proceeds to carry out the administration and operation of the Housing Corporation.

(d) Funds Management: The Housing Corporation requires a cash operating account and other financial reserves in order to operate efficiently and effectively.

(i) Any funds invested by the Housing Corporation shall be done in a manner to preserve the Principal.

(ii) To manage these funds the Housing Corporation may:

(I) open and maintain an operating account at a financial institution, the accounts of which are insured by the Federal Deposit Insurance Corporation ("FDIC") or other instrumentality of the U. S. Government. The balances in this operating account may exceed the limits of insurance provide by the FDIC or other instrumentality of the U. S. Government;

(II) purchase Certificates of Deposits or invest in "Money Market" funds at financial institutions so long as the investments are insured by the FDIC or other instrumentality of the U. S. Government (accrued interest does not need to so covered by such insurance);

(III) purchase U. S. Treasury Securities or other Securities that are backed by the full faith and credit of the U. S. Government;

(IV) employ the services of an investment firm that is a member of the National Association of Securities Dealers and maintains insurance provided by the Securities Investors Protection Corporation ("SIPC"), and such supplemental insurance insuring the full value of the account, to manage the investments of the Housing Corporation. All Securities and accounts shall be in the name of the Housing Corporation. Any investment owned by the Housing Corporation on the effective date of these ByLaws that may not meet the requirements hereof may be held to maturity or until they can be sold, terminated or exchanged at no loss to the Housing Corporation.

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

(f) Enforce by legal means the provisions of the Articles of Incorporation, these Bylaws, the Occupancy Agreements, and the House Rules; including the right to satisfy any Share Loan of a defaulting Shareholder, to establish and collect fines for violation of the House Rules, and to exercise any and all legal rights and remedies of the Housing Corporation against such defaulting Shareholders; act on behalf of the Housing Corporation with respect to all matters arising out of any eminent domain proceeding; and notify the Shareholders of any litigation against

the Housing Corporation involving a claim in excess of ten percent (10%) of the amount of the annual budget.

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

(h) Keep the books with detailed accounts in chronological order of the receipts and expenditures affecting the Property and the administration of the Housing Corporation specifying the expense of maintenance and repair and any other expenses incurred. Such books and vouchers accrediting the entries thereupon shall be available for examination by the Shareholders and Lenders, their duly authorized agents or attorneys, during general business hours on working days. All books and records shall be kept in accordance with generally accepted accounting practices, standards consistently applied, and the same shall be audited and certified at least once each year by an independent Certified Public Accountant retained by the Board of Directors, who shall not be a resident of the Property or a Shareholder.

(i) Assign the Association's right to income, including the right to receive Cooperative Fees, and borrow money on behalf of the Housing Corporation when required in connection with any instance relating to the operation, care, upkeep, and maintenance of the Property or other needs of the Housing Corporation; provided, that except for refinancing, refunding, modifying, or extending the Deed of Trust of the Metropolitan Life Insurance Company, the Board of Directors shall obtain the approval of a majority all Shareholders, in person or by proxy, voting at a meeting duly called and held for such purpose in accordance with the provisions of these Bylaws, to borrow any sum in excess of One Hundred Fifty Thousand Dollars (\$150,000.00) within a 12-month period.

(j) In its sole discretion, establish by rules, regulations, restrictions, fees and conditions for the use of such of the Common Areas as the Board of Directors deems appropriate and, as appropriate, lease these portions of the Commercial Areas as may be provided, for other than residential use, in accordance with applicable laws; provided, however, the Board shall provide information to Shareholders and allow them an opportunity to be heard regarding any proposed leasing of Common Areas.

(k) Approve of the transfers of certificates of Shares, which approval shall not be unreasonably withheld, provided that no transfer shall be approved unless a transferee or transferees demonstrate(s) to the Board of Directors' satisfaction that he, she or they are financially responsible, and only if no sums whatsoever are due the Housing Corporation from the transferring Shareholder and there is no uncured default of any kind under these Bylaws, the Occupancy Agreement, the House Rules, or of any other obligations owed the Housing Corporation. The Board of Directors may waive any default in connection with the approval of the transfer if such approval is conditioned upon the prompt curing of any such default prior to or concurrently with the completion of the transfer, provided, however, the Board of Directors shall have no right to prohibit:

(i) A pledge or collateral assignment of Shares and an Occupancy Agreement to a Lender;

(ii) A transfer of Shares and an Occupancy Agreement to a Lender, its designee or its transferee, pursuant to or in satisfaction of an exercise of the Lender's rights under its security instruments; and

(iii) The transfer from a Lender, its designee or other holder, of any Shares and an Occupancy Agreement acquired pursuant to subparagraph (ii) above.

(l) Grant any easement, lease, license or concession through or over the Common Areas.

(m) Other things and acts not inconsistent with the applicable laws of the State of Maryland, the Articles of Incorporation, and these Bylaws which the Board of Directors may be authorized to do by a resolution of the Shareholders.

#### **4.12 Common or Interested Directors:**

No Director or Officer of the Housing Corporation shall have a direct or indirect interest in any contract to which the Housing Corporation is a party, nor shall any Director or Officer conduct any private business with the Housing Corporation.

#### **4.13 Board Meetings:**

(1) All regular meetings of the Board of Directors shall be open to Shareholders as observers. However, the President or presiding Officer may call the Board into closed meeting.

Closed meetings may be called on the following matters:

- (a) Discussion of matters pertaining to employees and personnel;**
- (b) Consultation with legal counsel;**
- (c) Consultation with staff personnel, consultants, attorneys, or other persons in connection with pending or potential litigation;**
- (d) Investigative proceedings, concerning possible or actual criminal misconduct;**
- (e) Complying with specific contractual, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosure;**
- (f) Protection of Privacy and/or Personal Affairs of Shareholders or residents;**
- (g) Enforcement of the Bylaws and Rules and Regulations; and**
- (h) On an individually recorded affirmative vote of five of the Directors at an open meeting , for some other reason sufficiently compelling to override the general public policy in favor of open meetings.**

(2) Any final action taken by the Directors in closed meetings shall be recorded in the minutes. Each Director's vote shall be recorded by name. Any Closed Meetings must conform with laws or codes concerning such meetings which are applicable to cooperative housing corporations, if any.

#### **4.14 Executive Sessions:**

The Board may meet from time to time as necessary in Executive Session to discuss issues facing the Board. No final action may be taken in Executive Session. Any Executive Session must conform with laws or codes concerning such meetings which are applicable to cooperative housing corporations, if any.

#### **4.15 Managing Agent:**

(1) The Housing Corporation shall employ a Managing Agent and shall not undertake self-management. The Managing Agent shall be a bona fide business enterprise licensed by the State of Maryland which manages common interest residential communities, shall have a minimum of two (2) years' experience in real estate community management and shall employ persons possessing a high level of competence in the technical skills necessary for the proper management of the Property. The Managing Agent must be able to advise the Board of Directors regarding the administrative operation of the Property and the Housing Corporation and shall employ personnel expert in areas of insurance, accounting, contract negotiations, labor relations, and multi-family housing regulation. The Managing Agent shall perform such duties and services as the Board of Directors shall authorize. The Board of Directors shall impose appropriate standards of performance upon the Managing Agent. Unless the Managing Agent is instructed otherwise by the Board of Directors:

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

(b) cash accounts of the Housing Corporation shall not be commingled with any other accounts maintained by the Managing Agent;

(c) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors, or others providing goods or services to the Housing Corporation without the written consent of the Board of Directors, whether in the form of commissions, finders' fees, service fees, or otherwise; any discounts received shall otherwise benefit the Housing Corporation;

(d) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Housing Corporation shall be disclosed to and approved by the Board of Directors prior to employment of such firm;

(e) a monthly financial report shall be prepared for the Housing Corporation by the Managing Agent containing:

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

(ii) an account activity statement reflecting all receipts and disbursement activity for the preceding month on a cash basis;

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

(iv) a balance sheet reflecting the financial condition of the Housing Corporation on an un-audited basis;

(v) a budget report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding ten percent (10%) of a budget category; and

(vi) a delinquency report listing all Shareholders who are delinquent in paying Cooperative Fees and Charges and describing the actions to collect such Cooperative Charges.

(f) The Managing Agent's financial accounting and reporting principles and practices shall comply with the most current version of the American Institute of Certified Public Accountants, Inc. Audit and Accounting Guide Common Interest Realty Associations.

(g) A Management Contract must provide that it may be terminated with or without cause on no more than thirty (30) days' written notice without any termination fee.

#### **4.16 Immunity for Directors and Former Directors:**

Directors and former Directors who perform or performed their duties in conformity with the standards of conduct provided in Section 2-405.1, Corps. & Assoc. Anno. Code of Maryland (1997) shall have the immunity from liability afforded by the provision of Section 5-417, Cts. & Jud. Proc., Anno. Code of Maryland (1997) as such statutes may be amended from time to time.

## **ARTICLE V**

### **Officers**

#### **5.01 Election of Officers:**

The Officers of the Housing Corporation shall be a President, a Vice President, a Secretary, and a Treasurer. All Officers shall be members of the Board of Directors. Such Officers shall be elected at the regular Board meeting in each year following the annual meeting of Shareholders, and shall serve until removed or until their successors shall have been elected. The Board of Directors may at any time or from time to time appoint one or more Assistant Secretaries and one or more Assistant Treasurers to hold office at the pleasure of the Board of Directors and may accord to such Officers such powers as the Board of Directors deems proper.

#### **5.02 Removal and Resignation of Officers:**

Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the then-authorized total number of Directors. One person may not hold more than two (2) offices at the same time, except that the President and the Secretary may not be the same person and the President and

the Vice President may not be the same person. Vacancies occurring in any office may be filled by the Board of Directors at any time. An officer may resign at any time and shall be deemed to have resigned upon disposition of his or her shares of stock in his or her Apartment.

### **5.03 Duties of President and Vice President:**

The President shall preside at all meetings of the Shareholders and of the Board of Directors. The President or Vice President shall sign in the name of the Housing Corporation all contracts, leases, and other instruments which are authorized from time to time by the Board of Directors. The President, subject to the control of the Board of Directors, shall have general management of the affairs of the Housing Corporation and perform all the duties incidental to the office. The President shall have the authority to conduct business relating to the duties of the Managing Agent between Board meetings and in accordance with guidelines established by the Board of Directors. In the absence of the President or the inability of the President to act, the Vice President shall have the powers and perform the duties of the President.

### **5.04 Duties of Treasurer:**

The Treasurer shall have the supervisory authority over the care and custody of all funds and securities of the Housing Corporation, inclusive of financial management oversight of the Management Agent's delegated day-to-day fiscal management responsibilities detailed in Section 4.15. On or before January 31st of each year, the Treasurer shall cause to be furnished to each Shareholder whose Occupancy Agreement is then in effect, a statement of a Certified Public Accountant of the Housing Corporation of any deductions available for income tax purposes allocable to such Shareholder and indicating thereon allocable to such Shareholder any such information as may be necessary or useful to permit Shareholders to compute their income tax returns in respect thereof. On or before July 1st of each year, the Treasurer shall cause to be transmitted to each Shareholder whose Occupancy Agreement is then in effect, an annual report of the operations and a balance sheet of the Housing Corporation which shall be certified by a Certified Public Accountant. The Treasurer alerts the Board of Directors to financial discrepancies and variances which require either Board fiduciary monitoring or Board action for resolution. In the absence or inability of the Treasurer, the Assistant Treasurer, if any, shall have all the powers and perform all the duties of the Treasurer.

### **5.05 Duties of Secretary:**

The Secretary shall keep the minutes of the meetings of the Board of Directors and of the meetings of Shareholders and shall attend to the giving and serving of all notices of the Housing Corporation and shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors or these Bylaws. The Secretary shall also perform all other duties incidental to the office. He or she shall cause to be kept a book containing the names, alphabetically arranged, of all persons who are Shareholders of the Housing Corporation, showing respectively their places of residence, the number of Shares held by them, the date when they became the owners thereof, and the amount paid thereon, and the denomination and the amount of all Shares issued. Such book shall be open for inspection as provided by law. In the absence or inability of the Secretary, the Assistant Secretary, if any, shall have the powers and perform all the duties of the Secretary.



## **5.06 Execution of Agreements, Contracts, Checks, Etc.:**

With the prior authorization of the Board of Directors all agreements, contracts, leases, checks, certificates of deposit, securities and other instruments shall be executed on behalf of the Housing Corporation by either the President or the Vice President and all checks shall be executed on behalf of the Housing Corporation by such Officers, agents or other persons as are from time to time so authorized by the Board of Directors, provided, however, that all agreements, contracts, leases, checks, certificates of deposit, securities and other instruments of the Housing Corporation requiring or effecting expenditures or obligations of Ten Thousand Dollars (\$10,000.00) or more, shall be approved in advance by the Board of Directors.

## **ARTICLE VI**

### **Occupancy Agreements**

#### **6.01 Form:**

The Board of Directors shall from time to time adopt a form of Occupancy Agreement to be used by the Housing Corporation for the occupancy of all Apartments in the Property. Such Occupancy Agreement shall be for such terms and shall contain such restrictions, limitations, and provisions in respect to the assignment thereof, the subletting of the Apartment, and the sale and/or transfer of the Shares appurtenant thereto, and such other terms, provisions, conditions, and covenants as the Board of Directors may determine.

#### **6.02 Allocation of Shares:**

The allocation of Shares allocated to each Apartment or other space in the Property or the number of Shares which must be owned by a Shareholder related to each such Apartment or other spaces shall be as established by the "Schedule of Share Allocations" attached hereto as Exhibit "1" and incorporated as a part of these Bylaws as if fully set forth herein. Such Schedule of Share Allocations shall not be changed except as a regrouping of space as herein elsewhere provided.

#### **6.03 Assignment of Occupancy Agreement or Transfer of Shares:**

Occupancy Agreements and Shares shall be assigned or transferred only in compliance with, and shall never be assigned or transferred in violation of, the terms, conditions, or provisions of such Occupancy Agreements and these Bylaws. Any assignment in violation thereof shall be null and void and of no effect. A duplicate original of each Occupancy Agreement shall always be kept on file in the principal office of the Housing Corporation or with the Managing Agent appointed by the Housing Corporation for the Property. No assignment of any Occupancy Agreement or transfer of the Shares shall take effect as against the Housing Corporation for any purpose until a written application as formulated by the Board of Directors has been delivered to the Housing Corporation and the Housing Corporation has consented in writing; provided, however, that no consent of the Housing Corporation shall be required in connection with any transfer to or from any Lender, its designee or a purchaser at a public or private sale held pursuant to the exercise of the Lender's rights under its security instruments. The Housing Corporation shall not consent to any assignment of an Occupancy Agreement or transfer of Shares until the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the Occupancy Agreement, these Bylaws, Articles of Incorporation, and House Rules or has entered into a new

Occupancy Agreement; all Shares appurtenant to the Occupancy Agreement have been transferred to the assignee; all sums due have been paid to the Housing Corporation; and all necessary consents have been properly obtained. The action of the Board of Directors with respect to the written application for consent to a proposed assignment of an Occupancy Agreement or transfer of Shares must be made within thirty (30) days after receipt of said written application or consent shall be deemed to have been given. Any assignment or transfer not made in accordance with these requirements shall be null and void and of no effect. No person to whom the interest of a Shareholder shall pass by operation of law shall be entitled to assign any Occupancy Agreement, transfer any Share, or sublet or occupy any Apartment, except upon compliance with the requirements of the Occupancy Agreement and these Bylaws. Notwithstanding the above, nothing contained in this Section shall prohibit the assignment for security purposes of any Shares to a Lender, for the purpose of financing or refinancing the purchase of shares; provided, however, the Board of Directors shall be given written notice of such assignment for security purposes, together with a copy of the executed note, security, or pledge agreement and such other documents as may reasonably be required by the Housing Corporation.

