BY-LAWS

EXHIBIT IV-B TO PUBLIC OFFERING STATEMENT

THE CARLTON, A CONDOMINIUM

BY-LAWS

ARTICLE I

IDENTIFICATION OF THE CONDOMINIUM AND DEFINITIONS

1. Identification of the Condominium

The name and address of the Condominium is:

The Carlton, a Condominium (the "Condominium")
2829 Connecticut Ave., N.W.
Washington, D.C. 20008

The Condominium was submitted to the provisions of the Act by a Declaration Recorded simultaneously herewith. These By-Laws are adopted pursuant to the District of Columbia Condominium Act of 1976, as amended, (D.C. Law 1-89) and provide for the self-government of the Condominium. The name of the Association is: The Carlton Unit Owners' Association.

2. Definitions

Each of the following terms, as used in these By-Laws, shall have the same meaning as the meaning ascribed to it in Section 3 of the Condominium Declaration: "Act"; "Agent"; "Assessments"; "Association"; "Board"; "Board of Directors"; "Building"; "By-Laws"; "Common Elements"; "Common Expenses"; "Common Profits"; "Condominium"; "Condominium Instruments"; "Condominium Parking Space Unit"; "Condominium Plans"; "Condominium Plat"; "Condominium Unit"; "Declarant"; "Declaration"; "First Mortgagee"; "Identifying Number"; "Land"; "Limited Common Elements"; "Managing Agent"; "Parking Space Unit"; "Parking Space Unit Owner"; "Par Value"; "Percentage Interest"; "Person"; "Property"; "Record"; "Rules and Regulations"; "Unit"; "Unit Owner"; and "Unit Owners' Association".

ARTICLE II

ADMINISTRATION; APPLICABILITY

1. Administration

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

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Exhibit No. 7

Board of Zoning Adjustment
District of Columbia
CASE NO.16936
EXHIBIT NO.7

Owner's Unit within forty-five (45) days after such request, and its failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed addition, alteration or improvement. Any application to any governmental authority for a permit to make an addition, alteration or improvement in or to any Unit shall be executed by the Board of Directors only, without however incurring any liability on the part of the Board of Directors or any of them to any contractor, subcontractor or materialman on account of such addition, alteration or improvement, or to any person having any claim for injury to such person or damage to property arising therefrom. The provisions of this Section 7 shall not apply to Units owned by the Declarant until such Units have been initially sold by the Declarant and paid for. The provisions of this Section 7 shall apply insofar as possible to a Parking Space Unit Owner and his Parking Space Unit. The provisions of this Section 7 shall not apply to a Unit Owner's painting, wallpapering, panelling or making other like improvements to the interior of his own Unit which (a) do not effect the structural integrity of the Building and (b) do not require a governmental permit.

8. Restrictions on Use of Units and Condominium.

A. Because the authority to adopt rules and regulations to assist the Condominium in providing for congenial occupancy and the protection of the value of the Units and Parking Space Units rests in the Board of Directors, it is necessary that the Board of Directors have the right and authority to exercise reasonable controls over the use of the Units and Parking Space Units; provided, however, the power of the Board of Directors shall not extend to prohibiting commercial use in those Units designated for commercial space in Paragraph B(2) below. The Board of Directors is hereby authorized to take all steps necessary to prevent or discontinue any violations thereof, all at the expense of the violator.

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

1. No Unit Owner or Parking Space Unit Owner or other resident of the Condominium shall post any advertisements or posters of any kind in or on the Condominium except as authorized by the Board of Directors. This restriction shall not apply to advertisements, signs or posters utilized by the Declarant, or its agents, in selling the Units and Parking Space Units.

2. Except for those Units presently designated for Commercial Space and that are herein designated for Commercial Space the Units shall be used only for private residential purposes, except for such temporary other uses as may be permitted by the Board from time to time. The Units designated for Commercial Space are: Unit Nos. 103, 113, 114. This provision shall not, however, be so construed as to prevent the Declarant from using any Unit as a model or sales office or for display or

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ARTICLE II

ADMINISTRATION; APPLICABILITY

1. Administration

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(i) within two years from the date that the first Unit or Parking Space Unit is conveyed or (ii) within 30 days after Units and/or Parking Space Units to which 75% of the Percentage Interests appertain which have been conveyed, whichever date first occurs, or (iii) on such earlier date as may be established by the Board of Directors. Thereafter an annual meeting of the Association shall be held on the third Tuesday in October of each year or on such other day between the third Tuesday in October and the third Tuesday in November as the Board of Directors may designate. The annual meeting of the Association shall be held for the election of directors and the conduct of such other business as may be properly brought before the the meeting.

5. Special Meetings

A. Not later than the time that Units and/or Parking Space Units to which 25% of the Percentage Interests appertain, which are for sale in the Condominium, have been conveyed, a special meeting of the Association shall be held at which not less than 25% (but no more than 40%) of the members of the Board of Directors shall be elected by Unit Owners and Parking Space Unit Owners other than the Declarant or its agents or principals, to serve until the date of the first annual meeting of the Association. The Tenants Settlement Agreement provides that the Tenants' Association may appoint or elect two members of the initial five member Board of the Condominium Owners Association and the remaining three members shall be elected by the then owners of Units and Parking Space Units upon the sale of 79 Units.

B. Not later than the time that Units and/or Parking Space Units to which 50% of the Percentage Interests appertain have been conveyed, a special meeting of the Association shall be held at which 40% of the members of the Board of Directors shall be elected by Unit Owners and Parking Space Unit Owners other than the Declarant or its agents or principals, to serve until the date of the first annual meeting of the Association.

C. The President shall call a special meeting of the Association upon the request of the Board of Directors or upon the written request of Unit Owners and Parking Space Unit Owners owning Units and Parking Space Units to which 25% or more of the Percentage Interests appertain.

6. Notices

The Secretary shall send a notice of meeting of the Association to each Unit Owner and Parking Space Unit Owner at least 21 days in advance of an annual meeting and at least seven days in advance of any other meeting. The notice shall state the time, place and