#### **6.04 Fees on Assignment:**

The Board of Directors shall have authority before an assignment or sublet of an Occupancy Agreement or transfer or reallocation of Shares takes effect as against the Housing Corporation to fix a reasonable fee to cover actual expenses and attorneys' fees of the Housing Corporation and such other conditions as it may determine in connection with each such proposed assignment or transfer, including, without limitation, a credit, title, or other search with respect to the Apartment or parties, but shall not have the authority to fix any such other conditions for assignments or transfers for which its consent is not required.

#### **6.05 Regrouping of Space:**

(1) The Board of Directors upon the written request of a Shareholder or Shareholders of one or more Occupancy Agreements covering one or more Apartments may, after the recommendation of the chief engineer and legal counsel, permit such Shareholder or Shareholders, at his, her, or their own expense:

(a) to subdivide previously merged Apartments to their original boundaries and conditions; and

(b) to combine all or any portions of any such Apartments into one Apartment; and

(c) to reallocate the Shares issued to accompany the Occupancy Agreement(s), but the total number of the Shares so reallocated shall not be less than the total number of Shares previously allocated to the Apartment or Apartments involved; and

(d) no regrouping which includes space in the building not previously covered by an Occupancy Agreement shall be permitted except upon the affirmative vote of a majority of Shares represented at a meeting of Shareholders called for such purpose or at an annual meeting; and

(e) such regrouping of space shall be permitted only if in full accordance with all applicable local, state, and federal laws and ordinances. Upon any regrouping of space in the building, the Occupancy Agreements so affected, and the accompanying Share certificates, shall be surrendered and there shall be executed and delivered in place thereof, respectively, a new

Occupancy Agreement for each separate Apartment involved, and a new certificate for the number of Shares so reallocated to each separate Apartment.

## **ARTICLE VII**

### **Shares**

#### **7.01 Shares and Occupancy Agreement:**

No Shares hereafter issued or acquired by the Housing Corporation shall be issued or reissued except in connection with the execution by the purchaser and delivery by the Housing Corporation of an Occupancy Agreement for an Apartment on the Property. The ownership of Shares shall entitle the holder thereof to occupy the Apartment for residential use and only for such other purposes as may be specified in these Bylaws and in the Occupancy Agreement to which the Shares are appurtenant

#### **7.02 Form and Share Register:**

Certificates of the Shares shall be in the form adopted by the Board of Directors and shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer, and sealed with the seal of the Housing Corporation, and shall be numbered in the order in which issued. Certificates shall be issued in consecutive order and there shall be recorded the name and address of the owner of the Shares, the number of Shares and the date of issue. Each certificate exchanged or returned to the Housing Corporation shall be canceled and the date of cancellation shall be indicated thereon and such certificate shall be retained in the Housing Corporation records for a minimum period of ten years from date of cancellation.

#### **7.03 Issuance of Certificates:**

Shares appurtenant to each Occupancy Agreement shall be issued in the amount allocated to the Apartment or other space described in such Occupancy Agreement and shall be represented by a single certificate.

#### **7.04 Transfers:**

Transfers of Shares shall be made upon the books of the Housing Corporation only by the Shareholder in person or by power of attorney or stock power, duly signed and filed with the Secretary of the Housing Corporation and on the surrender of the certificate for such Shares. Shares sold by the Housing Corporation to satisfy any lien which it holds thereon may be transferred without the surrender of the certificate representing such Shares.

#### **7.05 Lost Certificates:**

In the event that any Share certificate is lost, stolen, destroyed, or mutilated, the Board of Directors may authorize the issuance of a new certificate of the same tenor and for the same number of Shares in lieu thereof. The Board of Directors may, in its discretion, before the issuance of such new certificate, require the Shareholder of the lost, stolen, destroyed or mutilated certificate, or the legal representative of the

Shareholder, to make an affidavit or affirmation setting forth the facts relating to the loss, destruction or mutilation and such related matters as the Board of Directors may deem necessary, and to execute and deliver to the Housing Corporation in such form as the Board of Directors may prescribe, an undertaking whereby the Shareholder(s) agree(s) to indemnify and hold the Housing Corporation harmless from any claim resulting from the loss of the Certificate, including attorneys' fees and cost resulting from claims asserted against the Housing Corporation, its Officers, Directors, agents and employees, as a result of such loss.

#### **7.06 Legend on Share Certificates:**

(1) Certificates representing Shares shall bear a legend reading as follows:

***“The rights of any holder hereof are subject to the provisions of the Articles of Incorporation, Bylaws and House Rules of Promenade Towers Mutual Housing Corporation, ("Housing Corporation") and to all the terms, covenants, conditions and provisions of a certain Occupancy Agreement made between the person in whose name this Certificate is issued, and Promenade Towers Mutual Housing Corporation for an apartment in the premises known as the Property, which Occupancy Agreement limits and restricts the title and rights of any transferee hereof. The holder hereof is entitled to occupancy of that Apartment identified hereon subject to the terms and conditions and all the provisions of the Promenade Towers Mutual Housing Corporation's Articles of Incorporation, Bylaws, the House Rules and the Occupancy Agreement, all of which the holder hereof hereby acknowledges to have been advised and to have received copies of and hereby expressly agrees to all of said terms, conditions and provisions thereof. The shares represented by this certificate are transferable only as an entirety and only to an assignee of such Occupancy Agreement.”;***

Such legend may be modified or amended or such further information shall be added as to the conditions and restrictions relative to Shares as the Board of Directors may deem appropriate.

(2) Copies of the Articles of Incorporation, the Occupancy Agreement, the Bylaws and the House Rules are on file and available for inspection at the Office of the Managing Agent of the Promenade Towers Mutual Housing Corporation.

(3) The Board of Directors of the Promenade Towers Mutual Housing Corporation may refuse to consent to the transfer of the shares represented by this certificate until any indebtedness of the Shareholder to the Housing Corporation is paid or other default cured in accordance with the applicable provisions of the Articles of Incorporation, Bylaws, House Rules and Occupancy Agreement to the satisfaction of the Board of Directors.

(4) Each Shareholder of the Housing Corporation, solely by reason of ownership of shares in the Housing Corporation shall be entitled to enter into an Occupancy Agreement which in turn shall entitle the Shareholder to occupy for dwelling purposes an apartment in the building or buildings owned and/or leased by this Housing Corporation. The Occupancy Agreement provides that the right to continue to occupy the premises is dependent upon the payment of charges to the Housing Corporation in the nature of assessments.

(5) The aggregate number of shares the Housing Corporation shall have the authority to issue shall be Five Hundred Seventy Six Thousand Nine Hundred Forty Eight (576,948) at the par value of \$0.10 each, all of one class, having an aggregate par value of \$57,694.80. All of such shares shall be common shares and shall only be issued and thereafter transferred in connection with the execution and delivery by the purchasers and the Housing Corporation of an Occupancy Agreement for occupancy of a portion of a building owned or leased by the Housing Corporation.

#### **7.07 Distributions:**

The Shareholders shall not be entitled, either conditionally or unconditionally, to receive any distribution not out of earnings and profits of the Housing Corporation, except upon a complete or partial liquidation of the Housing Corporation.

#### **7.08 Permitted Transfers:**

In the event that a Shareholder shall, while not in default hereunder or under the Occupancy Agreement or the House Rules, by a valid trust instrument, transfer the ownership of all of the Shareholder's Shares and the Shareholder's interest in the Occupancy Agreement to a trustee for the sole benefit of the Shareholder, his or her spouse, parent or parents, child or children (provided, however, that the Grantor of such trust is treated as the owner thereof for purposes of the Internal Revenue Code. If a Shareholder shall die, and by virtue of any law of inheritance or of a valid will, the ownership of all of the Shareholder's Shares and the Shareholder's interest in the Occupancy Agreement shall be transferred, without prior consent of the Housing Corporation to the surviving spouse, parent or parents, under the provisions of the last will and testament of the Shareholder, then it shall not be necessary to secure the Housing Corporation's consent to such transfer and assignment while not in default under the provisions of these Bylaws and the Occupancy Agreement, a Shareholder shall be entitled to transfer ownership to a spouse, child or children, grandchild or grandchildren. In the event of any voluntary transfer by a Shareholder pursuant to this section, the Board of Directors shall have the right to require the transferor(s) to execute a guaranty of payment of the Cooperative Fees as a condition precedent to such transfer.

## **ARTICLE VIII**

### **Indemnification**

#### **8.01 Indemnification of Board of Directors, Officers, Committee Members and Housing Corporation:**

(1) The members of the Board of Directors, Officers and Committee Members shall not be liable to the Housing Corporation or any individual Shareholder for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct, gross negligence or bad faith. The Housing Corporation shall indemnify and hold harmless each of the Officers and Directors from and against all contractual liability to others arising out of contracts made by the Officers or the Board of Directors on behalf of the Housing Corporation unless any such contract shall have been made in bad faith or contrary to the provisions of the Articles of Incorporation or these Bylaws, except to the extent that such liability is satisfied by Directors' and Officers' liability insurance. Nothing contained in this provision shall limit any right to indemnification to which any director or any officer may be entitled by contract or under any law now or hereinafter enacted.

(2) The Housing Corporation may rely upon any representation by a Lender with respect to any default by a Shareholder on a loan secured by a First Lien and under no circumstances shall the Housing Corporation be under a duty to conduct an independent investigation to determine the accuracy of any such representation. Provided further, that the Housing Corporation shall suffer no liability or damage to any person whatsoever arising out of or from any such reliance and the consequences thereof.

## ARTICLE IX

### Operation of the Housing Corporation

#### 9.01 Determination of Cooperative Fees, Special Charges, and Budgets:

(1) Fiscal Year. The fiscal year of the Housing Corporation shall be the calendar year.

(2) Preparation and Approval of the Budget:

(a) prior to November 1<sup>st</sup> of each year, the Board of Directors shall adopt a draft budget for the Housing Corporation containing an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair, and replacement for the Property, and the costs of wages, materials, insurance premiums, services, supplies, and other expenses of the Housing Corporation, and as further set forth in 9.01(4), which will be required during the ensuing fiscal year for the administration, operation, maintenance, and repair of the Property and operation of the Housing Corporation.

(b) such budget shall also include such reasonable amounts as the Board of Directors considers necessary to provide reserves for replacements and to provide for a general operating reserve. On or before the next succeeding first day of November the Board of Directors shall send to each Shareholder a copy of the budget in a reasonably itemized form which sets forth the amount of the Cooperative Fees.

(c) such budget shall also include the costs of Real Estate taxes. The Real Estate tax allocated to each shareholder shall be determined in a formula as set forth by the Board of Directors consistent with the language in Section 9.01(9).

(3) Assessment and Payment of Cooperative Fees. The total amount of the estimated funds required for operation of the Housing Corporation as set forth in the budget adopted by the Board of Directors shall be assessed or charged as annual Cooperative Fees to each Shareholder in accordance with the terms of the Occupancy Agreement in proportion to the respective Shares owned in connection with each Apartment, with the real estate taxes being assessed consistent with Section 9.01(9). On or before the first day of each fiscal year, and the first day of each of the succeeding eleven (11) months in such fiscal year, each Shareholder shall be obligated to pay such annual Cooperative Fees on a monthly basis. On or before July 1<sup>st</sup> of each fiscal year, the Board of Directors shall supply upon request to all Shareholders an audited itemized accounting of expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the actual expenditures plus

reserves. Any amount accumulated in excess of the amount required for actual expenses and reserves shall, at the discretion of the Board of Directors, either be placed in a reserve account to be expended solely for the requirements of the Housing Corporation or be credited to each Shareholder to the next monthly Cooperative Fees due from Shareholders under the current fiscal year's budget, until exhausted. If there is a deficit, the Board of Directors may use prior year surpluses to offset this deficit, raise cooperative fees for the following year or assess the Shareholders as additional Cooperative Fees based on their proportion of Shares. This additional Cooperative Fee shall be payable to the Housing Corporation as determined by the Board of Directors.

(4) Commencement of Cooperative Fees; Requirement of Payment. Upon any sale of Shares, the retiring Shareholder will be responsible for Cooperative Fees to the last day of his or her ownership, and the new Shareholder will be responsible for payment of Cooperative Fees from his or her first day of ownership. Thereafter the Shareholder shall pay Cooperative Fees each month in advance. For purposes of these Bylaws ownership shall be deemed to have changed as of the day upon which the Shares are transferred on the official books of the Housing Corporation. No transfer of Shares or new occupancy of an Apartment shall be permitted unless all Cooperative Fees and all sums due the Housing Corporation pursuant to the provisions of these Bylaws or the Occupancy Agreement have been paid in full with respect to the subject Shares or Apartment.

(5) Special Charges. In the event any Shareholder fails or refuses to pay the cost of the maintenance and upkeep of Shareholder's Apartment or fails to keep such Apartment in good condition and repair, the Housing Corporation, after proper notice, except in emergencies, may enter and pay the costs on behalf of such Shareholder or otherwise cure or cause such Apartment to be maintained in good condition and repair and charge any and all costs incurred in so doing as Special Charges to such Shareholder. All such Special Charges shall be payable on demand.

(6) Reserves. The Board of Directors shall provide for, accumulate and maintain reasonable reserves for general operations and replacements on the basis of reasonable estimates and projections for future major repairs and replacements to the Property. The general operating reserve shall be funded by the collection of an annual amount equal to three percent (3%) of the portion of the annual budget of the Housing Corporation attributable to the operation, maintenance and repair of the Property until the aggregate amount of the reserve equals fifteen percent (15%) of the then-current annual budget of the Housing Corporation. When the reserve reaches the fifteen per cent (15%) level then the annual amount equal to two percent (2%) of the portion of the annual budget of the Housing Corporation attributable to the operation, maintenance and repair of the Property shall be collected. When the general operating reserve equals or exceeds twenty-five percent (25%) of the annual budget of the Housing Corporation, contributions thereto may be suspended but shall in any event be resumed as aforesaid when the general operating reserve has been depleted below twenty-five percent (25%) of the annual budget of the Housing Corporation. Extraordinary expenditures not originally included in the annual budget which may become necessary during the year shall be charged first against such reserves.

(7) Reserves for Taxes and Insurance. The Board of Directors shall set aside from the Cooperative Fees collected each month an amount equal to one-twelfth (1/12th) of the amount provided for in the Budget for taxes, assessments and insurance. The Board of Directors shall deposit and maintain the amounts so set aside in accounts as set forth in 4.11 (1) (d).

(8) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any

manner of a Shareholder's obligation to pay his or her Cooperative Fees as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget, each Shareholder shall continue to pay each monthly amount of Cooperative Fees at the monthly rate established for the previous fiscal year until notice of the monthly payment which is due no more than ten (10) days after such new annual or adjusted budget shall have been delivered.

(9) Real Estate Taxes – The Real Estate taxes shall be paid by the Housing Corporation. The amount of Real Estate taxes allocated to each shareholder's share(s) may vary and the amount of the cooperative fee for Real Estate taxes for each Shareholder shall be determined by the Board of Directors. The formula allocated to each Shareholder for their proportion of the assessments shall be determined on a regular basis by the Board of Directors based upon the proportion of the respective shares owned in connection with each Apartment plus the Real Estate Taxes allocated to that Apartment by the State of Maryland and/or Montgomery County. The sole factor to be utilized by the Board of Directors for determination of the Real Estate Taxes shall be confirmation of the Shareholder's obtaining of the homestead credit as determined by the State of Maryland and/or Montgomery County and standard operating accounting procedures. The Board of Directors shall also adopt all rules and regulations concerning materials and deadlines to be provided in ascertaining the validity and accuracy of the homestead tax credit.

#### **9.02 Collection of Cooperative Fees:**

Each Shareholder shall pay the Cooperative Fees, Special Charges, and any other assessments established by the Board of Directors pursuant to these Bylaws and the provisions of the Occupancy Agreement. The Board of Directors or the Managing Agent at the request of the Board of Directors shall take prompt action to collect any Cooperative Fees, Special Charges, and any other assessments due from any Shareholder which remain unpaid for more than thirty (30) days from the due date for payment thereof. Any Cooperative Fees, Special Charges, or the assessment not paid within ten (10) days after due shall accrue a late fee in an amount which shall be established by resolution of the Board of Directors.

#### **9.03 Statement of Cooperative Fees:**

The Board of Directors shall promptly provide any Shareholder or contract purchaser of Shares so requesting the same in writing with a written statement of all unpaid Cooperative Fees and other assessments due from such Shareholder. The Board of Directors may impose a reasonable charge for the preparation of such statement.

#### **9.04 Maintenance, Repair, and Replacement:**

(1) By the Housing Corporation: The Housing Corporation, acting through the Board of Directors, shall be responsible for the operation, maintenance, repair, and replacement of the Property provided, however, that each Shareholder shall perform, at the Shareholder's expense, such normal maintenance, repair, and replacement with respect to that Apartment which he or she has a right to occupy as may be required pursuant to the terms of the Property Report, the Occupancy Agreement and the House Rules:

(a) The Housing Corporation shall provide and pay for all necessary repairs, maintenance, and replacements of the Common Areas, including but not limited to: all the land;



the supporting structure of the buildings; corridors; passageways; stairwells; elevators; lobby; exterior walls; walls separating Apartments; the plumbing, electrical, mechanical, heating and air conditioning systems, exhaust systems and ducts in the common areas or within the interior perimeter walls of the Apartments and any portion of each of these located inside the inner walls, floors and ceilings, within the interior perimeter walls of the Apartments; outside stairs; surface parking areas; storage rooms; boiler rooms and laundry rooms; the arcade area where the commercial uses are located, together with the health club; all of the recreational facilities, including the tennis courts, pool and pool deck; the garage; balconies; glass windows, glass doors and fixed glass; all other exterior surfaces except as specified in Subsection 9.04 (3) (d) below; service facilities; and all other parts of the Property not located within an Apartment.

(b) The authorized Officers and employees of the Housing Corporation shall have the right to enter the dwelling unit of the Shareholder in order to effect necessary repairs, maintenance, and replacements, and to authorize entrance for such purposes by employees of any contractor, utility company, governmental authority, or others, with notice, at any reasonable hour of the day, and in the event of emergency, without notice, at any time.

(c) In case the Shareholder shall fail to effect the repairs, maintenance, or replacements required by the provisions of these Bylaws, the House Rules, or the Occupancy Agreement in a manner satisfactory to the Housing Corporation and pay for same, the Housing Corporation may do so and add the cost thereof to the Shareholder's next monthly Cooperative Fees payment as Special Charges.

(2) Subsection 9.04(1) shall not relieve a Shareholder of liability for damage to the Property, including the Common Areas, caused by the Shareholder's negligence or intentional acts.

(3) By the Shareholder: Each Shareholder shall keep his or her Apartment and the equipment, appliances, fixtures, and appurtenances in good order, condition, and repair and in a clean and sanitary condition. The Apartment shall include, but is not limited to, the following: floor coverings, interior walls, doors, any portions of the heating, air conditioning and exhaust systems located on the wall surfaces, excluding the thermostats, within the individual Apartment; and any portion of the plumbing, electrical and mechanical systems and all other fixtures located in and serving only the individual Apartment and any other items located within the living areas of the Apartment as opposed to being located within the walls, floors or ceilings of the individual Apartment. The appliances and the Shareholder's personal furnishings and property are also the responsibility of the individual Shareholder. In addition, each Shareholder shall be responsible for all damage to any other Apartments or to the Property resulting from his or her negligence or failure to act when required to do so or make any of the repairs required to be made by this Section. Each Shareholder shall perform his or her responsibility in such manner as shall not unreasonably disturb or interfere with other Shareholders and occupants of the Property. Each Shareholder shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Housing Corporation is responsible. Each Shareholder shall be responsible for the repair and maintenance of his or her Apartment and the Property at his or her own expense, including but not limited to, the following:

(a) Any repair or maintenance of either his or her Apartment or the Property necessitated by his or her own negligence or misuse, provided, however, that any repair or maintenance pursuant to this paragraph to any portion of the Property other than the Shareholder's

Apartment shall be made by the Housing Corporation, and the Shareholder shall reimburse the Housing Corporation for the cost of such repair or maintenance;

(b) Any redecorating, painting and varnishing of the interior of his or her Apartment;

(c) Any repairs or maintenance of fixtures, appliances, and other items within the interior surfaces of the perimeter walls, floors, and ceilings of the Apartment, whether occasioned by normal wear and tear or otherwise;

(d) The Shareholder shall reimburse the Housing Corporation for the cost of all repairs and maintenance of any exterior patio attachment, addition or improvement, enclosure or extension added by the Shareholder or by a previous occupant and accepted by the Shareholder at the time of purchase. The Shareholder shall keep such patio areas in a clean and sanitary condition. The Shareholder and the Housing Corporation shall be mutually responsible for keeping the patio areas free and clear of any accumulation of water; maintenance and repair of the patio exterior of the Shareholder's Apartment shall be provided by the Housing Corporation at the Shareholder's sole expense.

#### **9.05 Manner of Repair and Replacement:**

All repairs and replacements shall be of first class quality to the extent materials are available, identical in form, fit and function to the quality and character of the original construction or installation. Any repairs or replacements may be done with contemporary building materials and equipment.

#### **9.06 Additions, Alterations or Improvements by the Board of Directors:**

Whenever, in the judgment of the Board of Directors, the Property shall require additions, alterations or improvements costing in excess of One Hundred Fifty Thousand Dollars (\$150,000.00) during any period of twelve (12) consecutive months, the making of such additions, alterations or improvements shall be approved by the affirmative vote of the majority of the Shares and the Board of Directors shall proceed with such additions or improvements. For the purpose of this Section 9.06, the words "additions, alterations and improvements" shall mean modification of the Property to include new materials and betterments not erected or installed as part of the original construction of the Property.

#### **9.07 Additions, Alterations or Improvements by Shareholders or Apartment Occupants:**

No Shareholder or Apartment occupant shall make any structural additions, alterations, improvement or repair to the interior of any Apartment without prior written consent of the Board of Directors. No Shareholder or Apartment occupant shall install, erect, attach or alter the exterior of any Apartment without the prior written consent of the Board of Directors, which consent may be given or withheld in its sole discretion. The Board of Directors shall be obligated to answer any written request by a Shareholder for approval of a proposed addition, alteration, or improvement for such Shareholder's Apartment within forty-five (45) days after such request. If any application to any governmental authority for a permit to undertake any work or addition or improvement in or to any Apartment requires execution by the Housing Corporation, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Housing Corporation by the Board of Directors, without, however, incurring any liability on the part of the Housing Corporation, the Board of Directors, or any of them to any contractor,

subcontractor, or materialman or any other person on account of such addition, alterations or improvement, or to any person having claim for injury to person or damage to property arising therefrom.

#### **9.08 Restrictions on Use of Apartments; Rules and Regulations:**

(1) Each Apartment and the Property in general shall be occupied and subject to the following restrictions:

(a) No Apartment shall be used for other than housing and the related common purposes for which the Property was designed.

(b) Nothing shall be done or kept in any Apartment or the Property in general which will increase the rate of insurance for the Property or any part thereof without the prior written consent of the Board of Directors. No Shareholder shall permit anything to be done or kept in his or her Apartment which will result in the cancellation of insurance on the Property or any part thereof or which would be in violation of any law, regulation, or administrative ruling. No waste will be committed on the Property.

(c) No immoral, improper, offensive, or unlawful use shall be made of any part of the Property and all valid laws, zoning ordinances, and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations, or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Property shall be complied with, by and at the sole expense of the Shareholder or the Housing Corporation, depending upon whichever shall have the obligation to maintain or repair such portion of the Property.

(d) No Shareholder will obstruct or permit obstruction of any of the Property without the approval of the Board of Directors. Such vehicular parking as is not designated by Shares and Occupancy Agreements or zoning regulation requirements shall be regulated by the Board of Directors. Nothing shall be altered or constructed in or removed from any part of the Property except upon the prior written consent of the Board of Directors.

(e) No residential Apartment shall be rented for transient or hotel purposes. No portion of any residential Apartment (other than the entire Apartment) shall be leased for any period. A Shareholder shall not lease or sublease the Shareholder's apartment within twelve (12) months of the date upon which the Shareholder acquired his or her shares without prior written approval from the Board of Directors. No lease or sublease will be for less than 12 months (one year). No Shareholder shall lease or sublease an Apartment except with a written lease agreement and the Housing Corporation's Lease Addendum form submitted to the Board of Directors in accordance with the provisions of the Occupancy Agreement. The Board shall approve the leasing or subleasing of any Apartment, provided that a Lender may lease or sublease an Apartment without the approval of the Board of Directors.

(f) The maintenance, keeping, boarding and/or raising of animals, livestock, poultry, or reptiles of any kind, regardless of number, shall be and is prohibited within any Apartment or upon any Common Area of the Property except as permitted by the House Rules established by the Board of Directors.

(g) No signs of any character shall be erected, posted, or displayed upon, in, from, or about any of the Property without the prior written approval of the Board of Directors.

(h) Each Apartment and all of the Property shall be occupied and used in compliance with the House Rules, which may be promulgated and amended by the Board of Directors from time to time. Copies of the House Rules shall be furnished by the Board of Directors to each Shareholder.

(i) No junk or derelict vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any part of the Promenade.

#### **9.09 Right of Access:**

A Shareholder/Resident shall grant a right of access to his or her Apartment to the Board of Directors, Managing Agent, or any other person authorized by the Board of Directors for the purpose of making inspections or for the purpose of correcting any condition originating in his or her Apartment and threatening another Apartment or a Common Area, or for the purpose of performing installations, alterations or repairs to the mechanical, plumbing or electrical services in his or her Apartment or elsewhere, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Shareholder/Resident. In case of any emergency, such right of entry shall be immediate whether the Shareholder/Resident is present at the time or not.

#### **9.10 Easements for Utilities and Related Purposes:**

The Housing Corporation is authorized and empowered to grant such licenses, easements and/or rights of way for sewer lines, water lines, electrical cables, telephone cables, gas lines, storm drains, underground conduits and/or for such other purposes over the Common Areas as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation of the health, safety, convenience and/or welfare of the Shareholders.

#### **9.11 Limitation of Liability:**

The Housing Corporation shall not be liable for any failure of any services to be obtained by the Housing Corporation or paid for out of Housing Corporation funds, or for injury or damage to person or property caused by the elements or from any pipe, drain, conduit, appliance or equipment. The Housing Corporation shall not be liable to the Shareholder of any Apartment 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 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 by the Housing Corporation to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

## ARTICLE X

### Insurance

#### 10.01 Authority to Purchase:

Except as any individual Shareholder may desire to purchase on his or her own part, and the Shareholder liability insurance required in Paragraph 10.11 (2), all insurance policies relating to the Property shall be purchased by the Housing Corporation. Neither the Board of Directors nor the Managing Agent shall be liable for failure to obtain any coverage required by this Article X or for any loss or damage resulting from such failure if such failure is due to the unavailability of such coverage from reputable insurance companies, or if such coverage is available only at demonstrably unreasonable costs.

#### 10.02 Physical Damage Insurance:

(1) The Board of Directors shall obtain and maintain a blanket, "all-risk" form policy of property insurance with coverage to include fire, water, vandalism, windstorm, increased cost of construction, demolition and contingent liability insuring the entire Property including all Housing Corporation owned personal property, equipment and service machinery as well as fixtures, appliances, wall and floor coverings and cabinetry as conveyed by the developer and like replacements of such within individual units but not including personal property contained therein or unit improvements, betterment, addition or alterations made subsequent to the original conveyance. Such property insurance shall cover the Housing Corporation, the Shareholders, and Lenders, as their interests may appear, in an amount equal to one hundred percent (100%) of the then-current replacement costs without deduction for depreciation. Such insurance shall also provide:

(a) A no subrogation provision whereby the insurer waives any right to pursue recovery of amounts paid from a Shareholder a member of his or her household regardless of fault or liability;

(b) A no contribution provision whereby the Housing Corporation's insurance is primary when concurrent coverage exists with a Shareholder's insurance policy;

(c) A no control provision under which the act or neglect of a Shareholder or member of his or her household without the knowledge and consent of the Housing Corporation shall not prejudice the coverage afforded by the policy. Such policy shall not be canceled, invalidated or suspended due to the conduct of any shareholder or member of his or her household without a prior demand in writing that the Board of Directors or the Managing Agent cure the defect and neither shall have cured such defect within sixty (60) days after such demand;

(d) Such policy may not be canceled or substantially modified without at least sixty (60) days prior written notice to the Board of Directors, Managing Agent and all Mortgage Holders or Secured Lenders;

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

(f) Such other endorsements as shall be deemed necessary or desirable by the Board.

### **10.03 General Liability Insurance:**

(1) The Board of Directors shall obtain and maintain commercial general liability insurance insuring the Housing Corporation, Board of Directors collectively and individually, Managing Agent and each Shareholder for liability arising out of or incidental to their membership in the Housing Corporation against claims alleging bodily injury, property damage, personal injury or advertising injury. Such insurance shall be written on a broad form basis to include products and host liquor liability coverage with respect to events sponsored by the Housing Corporation and shall contain:

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

(b) Such other endorsements as shall be deemed necessary or desirable by the Board.

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

### **10.04 Directors and Officers Liability Insurance:**

The Board of Directors shall obtain and maintain liability insurance to indemnify and defend the Housing Corporation, Board of Directors members, Officers, Committee Members, Employees and any Shareholder acting as a volunteer on behalf of the Housing Corporation at the direction of the Board of Directors against claims alleging errors, omissions or other wrongful acts with respect to the management of common funds and/or policies.

### **10.05 Other Insurance:**

(1) The Board of Directors shall obtain and maintain:

(a) Flood and earthquake insurance, if deemed necessary;

(b) Workmen's compensation insurance if and to the extent necessary to meet the requirements of law;

(c) Boiler and machinery insurance if deemed necessary;

(d) Such other insurance as the Board of Directors may determine or as may be requested from time to time by a majority of the Shareholders; and

(e) Such other insurance that may be required by law.

### **10.06 Board of Directors as Agent:**

The Board of Directors is hereby irrevocably appointed the agent for each Shareholder, each mortgagee, other insured or any of their beneficiaries and any other holder of a lien or other interest in the Housing

Corporation or the Property (other than the Metropolitan Life Insurance Company or its respective successors or assigns, who may so appoint the Board of Directors their said agent at their sole and exclusive option) to adjust and settle all claims arising under insurance policies purchased by the Board of Directors and to execute and deliver releases upon the payment of claims.

#### **10.07 Premiums and Deductibles:**

Premiums upon all insurance policies purchased by the Board of Directors shall be deemed to be a Housing Corporation expense. The Housing Corporation shall pay the deductible for loss or damage in which the event causing loss or damage initially occurred in or to the Common Area; provided, however, the Housing Corporation shall not pay the deductible for loss or damage arising from an event which initially occurred in an Apartment to or from equipment, pipes, lines, fixtures, appliances and any other items located within the living areas of the Apartment as opposed to being located within the wall that serve only that Apartment. In such case, the Shareholder shall be responsible for the deductible. The Managing Agent shall determine where the initial event occurred that caused the loss or damage, and who is responsible for the deductible. If a Shareholder disagrees with the Managing Agent's decision, the Shareholder may appeal to the Board of Directors.

#### **10.08 Insurance Trustee:**

(1) All physical damage insurance policies purchased by the Board of Directors shall be for the benefit of the Housing Corporation, the Shareholders, and Mortgagees, as their interests may appear, and shall provide that, with respect to any single loss, if the proceeds thereof exceed Two Hundred Fifty Thousand Dollars (\$250,000.00), then all such proceeds shall be paid in trust to such lending institution in the metropolitan Washington, D. C. area with trust powers as may be designated by the Board of Directors (which trustee is herein referred to as the “**INSURANCE TRUSTEE**”). If such proceeds do not exceed Two Hundred Fifty Thousand Dollars (\$250,000.00) then all such proceeds shall be paid to the Board of Directors to be applied pursuant to the terms of Article XI. The Board of Directors may enter into an insurance trust agreement with the Insurance Trustee which shall provide that the Insurance Trustee shall not be liable for payment of premiums, the renewal of the policies, the sufficiency of coverage, the form or contents of the policies, the correctness of any amounts received on account of the proceeds of any insurance policies nor for the failure to collect any insurance proceeds. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid to it and to hold the same in trust for the purposes elsewhere stated in these Bylaws, for the benefit of the insured and their beneficiaries thereunder.

(2) In the event the Board of Directors elects not to enter into an insurance trust agreement, it shall perform the duties which are prescribed to be performed by the Insurance Trustee pursuant to these Bylaws.

#### **10.09 Separate Insurance:**

(1) Each Shareholder shall have the right at his or her own expense, to obtain insurance for his or her own benefit to include:

- (a) personal property;
- (b) unit improvements, betterments, additions and alterations;

(c) additional living expenses.

(2) Each Shareholder must obtain personal liability insurance and provide the Housing Corporation yearly with written proof of such coverage for each unit owned. However, no Shareholder shall be entitled to exercise his right to acquire or maintain such insurance coverage so as to decrease the amount which the Housing Corporation may realize under any insurance policy maintained by the Board of Directors.

## ARTICLE XI

### Repair and Reconstruction; Insurance

#### 11.01 When Repair and Reconstruction are Required:

Except as otherwise provided in 11.04, in the event of damage to or destruction of all or any of the buildings as a result of fire or other casualty, the Board of Directors, under the direction of the Insurance Trustee, if appropriate, shall arrange for and supervise the prompt repair and restoration of the buildings (including any damaged Apartments, but not including any furniture, furnishings, fixtures, equipment, or other personal property supplied or installed by the Shareholders in the Apartments).

#### 11.02 Procedure for Reconstruction and Repair:

(1) Cost Estimates: Immediately after a fire or other casualty or damage to any building, the Board of Directors, under the direction of the Insurance Trustee, if appropriate, shall obtain reliable and detailed estimates of the cost of repairing and restoring such building to the condition which existed before such casualty. Such costs may also include professional fees and premiums for such bonds as may be deemed to be necessary.

(2) Assessments: If the proceeds of insurance are not sufficient to defray such estimated costs of reconstruction and repair, or if upon completion of reconstruction and repair the funds for the payment of the costs thereof are insufficient, the amount necessary to complete such reconstruction and repair may be obtained from the appropriate reserve fund and/or shall be deemed a ~~Carrying Charge~~ Cooperative Fees and a special assessment therefor shall be levied.

(3) Plans and Specifications: Any such reconstruction or repair shall be substantially in accordance with the original construction of the Property subject to any modifications required by changes in applicable government regulations.

#### 11.03 Disbursements of Construction Funds:

(1) Construction Fund and Disbursement: The proceeds of insurance collected on account of casualty, and the sums received by the Board of Directors or Insurance Trustee from collections of Cooperative Fees against Shareholders on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of construction and repair in the following manner:



(a) If the estimated cost of reconstruction and repair is less than Two Hundred Fifty Thousand Dollars (\$250,000.00), then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors.

(b) If the estimated cost of reconstruction and repair is more than Two Hundred Fifty Thousand Dollars (\$250,000.00), then the construction fund shall be disbursed in payment of such costs upon approval of an architect qualified to practice in the State of Maryland and employed by the Insurance Trustee to supervise such work, payment to be made from time to time as the work progresses. The architect shall be required to furnish a certificate giving a brief description of the services and materials furnished by various contractors, subcontractors, materialman, the architect and other persons who have rendered services or furnished materials in connection with the work, stating that:

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

(ii) There is no other outstanding indebtedness known to such architect for the services and materials described; and

(iii) The cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.

(2) Surplus: It shall be presumed that the first moneys disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds and, if there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be applied against the Cooperative Fees or retained in a reserve fund as shall be determined by the Board of Directors.

#### **11.04 When Reconstruction is Not Required:**

In the event of a fire or other disaster causing loss, damage, or destruction to the Property, if the same is not insured against the peril causing the same or the proceeds of any policy insuring against the same and payable by reason thereof are insufficient to reconstruct the Property, then within thirty (30) days of the final adjustment of insurance claim, if any, or if no adjustment, then within thirty (30) days of such damage or destruction, the Board of Directors shall call a special meeting of Shareholders for the purpose of determining whether the Property should be reconstructed. Provision for reconstruction of the Property, or a part thereof, shall require the affirmative vote of not fewer than two-thirds (2/3) of the Shares then outstanding. If provision for reconstruction of the Property is not made within one hundred eighty (180) days from the later of the date of damage or destruction (if such peril is not insured against) or one hundred eighty (180) days from the final date of the adjustment of such insurance claim, then the Shareholders shall adopt a plan of liquidation for the Housing Corporation. Except for distribution to be made to the first mortgagee of the Property, and except as provided at law, no Shareholder shall be entitled to priority over any Lender with respect to the distribution to such Shareholder or other party of any such distributive share payable by reason of such damage or destruction.

## ARTICLE XII

### Compliance and Default

#### 12.01 Default:

(1) If at any time one of the events specified in the following subparagraphs (2) through (5) of 12.01 occurs, the Housing Corporation may terminate the Shareholder's right to occupancy and exercise any other rights and remedies available at law or in equity. The Housing Corporation shall furnish the Shareholder at least thirty (30) days written notice of any declaration of default hereunder and the termination of the Shareholder's Occupancy Agreement. If upon the expiration of the said thirty (30) day period the Shareholder has not cured his or her default, then the Shareholder's Occupancy Agreement shall immediately be terminated, provided, however, that if any Lender holds a Share Loan on the Shares of stock held by the Shareholder then at the end of the said thirty (30) day period the Housing Corporation shall notify the Lender of such default and shall extend the termination for an additional thirty (30) day period during which time either the Lender or the Shareholder may cure any default hereunder, and provided further that if in the case of any non-monetary default hereunder the Lender commences to cure such default before the expiration of the said notice period and diligently attempts to effect a cure thereafter, then the Housing Corporation shall extend the termination date for a reasonable period of time to permit the Lender to complete such cure. Upon the termination of the Shareholder's Occupancy Agreement, the Housing Corporation may re-enter the Apartment, remove the occupants and any personal property therefrom, and repossess the Apartment.

(2) In case at any time during the term of the Occupancy Agreement the Shareholder shall cease to be the owner of Shares.

(3) In case the Shareholder attempts to transfer or assign the Occupancy Agreement in a manner inconsistent with the provisions of these Bylaws or the Occupancy Agreement or lease or sublease his or her Apartment in a manner inconsistent with the Bylaws, Occupancy Agreement, or the House Rules promulgated by the Board with respect to leases.

(4) In case the Shareholder fails to effect and/or pay for repair or maintenance as provided for in these Bylaws and in the Occupancy Agreement.

(5) In case the Shareholder shall fail to pay any sum due as a ~~Carrying Charge~~ Cooperative Fees, Special Charge, or otherwise due pursuant to any provision of these Bylaws or of the Occupancy Agreement.

(6) In case Shareholder shall default in the performance of any of his or her obligations under the Occupancy Agreement or these Bylaws or shall fail to comply with or abide by any of the covenants, conditions, promises, or undertakings of or under the Occupancy Agreement or any article or part thereof or of any of the provisions of these Bylaws or of the House Rules.

(7) The Shareholder hereby expressly waives any and all rights to a stay of execution and all rights to notice of, or service of, any writ of restitution or any other action at law or in equity and any and all rights of redemption in case he shall be dispossessed by judgment or warrant of any court or judge. The words "enter", "re-enter", and "re-entry", as used in these Bylaws, are not restricted to their technical legal meanings, and in the event of a breach or threatened breach by the Shareholder of any of his or her

obligations established under these Bylaws, the Occupancy Agreement, or the House Rules, the Housing Corporation shall have the right of injunction and the right to invoke any remedy allowed at law or in equity, together with any right or remedy otherwise provided in these Bylaws or the Occupancy Agreement. The failure on the part of the Housing Corporation to avail itself of any of the remedies provided under these Bylaws or the House Rules shall not waive or destroy the right of the Housing Corporation to avail itself of such remedies for similar or other breaches on the part of the Shareholder.

(8) Shareholders shall complete and provide to the Housing Corporation all information concerning his/her/their/its homestead exemptions to confirm that the Shareholder's Apartment is their primary residence. Failure to provide the necessary forms to the Housing Corporation or to any other entity shall result in the Shareholders being required to pay his/her/their/its portion of the Housing Corporation Real Estate Taxes without benefit of the homestead exemption.

#### **12.02 Compliance:**

Each Shareholder and resident shall be governed by, and shall comply with, all of the terms of these Bylaws, the Occupancy Agreement, and the House Rules as any of the same may be amended from time to time.

#### **12.03 Additional Liability:**

(1) Each Shareholder shall be liable for the expense of all maintenance, repair, or replacement rendered necessary by his or her act, neglect, or carelessness or the act, neglect, or carelessness of any member of his or her family or his or her employees, agents, invitees, or licensees. Such liability shall include any increase in casualty insurance rates occasioned by use, misuse, occupancy, or abandonment of any Apartment or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation.

(2) Any costs, including without limitation, legal fees incurred as a result of a failure to comply with any of the terms of the Occupancy Agreement, House Rules, Articles of Incorporation or these Bylaws by any Shareholder (or such Shareholder's guests, invitees, tenants, agents or employees) may be assessed against the Shareholder and his or her Shares of stock.

#### **12.04 Costs and Attorneys' Fees:**

In any proceeding arising out of any alleged default or violation by a Shareholder, the prevailing party shall be entitled to recover the costs of all such proceeding and such reasonable attorneys' fees as may be determined by the court.

#### **12.05 No Waiver of Rights:**

The failure of the Housing Corporation, the Board of Directors, or of a Shareholder or any Lender to enforce any right, provision, covenant, or condition which may be established by law or equity, the Occupancy Agreement, the Articles of Incorporation, the House Rules, or these Bylaws shall not constitute a waiver of the right of the Housing Corporation, the Board of Directors, or the Shareholder or any Lender to enforce such right, provision, covenant, or condition in the future. All rights, remedies, and privileges granted to the Housing Corporation, the Board of Directors, or any Shareholder or any Lender pursuant to any term, provision, covenant, or condition of the Occupancy Agreement, House Rules,

Articles of Incorporation, or these Bylaws 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 other privileges as may be granted to such party by such documents and instruments or at law or in equity.

#### **12.06 Late Fees:**

In the event of a default by any Shareholder in paying any sum assessed as Cooperative Fees, Special Charge, or any other sum due under these Bylaws, Occupancy Agreement, or House Rules which continues for a period in excess of fifteen (15) days, late fees may be imposed on a monthly basis in an amount established by a resolution adopted by the Board of Directors.

#### **12.07 Abating and Enjoining Violations by Shareholders:**

(1) The violation of any of the House Rules adopted by the Board of Directors, the breach of any Bylaws contained herein, and provisions of the Occupancy Agreement, or the breach of any provision of the Articles of Incorporation shall give the Board of Directors the right, in addition to any other rights set forth in these Bylaws:

(a) To enter the Apartment in which, or as to which, such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Shareholder or resident, any structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions hereof, and the Board of Directors shall not thereby be deemed guilty in any manner of trespass; or

(b) To enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach; or

(c) To terminate the Occupancy Agreement and deny the right of occupancy upon the expiration of any notice period provided pursuant to 12.01, provided, however, that nothing contained herein shall impair the rights of a Lender pursuant to its Share Loan documents to, upon its written request, obtain within five days of the request, the execution of a new Occupancy Agreement between the Housing Corporation and an individual or individuals designated by said Lender, after the first to occur of (a) the date of which such Lender becomes entitled to occupy the Apartment pursuant to an eviction order entered by a court of competent jurisdiction, or (b) the date on which such Lender lawfully takes possession of the Apartment. The Housing Corporation may, at its sole election, mitigate its damages, as it sees fit, including, without limitation, the renting (on a month-to-month or other basis) of the Apartment of the defaulting Shareholder from and after the date of the aforesaid termination of the Occupancy Agreement to and including the day preceding the effective date of any new Occupancy Agreement (excepting one to which the Housing Corporation or any Lender is a party in the capacity of an occupant), pertaining to the Apartment of the defaulting Shareholder. All proceeds received by the Housing Corporation in mitigation of its damages shall be applied first to the costs incurred by the Housing Corporation in respect of the exercise of its rights and remedies hereunder (which shall be charged and assessed to the Shareholder as Special Charges), then to any delinquent Cooperative Fees or Special Charges, then to any indebtedness of the Shareholder which is secured by a Share Loan. Any surplus remaining after payment of the foregoing shall be paid to the Shareholder.

(d) Should a Shareholder(s) become delinquent in the payment of any assessments, fees, costs or related/permitted charges due The Promenade Towers Mutual Housing Corporation, (the Housing Corporation) or fail to provide written proof of Liability Insurance as required in paragraph 10.09, the Housing Corporation shall have specific authority to seek and obtain recovery of all monies, including, but not limited to delinquent assessments, related/permitted costs, and attorney fees from the lessee of the unit by directing the lessee to pay the monthly rental amount owed by the delinquent Shareholder(s) to the Housing Corporation. These payments by the lessee to the Housing Corporation shall continue until the Shareholder(s) is no longer delinquent in his/her/their/its obligation to the Housing Corporation.

#### **12.08 Legal Proceedings:**

Failure to comply with any of the terms of the Occupancy Agreement, Articles of Incorporation, these Bylaws, and the House Rules shall be grounds for relief, including, without limitation, an action for money damages, injunctive relief, fines, sanctions, any cost of actions for payment of all Cooperative Fees, Special Charges, or any other charges and costs, any other relief provided for in these Bylaws or any combination thereof and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Housing Corporation, the Board of Directors, or, if appropriate, by any aggrieved Shareholder and shall not constitute an election of remedies.

#### **12.09 Default Representations by Lender:**

The Housing Corporation may rely upon any representation by a Lender with respect to any default by a Shareholder on a loan secured by a Share Loan and under no circumstances shall the Housing Corporation be under a duty to conduct an independent investigation to determine the accuracy of any such representation. Provided further, that the Housing Corporation shall suffer no liability or damage to any person whatsoever arising out of or from any such reliance and the consequences thereof.

## **ARTICLE XIII**

### **Lien in Favor of Housing Corporation**

#### **13.01 Lien in Favor of Housing Corporation:**

The Housing Corporation is hereby given and shall have at all times until the payment in full of all Cooperative Fees and Special Charges and other sums due hereunder, a first and valid lien, except as herein below subordinated, upon the interest of each Shareholder in his or her Apartment, and upon all fixtures, and equipment located in the Apartment necessary, used or useful in the occupancy of an Apartment, drapes and attached floor coverings placed in or about the Apartment by the Shareholder, whether exempt by law or not, and upon the Shares of stock of the Housing Corporation owned by the Shareholder, to secure the payment of any and all sums which may at any time become due to the Housing Corporation hereunder, which lien may, at the option of the Housing Corporation, be foreclosed in any lawful manner, at any time when such sums or any portion thereof shall become overdue hereunder or upon termination of the Occupancy Agreement; and in the event of any such foreclosure, a receiver may, at the option of the Housing Corporation, be appointed with the usual powers of receivers in equity to take possession of any or all of the Shares and the property covered by such lien, and relent all or such portion

thereof as such receiver shall, pursuant to order of court, see fit. The Shares of stock of the Housing Corporation held by the Shareholder are hereby continuously and irrevocably pledged by the Shareholder to the Housing Corporation as security for the payment from time to time and as often as the same may become due and payable of any and all obligations of the Shareholder to the Housing Corporation pursuant to any provision herein. The Housing Corporation shall have and it is hereby irrevocably given the right to sell said Shares of stock in the event of a default by the Shareholder in the payment of any sum or sums due and owing by the Shareholder to the Housing Corporation pursuant to any provisions of the Bylaws and the Occupancy Agreement and the continuance of any such default beyond the expiration date of any notice period provided pursuant to 12.01, or upon termination of the Occupancy Agreement. Said Shares of stock may be sold by the Housing Corporation, at public or private sale, for cash or upon such terms of credit as to the Housing Corporation may seem reasonable and proper, upon not less than five (5) days' written notice by the Housing Corporation to the Shareholder of the time and place of said sale. At any such sale the Housing Corporation or its agents may bid for and purchase such Shares of stock. The aforesaid lien is hereby expressly made subordinate to the lien of any prior recorded mortgage or deed of trust on the Property or any portion thereof, and the first lien or security interest on Shares in favor of a Lender except for the amount of the proportionate share of Cooperative Fees for an Apartment which become due and payable from and after the first to occur of (a) the date on which such Lender becomes entitled to occupy the Apartment pursuant to an eviction order entered by a court of competent jurisdiction, (b) the date on which such Lender lawfully takes possession of the Apartment, (c) the date on which such Lender accepts a conveyance of any interest therein or in the Shares (other than as security) or (d) the date on which such Lender sells by public or private sale the Shares or the Occupancy Agreement. This provision shall not be amended, changed, modified, or rescinded without the prior written consent of the Lenders.

## **ARTICLE XIV**

### **Rights of Lenders and Other Secured Parties**

#### **14.01 Prior Written approval:**

(1) Each of the following actions shall require the prior written approval of all Lenders provided that the existence of the Share Loan held by such Lender shall have been disclosed to the Housing Corporation in accordance with these Bylaws:

- (a) any change in the allocation of Shares among the Shareholders;
- (b) the effectuation of any decision to terminate professional management of the Property and assume self-management of the Property;
- (c) the granting of a pledge, mortgage, or encumbrance in respect to the Property or any portion thereof, excepting the existing first mortgage of Metropolitan Life Insurance Company or any assignee thereof and any extension, modification, refinancing or refunding thereof; and
- (d) Any amendment to this Article XIV or to any other provision in these Bylaws or the Occupancy Agreement which expressly grants rights to the holders of such security interests or assignments.

- (e) Any amendment to 9.01, paragraphs (6) and (7).

#### **14.02 Registry of All Lenders:**

The Housing Corporation shall maintain a complete and accurate written record, the "Share Loan Registry", of all Lenders who have made loans to Shareholders secured by Share Loans and who have notified the Housing Corporation in writing of an assignment for security purposes of the Occupancy Agreements and the collateral pledge of the Shares. Each Shareholder or Lender shall be entitled to receive from the Housing Corporation, upon written request, within seven (7) business days from the receipt of such request by the Housing Corporation, an official certificate the "Share Loan Registration Certificate", signed by a duly authorized officer of the Housing Corporation or by the Managing Agent, certifying to such Shareholder or Lender that its Share Loan is registered on the Share Loan Registry.

#### **14.03 Miscellaneous:**

- (1) Upon written request, any Lender shall be entitled to:
  - (a) inspect the books and records relating to the Property during normal business hours, upon reasonable notice;
  - (b) receive a copy of any certified audited annual financial statement of the Housing Corporation concurrently with its distribution to the Shareholders;
  - (c) written notice of all annual and special meetings of the Shareholders of the Housing Corporation and shall be permitted to designate a representative to attend all such meetings;
  - (d) notice of any default in the obligations hereunder or under the Occupancy Agreement or House Rules of the Shareholder or Shareholders owning Shares encumbered by such first security interest or first assignment, not cured within thirty (30) days, or such shorter time period as may be required by one or more of the Agencies (as herein described below), after notice of such default has been sent to such Shareholder by the Managing Agent or the Board of Directors;
  - (e) notice of any amendment to these Bylaws;
  - (f) timely written notice in the event of any damage to the Apartment occupied by the Shareholder whose Shares are encumbered by a Share Loan, or of any part of the common areas in excess of the amount specified in such Lender's written request which in no event shall be less than \$1,000.00; provided, however, the Housing Corporation shall have no obligation to provide the aforesaid notice unless said damage has been reported to the Housing Corporation or Managing Agent in writing or otherwise recorded among their business records; and further provided that the Housing Corporation shall have no liability to Lender if it has acted in good faith in its attempt to comply with this provision;
  - (g) timely written notice in the event that an Apartment or Apartments occupied by the Shareholder whose Shares are encumbered by a Share Loan or any portion thereof or the Common

Areas or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding, or is otherwise sought to be acquired by a condemning authority.

(2) However, the Housing Corporation's good faith failure to provide any of the foregoing to a Lender who has so requested same shall not affect the validity of any action or decision which is related to the foregoing, excepting subsection 2 (1) (d), nor shall the Housing Corporation have any liability on account of its good faith failure to so provide.

(3) When notice is to be given to any Lender hereunder, the Housing Corporation shall also give such notice to the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Veteran's Administration, the Federal Housing Administration, the Government National Mortgage Association, any other public or private secondary mortgage market entity participating in purchasing or guaranteeing Share Loans on Shares, or any private mortgage insurance company insuring any such Share Loans, if the Housing Corporation has written notice of such participation (herein referred to as "Agencies").

(4) Any Lender which exercises its rights pursuant to its security instruments shall pay the Cooperative Fees for the respective Apartment which become due and payable from and after the first to occur of (a) the date on which such Lender becomes entitled to occupy the Apartment pursuant to an eviction order entered by a court of competent jurisdiction, (b) the date on which such Lender lawfully takes possession of the Apartment, (c) the date on which such Lender accepts a conveyance of any interest therein or in the Shares (other than as security), or (d) the date on which such Lender sells by public or private sale the Shares or the Occupancy Agreement.

(5) Upon written request, any Shareholder shall be entitled to:

(a) inspect the Housing Corporation's records during normal business hours, upon reasonable notice;

(b) have copies made (at the Shareholder's expense) of such records as the Shareholder may deem necessary.

## **ARTICLE XV**

### **Condemnation**

#### **15.01 Condemnation Proceedings:**

Whenever the state, a political subdivision, or any other corporation, agency, or authority having the power of eminent domain shall seek to acquire any of the Property, such authority may conduct negotiations with the Board of Directors as representatives of all Shareholders, and the Board of Directors may execute and deliver the appropriate conveyance for the agreed consideration. The Board of Directors shall allocate such consideration, whether received through negotiation or condemnation, to the repair, replacement, or restoration of the Property and then to Shareholders holding Occupancy Agreements for the Apartments which are the subject of such condemnation as determined by a special committee established for such purpose. The committee shall be structured in such a manner to provide fair and adequate representation for the Housing Corporation and those Shareholders whose Apartments are



sought to be condemned by the authorities. Subject to the foregoing provisions of this Section, in any condemnation proceeding the Shareholders, respectively, and their respective Lenders, if any, shall be entitled to seek and have their just damages for the taking of their Apartments as allowed by law, including severance damage, if any.

## **ARTICLE XVI**

### **Miscellaneous**

#### **16.01 Amendments:**

These Bylaws may be so amended by the affirmative vote of Shareholders voting a majority of the outstanding Shares of the Housing Corporation provided that the proposed amendment or the substance thereof shall have been inserted in the notice of meeting or that all of the Shareholders be present in person or by proxy. Notwithstanding the foregoing, no such amendment shall change the number of Shares of the Housing Corporation. The Housing Corporation shall give notice to all Shareholders of any amendments so adopted.

#### **16.02 Notices:**

(1) All notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by mail, postage prepaid:

(a) If to a Shareholder, at the last known address which the Shareholder shall designate in writing and file with the Secretary; or

(b) If to the Housing Corporation, to the resident agent and to the Board of Directors or the Managing Agent, at the principal office of the Managing Agent or at such other address as shall be designated by notice in writing to the Shareholders pursuant to this Section.

(c) If a Share is owned by more than one person, each such person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder.

#### **16.03 Captions:**

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

#### **16.04 Gender:**

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

**16.05 Severability:**

If any provisions of these Bylaws of any Section, subsection, sentence, clause, phrase, or word, or the application thereof in any circumstances is held invalid, the validity of the remainder of these Bylaws shall not be affected thereby, and to this end, the provisions hereof are declared to be severable.

**16.06 Choice of Law:**

These Bylaws shall be construed, applied and enforced in conformity with the laws of the State of Maryland.

# OCCUPANCY AGREEMENT

THIS AGREEMENT made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, by and between PROMENADE TOWERS MUTUAL HOUSING CORPORATION (hereinafter referred to as the "Housing Corporation"), a Maryland non-profit corporation having its principal office and place of business at 5225 Pooks Hill Road, Bethesda, Maryland 20814, and

(hereinafter referred to as "Shareholder").

WHEREAS, the Housing Corporation has been formed for the purpose of acquiring, owning, and operating the real estate and buildings located at 5225 Pooks Hill Road, Bethesda, Maryland (hereinafter referred to as the "Promenade," which term, whenever used herein, shall include all of the real and personal property of the Housing Corporation) with the intent that its shareholders shall have the right to occupy certain space therein under the terms and conditions hereinafter set forth; and

WHEREAS, the Shareholder is, or simultaneously with the execution hereof shall become, the owner and holder of shares of the Housing Corporation;

NOW, THEREFORE, in consideration of One Dollar (\$1.00) to each of the parties paid by the other party, the receipt and sufficiency of which is hereby acknowledged, and in further consideration of the mutual promises and contained herein, the Housing Corporation hereby grants to the Shareholder and the Shareholder hereby acquires from the Housing Corporation, except as hereafter provided, the right to use and occupancy of apartment number \_\_\_\_\_ hereinafter referred to as the "Apartment"), located at 5225 Pooks Hill Road, Bethesda, Maryland 20814, for occupancy by the Shareholder and the Shareholder's immediate family (except as may otherwise be permitted in accordance with the provisions of the Bylaws of the Housing Corporation), which includes the right to the use of parking space number \_\_\_\_\_, and the right to the use of the personal property in the Apartment on the date hereof, on the terms and conditions set forth herein and in the Articles of Incorporation, Bylaws of the Housing Corporation ("Bylaws"), and any rules and regulations of the Housing Corporation ("House Rules") now or hereafter adopted or amended from time to time, from the date of the Agreement for an initial term terminating on \_\_\_\_\_, 20\_\_\_\_, automatically renewable thereafter for fifteen (15) successive five (5) year periods pursuant to the conditions herein contained.

## ARTICLE 1

### DEFINITIONS

The following terms have the following meanings whenever used throughout this Agreement unless the context otherwise specifies or requires:

- (a) *Apartment*: Individual dwelling unit, as such dwelling unit is identified by certificates of Shares of stock of the Housing Corporation issued to Shareholders, together with any parking space and balconies or patios appurtenant thereto identified by this Agreement, the right to the use of which parking space is provided for in connection with the right to occupancy of the dwelling unit.
- (b) *Carrying Charges*: All assessments as may be established, by the Board of Directors to met the expenses of the Housing Corporation and provide for necessary reserves and contingencies.
- (c) *Common Areas*: All of the Promenade other than the Apartments.
- (d) *First Lien*: The first collateral assignment of any Share of stock in the Housing Corporation by a Shareholder or in any Occupancy Agreement between the Housing Corporation and any Shareholder in accordance with the provisions of the Bylaws and this Agreement.
- (e) *First Lien Registry*: The official written record of the Housing Corporation of all Lenders.

- (f) *House Rules*: Published rules and regulations for the use and operation of the Promenade and of the Housing Corporation as adopted from time to time by the Board of Directors of the Housing Corporation pursuant to the provisions of the Bylaws.
- (g) *Housing Corporation*: Promenade Towers Mutual Housing Corporation, a Maryland non-profit corporation.
- (h) *Lender*: The holder or owner (s) of a First Lien duly noted on the First Lien Registry, its successors and assigns.
- (i) *Managing Agent*: A business enterprise in charge of the administrative operation and management of the Promenade.
- (j) *Promenade*: All of the real and personal property owned by and belonging to the Housing Corporation and identified as the Promenade, consisting of all of the land and improvements thereon located at 5225 Pooks Hill Road, Bethesda, Montgomery County, Maryland.
- (k) *Shareholder*: Any legal person with legal title to one or more Shares of stock issued by the Housing Corporation.
- (l) *Shares*: Shares of stock in the Housing Corporation.
- (m) *Special Charges*: Costs, fees and other charges not included in the Carrying Charges, as provided in the Bylaws. All such Special Charges shall be payable on demand.

## ARTICLE 2

### MONTHLY CARRYING CHARGES AND SPECIAL CHARGES

The monthly Carrying Charges shall include, but shall not be limited to, the following items:

- (a) The cost of all operating expenses of the Promenade and services furnished, including charges for common facilities.
- (b) The cost of necessary management and administration.
- (c) The amount of all taxes and assessments levied against the Promenade or which the Housing Corporation is required to pay.
- (d) The cost of fire and extended coverage insurance on the Promenade and such other insurance as the Housing Corporation may effect or as may be required by any mortgage or deed of trust on the Promenade.
- (e) The cost of furnishing water, electricity, heat, garbage, and trash collection, and other utilities and services, to the extent furnished by the Housing Corporation.
- (f) All reserves established by the Board of Directors, including the general operating reserve and the reserve for replacements.
- (g) The cost of repairs, additions, improvements, alterations, maintenance, and replacements of property to be made by the Housing Corporation.
- (h) The amount of principal, interest, the expenses of extending, refinancing, or refunding any indebtedness of the Housing Corporation or mortgage or deed of trust encumbering the Promenade and any mortgage insurance premiums, and other required payments with respect thereto.

- (i) Any other expenses of the Housing Corporation approved by the Board of Directors, including operating deficiencies or deficits, if any, for prior periods.

The Board of Directors shall determine the amount of the Carrying Charges. No Shareholder shall be charged with more than his proportionate share thereof plus any Special Charges as may be levied by the Board of Directors or which may be due from the Shareholder as determined in accordance with provisions established by the Bylaws. That portion of the Carrying Charges required for payment on the principle of the mortgage (s) of the Housing Corporation or any other capital expenditures (including reserves for replacements) shall be credited upon the books of the Housing Corporation to the "Paid-In Surplus" account as a capital contribution by Shareholders. Until further written notice from the Housing Corporation, the monthly Carrying Charges for the above-mentioned Apartment shall be \$ \_\_\_\_\_, and shall be due and payable by the First (1<sup>st</sup>) day of each and every month of the term hereof and any extended term, provided that no penalty may be assessed if such payment is received by the Tenth (10<sup>th</sup>) day of the month.

In the event that a Shareholder fails or refuses to pay the cost of the maintenance and upkeep of the Apartment or fails to keep the Apartment in good condition or repair, as set forth in this Agreement and in the Bylaws, then the Housing Corporation shall have the right to enter and to pay such costs on behalf of the Shareholder or otherwise cure or cause the Apartment to be maintained in good condition and repair. Such costs shall be Special Charges payable by the Shareholder to the Housing Corporation on demand.

## ARTICLE 3

### WHEN PAYMENT OF CARRYING CHARGES COMMENCES

Upon any sale of Share of the Housing Corporation, the selling Shareholder will be responsible for Carrying Charges to the last day of his ownership and the new Shareholder will be responsible for payment of Carrying Charges from and after his first day of ownership, and there shall be no lapse between such periods of ownership. Thereafter the Shareholder shall pay Carrying Charges each month in advance. For purposes of this Article 3, ownership shall be deemed to have changed as of the day upon which the Shares are transferred on the official books of the Housing Corporation.

## ARTICLE 4

### REFUNDS

At the sole discretion of the Board of Directors, the Housing Corporation may refund or credit to the Shareholder within ninety (90) days after the end of each fiscal year his proportionate share of such sums as have been collected in anticipation of expenses which are in excess of the amounts needed for expenses of all kinds, including reserves.

## ARTICLE 5

### SHAREHOLDER'S OPTION TO RENEW

It is covenanted and agreed that so long as Shareholder is not in default under this Agreement, the Bylaws, or the House Rules the term herein granted shall be extended and renewed from time to time by and against the parties hereto for fifteen (15) further periods of five (5) years each from the expiration of the initial term herein granted, upon the same covenants and agreements as herein contained, unless notice of the Shareholder's election not to renew shall have been given to the Housing Corporation in writing at least four (4) months prior to the expiration of the then-current term and the Shareholder shall have fully complied with the provisions of Article 18, Section 2 of this Agreement.

## ARTICLE 6

### ACCEPTANCE AND USE OF PREMISES

The Shareholder hereby accepts the Apartment and any personal property located therein and in the Promenade in the condition existing as of the date hereof and, during the term hereof as same may be extended from time to time, shall occupy the Apartment herein for residential purposes only and, subject to any applicable rules, regulations, and membership charges, may enjoy the use, in common with other Shareholders of the Housing Corporation, of the Common Areas so long as he continues to own the Shares allocated to the Apartment as established in the Bylaws of the Housing Corporation.

The Shareholder shall not permit or suffer anything to be done or kept in the Apartment or at the Promenade which will increase the rate of insurance on the Promenade, the Apartment, or on the contents thereof, nor will he commit or permit any nuisance on the premises or commit or suffer any immoral or illegal act to be committed thereon. If by reason of the Shareholder's use of said premises the rate of insurance on the Promenade shall be increased, then the Shareholder shall become personally liable for the additional insurance premiums, which shall be Special Charges payable on demand by the Housing Corporation.

If the Shareholder shall suffer or permit any lien to be filed or placed against the Promenade, or the Apartment, on account of any material furnished or labor or services rendered in the making of any decorations, repairs, restorations, or alterations in the Apartment or the Promenade and chargeable to or require to be made by the said Shareholder under the terms hereof, then when such lien has been filed or placed the Shareholder shall, after notice thereof as hereinafter provided, remove said lien or take such other action in respect thereof as the Housing Corporation may in writing prescribe to protect the Promenade and the Apartment against the same, and if he does not do so the Housing Corporation may at its option pay and discharge the same, and any expenditure of the Housing Corporation for said purposes, together with all costs, expenses, and reasonable attorneys' fees paid or incurred in connection therewith, is hereby agreed to be a Special Charge hereunder and under the Bylaws due and payable upon demand; provided, however, that the Housing Corporation shall have no right to pay such lien if the Shareholder in good faith contests the same and provides the Housing Corporation with a bond or other security in an amount determined by the Board of Directors to indemnify the Housing Corporation during the period of any such contest. The Housing Corporation shall not be required to inquire into the validity of any such lien nor to await the entry of any judgment of decree before paying the same.

The Shareholder shall at all times fully comply with this Agreement, the Bylaws, and the House Rules. Shareholder's failure to comply therewith shall entitle the Housing Corporation to exercise, after expiration of any applicable cure period, all rights and remedies provided hereunder and at law or equity.

## ARTICLE 7

### SHAREHOLDER'S RESPONSIBILITIES AND RIGHT TO QUIET ENJOYMENT

The Shareholder covenants that at all times while this Agreement remains in effect he shall not interfere with the rights of other Shareholders or annoy them by unreasonable noises or otherwise, nor will he commit or permit any nuisance in the Apartment or in the Common Areas or commit or suffer any immoral or illegal act to be committed thereon or any other activities in derogation of the Bylaws and House Rules. The Shareholder covenants to comply with all of the requirements of all governmental authorities with respect to the Promenade.

In return for the Shareholder's continued fulfillment of the terms and conditions of this Agreement, the Bylaws, and the House Rules, the Housing Corporation covenants that the Shareholder may at all times while this Agreement remains in effect, have and enjoy for his sole use and benefit the Apartment hereinabove described, after obtaining occupancy, and; subject to applicable rules, regulations, and membership charges, may enjoy in common with all other Shareholders of the Housing Corporation the use of the Common Areas.

## ARTICLE 8

### LEASES, SUBLEASES, ASSIGNMENTS, TRANSFERS

The Shareholder hereby agrees not to assign this Agreement nor to lease or sublease his Apartment without the prior written consent of the Housing Corporation, which shall not, upon compliance with this Agreement, the Bylaws and House Rules, be unreasonably withheld. Any lease or sublease without such prior written consent of the Housing Corporation shall be null and void and may, at the Housing Corporation's sole discretion, be deemed a default under this Agreement. The liability of the Shareholder under this Agreement and the Bylaws shall continue notwithstanding the fact that he may have leased or subleased the Apartment or assigned this Agreement with or without the written consent of the Housing Corporation, and the Shareholder shall be responsible to the Housing Corporation for the conduct of his lessee. The Shareholder shall be responsible for any and all costs, fees and expenses of the Housing Corporation, including, but not limited to, attorney's fees, transfer or other taxes, and court costs by reason of the Housing Corporation's enforcement of this Agreement, the Bylaws, and the House Rules against the Shareholder, any such lessee, sub-lessee, or assignee of the Shareholder. Any unauthorized leasing shall, at the option of the Housing Corporation, result in the termination and forfeiture of the Shareholder's rights under this Agreement. All leases and sub-leases shall expressly be made subject to all of the covenants, conditions and provisions of this Agreement, the Bylaws, and the House Rules and shall terminate upon termination of this Agreement.

Neither this Agreement nor the Shareholder's rights to occupancy shall be transferable or assignable except in the same manner as may now or hereafter be provided for the transfer of Shares and assignment of occupancy agreements in the Bylaws and this Agreement. Nothing herein shall prevent the Shareholder from assigning this Agreement for security purposes in order to secure the repayment of an obligation incurred to purchase or refinance the shares giving the right to occupancy of the Apartment. Such assignment of this Agreement for security purposes shall not require the consent of the Housing Corporation, provided, however, that the Shareholder shall have delivered to the Housing Corporation all documents required by the Bylaws to be delivered with respect to such assignment.

In the event that the Shareholder shall, while not in default hereunder or under the Bylaws or House Rules, by a valid trust instrument transfer ownership of all of the Shareholder's Shares and the Shareholder's interest in this Agreement to a trustee for the sole benefit of the Shareholder, his or her spouse, parent or parents, child or children, (provided, however, that the grantor of such trust is treated as the owner thereof for purposes of Section 671 of the Internal Revenue Code 1954) or if the Shareholder shall die, and by virtue of any law of inheritance or of a valid will, the ownership of all of Shareholder's Shares and the Shareholder's interest in this Agreement shall be transferred without prior consent to the surviving spouse, parent or parents, child or children of the Shareholder, then it shall not be necessary to secure the Housing Corporation's consent to such transfer and assignment.

All transfers and assignments of this Agreement, together with the Shares appertaining thereto, shall be made in full compliance with this Agreement, the Bylaws, and House Rules.

## ARTICLE 9

### MANAGEMENT, TAXES AND INSURANCE

The Housing Corporation shall provide necessary management, operation, and administration of the Promenade, pay or provide for the payment of all taxes and assessments levied against the Promenade, procure and pay or provide for payment of the fire insurance and extended coverage and other insurance as required by any mortgage or deed of trust on the Promenade, and such other insurance as it may deem advisable on the Promenade. The Housing Corporation will not, however, provide insurance on the Shareholder's personal property as set forth in the Bylaws, or any other insurance not expressly set forth herein.

## ARTICLE 10

### UTILITIES

The Housing Corporation will provide electricity, natural gas, and hot and cold water for exterior and interior use, air-conditioning and heating, and maintain reasonable passenger and freight elevator service. The cost of these utilities shall be included in the Carrying Charges as they are not separately metered. In no event shall a Shareholder have the right to deduct or set off from its Carrying Charges or Special Charges any amounts attributable to the failure to provide such services or for the interruption of such services.

## ARTICLE 11

### REPAIR AND MAINTENANCE OF APARTMENT

1. *By the Housing Corporation.* The Housing Corporation shall be responsible for the operation, maintenance, repair, and replacement of the Promenade (provided, however, that each Shareholder shall perform, at the Shareholder's expense, such normal maintenance, repair, and replacement with respect to that Apartment which he has a right to occupy as may be required pursuant to the terms of the Occupancy Agreement, the Bylaws, and the House Rules);

(a) The Housing Corporation shall provide and pay for all necessary repairs, maintenance, and replacements of all exterior surfaces and fittings except as specified herein below as an obligation of the Shareholder.

(b) The authorized officers and employees of the Housing Corporation shall have the right to enter the dwelling unit of the Shareholder in order to effect necessary repairs, maintenance, and replacements, and to authorize entrance for such purposes by employees of any contractor, utility company, governmental authority, or others, at any reasonable hour of the day, and in the event of emergency, at any time.

(c) In case the Shareholder shall fail to effect the repairs, maintenance, or replacements required by the provisions of this Agreement, the Bylaws or the House Rules in a manner satisfactory to the Housing Corporation and pay for same, the Housing Corporation may do so and add the cost thereof to the Shareholder's next monthly Carrying Charge payment as Special Charges.

2. *By the Shareholder.* The Shareholder shall keep his Apartment and the equipment, appliances, fixtures, and appurtenances in good order, condition and repair and in a clean and sanitary condition. In addition, the Shareholder shall be responsible for all damage to any other Apartments or to the Promenade resulting from his negligence or failure to act when required to do so. The Shareholder shall perform his responsibility in such manner as shall not unreasonably disturb or interfere with other Shareholders and occupants of the Promenade. The Shareholder shall promptly report to the Board of Directors or the Managing Agent any defect or need for repairs for which the Housing Corporation is responsible. The Shareholder shall be responsible for the repair and maintenance of his Apartment and the Promenade at his own expense as follows:

(a) Any repair or maintenance of either his Apartment or the Promenade necessitated by his own negligence or misuse provided, however, that any repair or maintenance pursuant to this paragraph to any portion of the Promenade other than the Shareholder's Apartment shall be made by the Housing Corporation and the Shareholder shall reimburse the Housing Corporation for the cost of such repair or maintenance;

(b) Any redecoration of the interior of his Apartment;

(c) Any repairs or maintenance of fixtures, appliances, and other items within the interior surfaces of the perimeter walls, floors, and ceilings of the Apartment, whether occasioned by normal wear and tear or otherwise;



(d) The Shareholder shall reimburse the Housing Corporation for the cost of all repairs and Maintenance of the exterior surfaces, attachments, enclosures, or patio extensions of the Shareholder's Apartment, or any additions or improvements thereto, including any exterior additions, improvements, or structural modifications added by the Shareholder or by a previous occupant and accepted by the Shareholder at the time of the purchase, it being expressly understood that all such maintenance and repair of the exterior of the Shareholder's Apartment shall be provided by the Housing Corporation at the Shareholder's sole expense.

(e) All repairs shall be of first-class quality and kind, equal to the original work performed at the Promenade.

## ARTICLE 12

### ALTERATIONS AND ADDITIONS

The Shareholder shall not, without the prior written consent of the Housing Corporation which consent may be withheld in its sole discretion, make any alterations to the Apartment or to any part of the Promenade, including, but not limited to, the water, air-conditioning, or heating systems, the electrical conduits, the plumbing or other fixtures connected therewith, or remove any additions, improvements, or fixtures from the Apartment or any part of the Promenade.

If the Shareholder for any reason shall cease to own shares, he shall surrender to the Housing Corporation possession of his Apartment including any alterations, additions, fixtures, and improvements thereto, and the Housing Corporation's personal property in the Apartment as of the date hereof.

The Shareholder shall not, without the prior written consent of the Housing Corporation, install or use in his Apartment any electric heating, power tools, or other appliance which causes or may cause overloads of the apartment's electrical wiring. The Shareholder agrees that the Housing Corporation may require the prompt removal of any such appliance at any time, and that failure to remove such equipment upon request shall constitute a default within the meaning of Article 13 of this Agreement.

## ARTICLE 13

### DEFAULT BY SHAREHOLDER AND EFFECT THEREOF

If at any time one of the events specified in clauses (a) through (f) of this Article occurs, or the Shareholder is in violation of any provisions of the Bylaws or Housing Corporation may, in addition to all other rights and remedies available to it, exercise its rights hereunder to terminate the Shareholder's right to occupancy under this Agreement. The Housing Corporation shall furnish the Shareholder at least thirty (30) days' written notice of any declaration of default hereunder and the termination of this Occupancy Agreement. If upon the expiration of the said thirty (30) day period the Shareholder has not cured his default, then the Shareholder's right to occupy his apartment shall immediately terminate, provided, however, that if any Lender holds a First Lien on the Shares held by the Shareholder then at the end of the said thirty (30) day period the Housing Corporation shall notify the Lender of such default and shall extend the termination date for an additional thirty (30) day period during which time either the Lender or the Shareholder may cure any default hereunder, and provided further that if in the case of any non-monetary default hereunder the Lender commences to cure such default before the expiration of the said notice period, and diligently attempts to effect a cure thereafter, then the Housing Corporation shall extend the termination date for a reasonable period of time to permit the Lender to complete such cure. Upon the termination of the Shareholder's right to occupy his Apartment, the Housing Corporation may re-enter the Apartment, remove the occupants and any personal property therefrom, and repossess the Apartment.

(a) If at any time during the term of this Agreement the Shareholder shall cease to be the owner and legal holder of shares of the Housing Corporation; provided, however, that the foregoing shall not prohibit the pledge of the shares to a Lender.

(b) If the Shareholder attempts to transfer or assign this Agreement in violation of the Bylaws or House Rules or lease or sublease or attempts to lease or sublease his Apartment in violation of the Bylaws or House Rules.

(c) If the Shareholder fails to effect and/or pay for repairs and maintenance as provided for in Article 11 herein.

(d) If the Shareholder shall fail to pay when due the monthly Carrying Charges and Special Charges or any other sum due pursuant to the provisions of Article 2 herein.

(e) If the Shareholder shall default in the performance of any of his other duties and obligations under this Agreement, the Bylaws, and the House Rules.

(f) If the Shareholder abandons the Apartment.

The Shareholder hereby expressly waives any and all rights to a stay of execution and all rights to notice of, or service of, any writ of restitution or any other action at law or in equity and any and all rights of redemption in case he shall be dispossessed by judgment or warrant of any court or judge. The words "enter," "re-enter," and "re-entry," as used in this Agreement are not restricted to their technical legal meanings, and in the event of a breach or threatened breach by the Shareholder of any of the covenants or provisions herein or in the Bylaws or House Rules, the Housing Corporation shall have the right of injunction and the right to invoke any remedy allowed at law or in equity, as if re-entry, summary proceedings, and other remedies were not provided for herein.

The failure on the part of the Housing Corporation to avail itself of any of the remedies provided under this Agreement shall not waive nor destroy the right of the Housing Corporation to avail itself of such remedies for similar or other breaches on the part of the Shareholder.

## ARTICLE 14

### SHAREHOLDER TO COMPLY WITH BYLAWS AND HOUSE RULES

The Shareholder covenants that he will preserve and promote the cooperative ownership principles on which the Housing Corporation has been founded, and abide by the Articles of Incorporation, Bylaws, and House Rules. The Housing Corporation will make its House Rules known to the Shareholder by delivery of same to him or by promulgating them in such a manner as to constitute adequate notice.

## ARTICLE 15

### EFFECT OF FIRE LOSS ON INTERESTS OF SHAREHOLDERS

In the event of loss or damage by fire or other casualty to the Apartment without the fault or negligence of the Shareholder, the Board of Directors of the Housing Corporation shall act in accordance with the Bylaws. Carrying Charges shall abate wholly or partially, as determined by the Board of Directors of the Housing Corporation, until the Apartment has been restored; however, if the Housing Corporation determines, in accordance with the Bylaws, not to restore the Apartment, the Carrying Charges shall cease from the date of such loss or damage.

## ARTICLE 16

### INSPECTION OF APARTMENT

The Shareholder agrees that the representatives of any mortgagee holding a mortgage or deed of trust on the Promenade, a Lender (as defined in the Bylaws), the officers of the Housing Corporation, and, with the approval

of the Housing Corporation, the employees of any contractor, utility company, governmental authority, or others, shall have the right to enter the Apartment of the Shareholder and make inspections thereof at any reasonable hour of the day with notice, and at any time without notice if in an emergency.

## ARTICLE 17

### INTEREST, LATE CHARGE, AND OTHER COSTS IN CASE OF DEFAULT

The Shareholder covenants and agrees that, in addition to the other sums that have become or will become due, pursuant to the terms of this Agreement, the Shareholder shall pay to the Housing Corporation interest and/or late charges in an amount to be determined from time to time by the Board of Directors for each delinquent payment of Carrying Charges and Special Charges.

If a Shareholder defaults in making a payment of Carrying Charges or Special Charges or in the performance of any provision of this Agreement, the Bylaws or the House Rules and the Housing Corporation retains the services of any attorney or collection agency with respect thereto, the Shareholder shall pay to the Housing Corporation any and all costs or fees, including reasonable attorneys' fees and court costs incurred by it, in respect thereto. All such costs and fees shall be deemed to be Special Charges payable to the Housing Corporation upon demand.

## ARTICLE 18

### TERMINATION

Section 1. *Termination of Occupancy Agreement by Housing Corporation.* If at any time one of the events specified in clauses (a) through (g) of this Section 1 shall occur, the Housing Corporation shall have the right to declare a default hereunder and to terminate this Occupancy Agreement. The Housing Corporation shall provide the Shareholder with at least thirty (30) days written notice of any declaration of default and termination of this Occupancy Agreement pursuant to clauses (a), (b), (c), (d), or (f) of this Section 1. If upon the expiration of the said thirty (30) day period the Shareholder has not cured his default, then this Occupancy Agreement shall immediately be terminated; provided, however, that in the case of any default pursuant to clauses (a), (b), (c) or (d) of this Section 1 which is not timely cured, the Housing Corporation shall, at the expiration of the said thirty (30) day period, provide written notice of the default to any Lender holding a First Lien on the Shares owned by the defaulting Shareholder and shall extend the termination date for an additional thirty (30) day period during which time either the Lender or the Shareholder may cure said default. In the event of any non-monetary default under clauses (a), (b), (c), and (d) of this Section 1, if the Lender commences to cure such default before the expiration of the said additional notice period and diligently attempts to effect a cure thereafter, then the Housing Corporation shall extend the termination date for a reasonable period of time to permit the Lender to complete such cure. On or after the date of the termination of this Occupancy Agreement, the Housing Corporation shall have the right to re-enter the Apartment and to remove all occupants and personal property therefrom, either by summary proceedings or by any suitable action or proceeding at law or in equity, or by force or otherwise, and to repossess the Apartment in its former estate as if this Agreement had not been made, and no liability whatsoever shall attach to the Housing Corporation by reason of the exercise of the right of re-entry, repossession and removal herein granted and reserved.

(a) If at any time during the term of this Agreement the Shareholder shall assign or transfer any or all of the Shares which are owned by the Shareholder other than in accordance with the Bylaws, or shall assign or transfer this Agreement other than in accordance with the Bylaws;

(b) If (1) the Shareholder shall be declared bankrupt under the laws of the United States or adjudicated insolvent or take the benefit of any insolvency act; (2) a receiver or trustee of the property of the Shareholder shall be appointed by any court; (3) the Shareholder shall make a general assignment for the benefit of creditors; (4) any of the Shares owned by the Shareholder shall be duly levied upon under court process; or (5) this Agreement or any of the Shares appurtenant hereto shall pass by operation of law or otherwise to anyone other than the Shareholder or a person to whom the Shareholder has assigned this Agreement in accordance with this Agreement and the Bylaws,

or the Shares in accordance with this Agreement and the Bylaws, but this subparagraph (5) shall not be applicable if this Agreement shall devolve upon the executors or administrators of the Shareholder, as is more fully described herein.

(c) If at any time the Shareholder shall lease or sublease the Apartment or parking space except in accordance with this Agreement or the Bylaws;

(d) If the Shareholder shall default in the performance of any covenant or provision of this Agreement, the Bylaws, or the House Rules.

(e) If at any time the Housing Corporation shall determine, upon the affirmative vote of a majority of its full Board of Directors and the affirmative vote of at least fifty percent plus one (50%+1) of the then outstanding Shares of the Housing Corporation, to terminate all occupancy agreements or to sell the Promenade;

(f) If at any time the Housing Corporation receives a notice of default from a Lender, together with a request from such Lender that the Housing Corporation terminate this Agreement; or

(g) If at any time the Promenade or a substantial portion thereof shall be taken by condemnation proceedings.

Upon termination of this Agreement under Article 13 or subsections 1 (a), 1 (b), 1(c), 1(d), or 1 (f) of this Article 18, the Shareholder shall surrender this Agreement to the Housing Corporation together with his or her certificate for Shares. Whether or not said certificate is surrendered, the Housing Corporation may sell the Shares represented thereby, and enter into a new Agreement relating to the Apartment and Parking Space, to a new Shareholder for the account of the Shareholder, after satisfaction or assumption by the new Shareholder of any indebtedness secured by any First Lien (as defined in the Bylaws) thereon. If said certificate is not surrendered prior to such sale to a new Shareholder, it shall be automatically cancelled and the Housing Corporation may issue a substitute certificate to the new Shareholder in the name of the new Shareholder, provided, however, that if the Housing Corporation has been duly notified that said Shares and this Agreement have been pledged or assigned to a Lender in the manner permitted by the Bylaws, the Housing Corporation may obtain from said Lender the original share certificate and duplicate original of this Agreement, cancel the same, and issue a new share certificate and new occupancy agreement naming the Housing Corporation as the owner and occupant respectively, which shall continue to secure the indebtedness owned to the Lender by the former Shareholder of the Housing Corporation. Nothing herein contained shall be construed to impair any rights of any Lender (including, but not limited to, any right to accelerate any indebtedness) under the documents evidencing or securing the indebtedness of a Shareholder to such Lender, provided, however, that after any such acceleration such Lender shall diligently proceed to remove such Shareholder from possession of his Apartment and to sell such Shareholder's Shares. In the event of acceleration of any such indebtedness and so long as the Housing Corporation has received notice thereof, if the Housing Corporation desires to assert its rights of termination under the Bylaws and Occupancy Agreement against Shareholder, the Housing Corporation shall give such Lender ten (10) days notice of the exercise of such rights, during which period said Lender may instruct the Housing Corporation to instead proceed on behalf of such Lender pursuant to Section 4 hereunder. If at the end of such ten (10) day period such Lender has not instructed the Housing Corporation to so proceed, the Housing Corporation may then assert its rights against Shareholder hereunder. The Shareholder shall remain liable for payment of all monthly Carrying Charges and Special Charges which accrue prior to the closing of the purchase of the Shares and execution of the Occupancy Agreement by the new Shareholder (other than the Housing Corporation or a Lender) and shall pay all such amounts promptly when due. No suit brought to recover any such amount or amounts shall prejudice the right of the Housing Corporation to recover any amounts subsequently coming due hereunder. The proceeds received from the sale of such Shares shall be applied first to pay any delinquent Carrying Charges which become due and payable from and after the first to occur of (a) the date on which such Lender becomes entitled to occupy the Apartment pursuant to an eviction order entered by a court of competent jurisdiction, (b) the date on which such Lender lawfully takes possession of the Apartment, (c) the date on which such Lender accepts a conveyance of any interest therein or in the Shares (other than as security) or (d) the date on which such Lender sells by public or private sale the Shares or the Occupancy Agreement, then to pay any indebtedness of the Shareholder to a Lender secured by an assignment or pledge of the Shareholder's Shares, then to pay any remaining indebtedness of the Shareholder to the Housing Corporation, including interest, court costs, reasonable attorneys' fees, and all other expenses incurred by the Housing Corporation in collecting the said indebtedness. Any surplus remaining after the payment of the foregoing shall be

paid to the Shareholder. If the proceeds from the sale of the Shareholder's Shares are insufficient to pay the Shareholder's indebtedness to the Lender and to the Housing Corporation, the Shareholder shall remain liable to the Lender and the Housing Corporation respectively for the balance of his indebtedness.

Section 2. *By Shareholder:* The Shareholder may terminate this Agreement as of the last day of any month of the initial or extended term hereof ("Termination Date") upon full compliance with the following conditions precedent thereto:

- (a) Written notice of the Shareholder's election to terminate has been given to the Housing Corporation at least four (4) months (or at least sixty (60) days if such Shareholder is a Lender) prior to the Termination Date;
- (b) On or before the Termination Date,
  - (1) The Shareholder's Shares, duly assigned and endorsed in blank, and bearing all stock transfer stamps which may be required by law and the duly assigned duplicate original of this Agreement have been deposited with the Housing Corporation.
  - (2) The Lender (as defined in the Bylaws), if any, secured by a First Lien (as defined in the Bylaws) on the said Shares and/or this Agreement, shall have irrevocably delivered to the Housing Corporation documents, in form and content fully satisfactory to it, forever releasing the Lender's First Lien;
  - (3) The Shareholder has met all his obligations and paid all amounts due or to become due under this Agreement, the Bylaws, and the House Rules up to the Termination Date; and
  - (4) All occupants have vacated the Shareholder's Apartment, leaving same in the condition required by this Agreement, the Bylaws, and the House Rules.

Section 3. *Death of Shareholder:* In the event of the death of the Shareholder at any time during the term of this Agreement or any extension thereof, or of the death of the husband of the Shareholder if the Shareholder be a married woman living with her husband, then the executor or administrator of the Shareholder or the Shareholder if a married woman, shall be the right to terminate this Agreement on the last day of any month following such death during the period of nine months from and after the date of such death, provided at least four (4) months' prior notice in writing shall have been given to the Housing Corporation by said executor or administrator or said Shareholder if a married woman, and provided that all Carrying Charges, Special Charges, and other indebtedness due to the Housing Corporation shall be paid up to the date of such termination and apartment shall have been maintained in good and tenable condition. Upon the death of any joint Shareholder, the surviving Shareholder or Shareholders shall have the same right to terminate this Agreement upon the same terms and conditions as are here provided for an individual Shareholder. Anything in this Section 3 contained to the contrary notwithstanding, the right herein given to terminate this Agreement shall also be contingent upon the surrender to the Housing Corporation at or prior to the date of such termination (properly endorsed and bearing all stock transfer stamps which may be required by law) of the certificate or certificates for all of the Shares of the Housing Corporation which shall have been owned and held by the Shareholder.

Section 4. *By Housing Corporation on Behalf of Lender:* In the event that the Shareholder has pledged this Agreement to a Lender as security for a loan in accordance with the applicable provisions of the Bylaws, and provided that the Lender has fully complied with the provisions of the Bylaws regarding the First Lien Registry, the Housing Corporation shall:

(a) Exercise the right of termination granted unto the Housing Corporation under Section 1 (f) of Article 18 herein if the Lender (1) gives written notice to it that the Shareholder has defaulted under his pledge agreement with the Lender, (2) requests the Housing Corporation to so exercise said rights, and (3) delivers to the Housing Corporation an assumption and indemnity agreement in form and content satisfactory to the Housing Corporation with respect to the matters described herein below:

(b) Commence summary proceedings against the Shareholder if, after the exercise of the Housing Corporation's right of termination, the Shareholder fails to vacate his Apartment, and thereafter take all steps and do as may be permitted by law, all acts, required in order to remove the Shareholder and all other

occupants of his Apartment from possession, all of which shall be done at the Lender's sole cost and expense; and the Lender indemnifies and holds harmless the Housing Corporation from and against any and all claims, suits, actions, and/or causes of action, damages, and expenses, including the reasonable fees of attorneys for the Housing Corporation, made or asserted by the Shareholder in connection with the Housing Corporation exercising the right of termination and/or commencing summary proceedings and/or taking any action or steps in accordance with the provisions hereof. If the Housing Corporation shall fail to exercise its right to terminate and/or to commence summary proceedings, and/or take any of the acts or steps required to be taken pursuant hereto, then and in that event, the Housing Corporation shall execute and deliver to the Lender a power of attorney, coupled with an interest, to act in the name of the Housing Corporation in any of the ways provided for herein, all of which shall be done at the Lender's sole cost and expense. If the Housing Corporation shall fail to execute and deliver such power of attorney within five (5) business days after demand, then and in that event, such power of attorney may be executed by the Lender on behalf of, and as the agent for, the Housing Corporation.

## ARTICLE 19

### SUBORDINATION CLAUSE

It is specifically understood and agreed by the parties hereto that this Agreement and all rights, privileges, and benefits hereunder and under the Bylaws are and shall be at all time subject and subordinate to the lien of a first mortgage or deed of trust and accompanying security documents in favor of the Metropolitan Life Insurance Company and to any and all modifications, extensions, and renewals thereof and to any mortgage or deed of trust made in replacement thereof. The Shareholder hereby agrees to execute, at the Housing Corporation's request and expense, any instrument which the Housing Corporation or any Lender may deem reasonably necessary or desirable to effect the subordination of this Occupancy Agreement to any such mortgage or deed of trust. It is further understood that nothing in this Agreement shall be construed to impose any liability upon the Shareholder, his spouse, executors, administrators, and assigns, with respect to any mortgagees or deeds of trust on the Promenade or the indebtedness secured thereby.

## ARTICLE 20

### ORAL REPRESENTATION NOT BINDING

No representation other than those contained in this Agreement, the Articles of Incorporation, and the Bylaws of the Housing Corporation shall be binding upon the parties hereto.

## ARTICLE 21

### SEVERABILITY

In the event any of the provisions of this Agreement are found to be invalid or otherwise ineffective, the other provisions of this Agreement shall remain in full force and effect.

## ARTICLE 22

### INDEMNIFICATION

Section 1. *Shareholder Indemnifies Housing Corporation*: The Shareholder shall at all times during the demised term indemnify and save harmless the Housing Corporation from every and all loss, cost, and liability whatsoever which may arise from or be claimed against the Housing Corporation by any person or persons or any claimant for any injuries to person or property or damage of whatsoever kind or character where the injury or damage arises from the use and occupancy of the Apartment by the Shareholder or those holding under the Shareholder or arising either wholly or in part from any act or omission of the Shareholder, or of any member of the family of the Shareholder, or of any invited guest, servant, sub-lessee or other person or persons claiming through or

under the Shareholder, and any sums so expended or incurred by said Housing Corporation together with all its costs, expenses, and reasonable attorneys' fees in connection therewith are hereby agreed to be a Special Charge hereunder due and payable upon demand.

Section 2. *Corporation Indemnifies Directors, Officers, Etc.:* By executing this Agreement, the Shareholder authorizes the passage by the Board of Directors at its initial meeting of resolutions in form and substance substantially similar to the following:

**"RESOLVED**, that every director, officer, attorney, accountant and/or agent of the corporation shall be indemnified by the corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be made a party, or in which he may become involved, by reason of his being or having been a director, officer, attorney, accountant and/or agent of the corporation, or any settlement thereof, whether or not he is a director or officer, accountant and/or agent at the time such expenses are incurred, except in such cases wherein the director, officer, attorney, accountant and/or agent is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties.; provided that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director, officer, attorney, accountant and/or agent may be entitled.

**"RESOLVED, FURTHER**, that the corporation's obligations hereunder shall be operative only with respect to such amounts and expenses as have actually been paid by or on behalf of such officer director, attorney, accountant and/or agent, or to such person as shall have made payment on behalf of such officer, director, attorney, accountant and/or agent to his obligee. The corporation's obligations hereunder shall in no manner be regarded as giving to any obligee, or successor thereto, any cause of action against this corporation."

## ARTICLE 23

### NOTICES

Whenever the provisions of law, this Agreement, or the Bylaws require notice to be given to either party hereto, any notice to the Shareholder shall be deemed to have been duly given, and any demand by the Housing Corporation upon the Shareholder shall be deemed to have been duly made, if the same is delivered to the Shareholder at his Apartment or his last known address; and any notice or demand by the Shareholder to the Housing Corporation shall be deemed to have been duly given if delivered to the Managing Agent. Such notice may also be given by depositing same in the United States mails, postage prepaid and certified addressed to the Shareholder as shown on the books of the Housing Corporation or to the resident agent or President of the Housing Corporation as the case may be. Two (2) business days after the time of mailing shall be deemed to be the time of giving of such notice.

## ARTICLE 24

### MISCELLANEOUS

It is agreed that the failure of the Housing Corporation to insist in any one or more instances upon a strict performance of any of the covenants of this Agreement, or to exercise any option herein contained or the waiver of any breach of covenant, shall not be construed as a waiver of any succeeding breach of such covenant or a relinquishment for the future of such option, but the same shall continue and remain in full force and effect. The receipt by the Housing Corporation of payments hereunder from the Shareholder or from any sub-lessee to be applied toward the payments due to the Housing Corporation with or without knowledge of the breach of any covenant hereof, or the giving or making of any notice or demand, whether according to any statutory provision or not, or any act or series of acts after each breach shall not be deemed a waiver of such breach, and none of the covenants herein contained shall be waived, modified or forfeited by any act of any collector, employee, or agent of the Housing Corporation or in any other manner except by the action of the Housing Corporation in writing.

It is agreed that the Housing Corporation may pursue any of its remedies in this Agreement provided, or which may be allowed at law or in equity, either separately or concurrently, and that any and all of its rights and remedies are cumulative and not alternative, and shall not be exhausted by the exercise thereof on one or more occasions. It is also covenanted and agreed by the Shareholder that after the service of notice or the commencement of suit, or after final judgment for the possession of the Apartment, the Housing Corporation may collect and receive any Carrying Charges or Special Charges then due, and the payment of same shall not waive nor affect such notice, suit, judgment, or any other right of the Housing Corporation.

This written agreement, including all exhibits, if any, attached hereto and all the documents referred to herein or to be executed pursuant hereto, constitutes the entire agreement and understanding of the parties with respect to the subject matter hereof, and no prior or contemporaneous written or oral representations, warranties, covenants, agreements, or undertakings not contained or referred to herein shall be of any force or effect.

This Agreement may be amended only by a written instrument duly executed by all of the parties hereto.

Time shall be of the essence of this Agreement. In the computation of any period of time provided in this Agreement, if the last day of the applicable period falls on a Saturday, Sunday, or legal holiday, such period shall be deemed to expire on the next day which is not a Saturday, Sunday, or legal holiday.

Section headings are for convenience of reference only, and shall not be deemed to be part of this Agreement nor to expand, limit, or in any manner define the terms of this Agreement.

Wherever used in this Agreement, the masculine, feminine, or neuter of any pronoun shall be deemed to include the other genders unless the context otherwise requires, and the singular or plural of any noun or pronoun shall be deemed to include the other unless the context otherwise requires.

Subject to the provisions of Article 8, this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, executors, administrators, personal representatives, successors, and assigns.

This Agreement shall be governed in all respects by the laws of the State of Maryland.

In the event of a conflict between the provisions of this Agreement and the provisions of the Bylaws, the provisions of the latter shall control.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be signed and sealed the day and year first above written.

PROMENADE TOWERS MUTUAL  
HOUSING CORPORATION

\_\_\_\_\_  
(SEAL)

Shareholder

By: \_\_\_\_\_ (SEAL)

\_\_\_\_\_  
(SEAL)

Shareholder

Its: \_\_\_\_\_

Attest: \_\_\_\_\_ (SEAL)

Its: \_\_\_\_\_



ARTICLES OF INCORPORATION AND  
ARTICLES OF AMENDMENT



Nº -37362 A



STATE OF MARYLAND

STATE DEPARTMENT OF ASSESSMENTS AND TAXATION  
301 WEST PRESTON STREET  
BALTIMORE 21201

THIS IS TO CERTIFY THAT the within instrument is a true copy of the  
ARTICLES OF INCORPORATION

OF

PROMENADE TOWERS MUTUAL HOUSING CORPORATION

as approved and received for record by the State Department of Assessments  
and Taxation of Maryland, March 20, 1980

at 11:30 o'clock AM

AS WITNESS my hand and official Seal of the said Department at  
Baltimore this 26th day of March, 1980

A handwritten signature in cursive script, appearing to read "Dean W. Kitchen", written over a horizontal line.

DEAN W. KITCHEN  
CHARTER SPECIALIST

ARTICLES OF INCORPORATION

OF

PROMENADE TOWERS MUTUAL HOUSING CORPORATION

The undersigned, RICHARD A. WAUGH, whose post office address is 10500 Rockville Pike, G-8, Apartment #303, Rockville, Maryland 20852, being at least eighteen (18) years of age, does hereby act as the incorporator to form a corporation under and by virtue of the general laws of the State of Maryland with the intention of forming such corporation and for such purpose does hereby make, execute and adopt the following Articles of Incorporation:

ARTICLE ONE. The name of this Corporation shall be:

PROMENADE TOWERS MUTUAL HOUSING CORPORATION

ARTICLE TWO. The period of existence, duration and life of this Corporation shall be perpetual.

ARTICLE THREE. The principal office and place of business of this Corporation shall be 5225 Pooks Hill Road, Bethesda, Maryland 20014.

ARTICLE FOUR. The Resident Agent of this Corporation shall be Corporation Trust, Incorporated whose principal place of business is First Maryland Building, 25 South Charles Street, Baltimore, Maryland 21201.

ARTICLE FIVE. The general purposes for which this Corporation is formed and business and objects to be carried on and promoted by it are as follows:

(a) The ownership, leasing, management and construction of residential apartments for its stockholders;

(b) The organization and operation of a corporation to provide housing for its stockholders on a mutual non-profit basis.

For the general purposes aforesaid, and limited to those purposes, this Corporation shall have the following powers:

To acquire by purchase, or otherwise, hold, own, develop, improve, sell, convey, exchange, mortgage, lease, and otherwise deal or trade in, and dispose of real property and any estate, interest, or rights therein; to lend money on bonds secured by mortgage on real or personal property, or otherwise; to erect, construct, alter, manage, rent, and operate, for its own account or for others, and to maintain and improve houses and buildings and the several parts and apartments and other space of any building or buildings erected on any lands of the Corporation, or upon any other lands, and to rebuild, alter, and improve existing houses and buildings thereon to the extent now or hereafter permitted by law; to borrow money and issue evidence of indebtedness in furtherance of any or all of the objects of its business, to secure the same by mortgage, deed of trust, pledge, or other lien; to enter into any kind of activity, and to perform and carry out contracts of any kind necessary to, or in conjunction with, or incidental to the accomplishment of the purposes of the corporation; and to make patronage refunds to stockholders and occupants of dwelling units as provided for in the By-Laws and/or Occupancy Agreements.

It is not the purpose of this Corporation to make profit, but rather to provide dwellings for its stockholders by

building, erecting, operating, and maintaining an apartment and making units thereof available to its stockholders under Occupancy Agreements. For the convenience of its stockholders, the Corporation may make available in the apartment project commercial and personal service facilities, subject to the zoning and other applicable laws relating thereto. The foregoing enumeration of specific powers shall not be deemed to limit or restrict in any manner the general powers of this corporation, and the enjoyment of exercise thereof, as conferred by the General Laws of the State of Maryland.

ARTICLE SIX. Anything to the contrary notwithstanding, this Corporation is intended to qualify under the provisions of Section 216 of the Internal Revenue Code. Accordingly,

(a) These Articles of Incorporation may not be amended to create more than one class of stock.

(b) Each stockholder of the Corporation, solely by reason of ownership of stock in the Corporation, shall be entitled to enter into an Occupancy Agreement which in turn shall entitle the stockholder to occupy for dwelling purposes an apartment in the building or buildings owned and/or leased by this Corporation. The Occupancy Agreement may provide that the right to continue to occupy the premises is dependent upon the payment of charges to the Corporation in the nature of assessments.

(c) No stockholder is entitled (either conditionally or unconditionally) to receive any distribution not out of earnings and profits of the Corporation except on a complete or partial liquidation of the Corporation.

ARTICLE SEVEN. The aggregate number of shares the Corporation shall have authority to issue shall be one million shares of the par value of \$0.10 each, all of one class, having an aggregate par value of \$100,000.00. All of such shares shall be common shares and shall only be issued and thereafter transferred in connection with the execution and delivery by the purchasers and the Corporation of an Occupancy Agreement for occupancy of a portion of a building owned or leased by the Corporation, and the substance thereof shall be written or printed upon the share certificate. Shares shall not be transferred after initial issuance except upon an assignment of the Occupancy Agreement to which said shares relate.

ARTICLE EIGHT. If a stockholder shall be indebted to the Corporation, the directors may refuse to consent to a transfer of his shares until such indebtedness is paid, provided a copy of this section or the substance thereof is written or printed upon the share certificate.

ARTICLE NINE. The Corporation shall have three directors, which number may be increased but not decreased pursuant to the By-Laws of the Corporation. The names of the directors who shall serve until the first meeting of the Board of Directors or until their successors are duly chosen and qualified are:

Harold A. Judelson  
Anthony DiBenedetto  
Thomas Giallanza





PROMENADE TOWERS MUTUAL HOUSING CORPORATION  
ARTICLES OF AMENDMENT

Promenade Towers Mutual Housing Corporation,  
a Maryland Corporation, having its principal office at  
5225 Pooks Hill Road, Bethesda, Maryland 20014, hereby  
certifies to the State Department of Assessments and  
Taxation of Maryland that:

FIRST: The Charter of the Corporation is  
hereby amended by striking in its entirety Article Seven  
and by substituting in lieu thereof the following:

ARTICLE SEVEN. The aggregate number of shares  
the Corporation shall have authority to issue shall  
be five hundred seventy-six thousand nine hundred  
forty-eight shares of the par value of \$0.10 each, all  
of one class, having an aggregate par value of \$57,948.00  
All of such shares shall be common shares and shall  
only be issued and thereafter transferred in connection  
with the execution and delivery by the purchaser and the  
Corporation of an Occupancy Agreement for occupancy of  
a portion of a building owned or leased by the Corporation,  
and the substance thereof shall be written or printed  
upon the share certificate. Shares shall not be  
transferred after initial issuance except upon an  
assignment of the Occupancy Agreement to which said  
shares relate.

IN WITNESS WHEREOF, Promenade Towers Mutual  
Housing Corporation has caused these presents to be  
signed in its name and on its behalf by its President

and its Corporate Seal to be hereunder affixed and attested by its Secretary on this 20<sup>th</sup> day of June, 1980, and its President acknowledged that these Articles of Amendment are the act and deed of the Promenade Towers Mutual Housing Corporation and under the penalties of perjury, that no stock has been issued as of the date of this action, that the matters in fact set forth herein with respect to authorization and approval are true in all material respects to the best of his knowledge, information and belief.

ATTEST:

Carol Gordon ...  
Secretary

PROMENADE TOWERS MUTUAL  
HOUSING CORPORATION

By: Anthony R. DiBenedetto  
President

BOARD OF DIRECTORS:  
Harold R. Judelsbn  
Harold R. Judelsbn  
Anthony DiBenedetto  
Anthony DiBenedetto  
Thomas Giallanza  
Thomas Giallanza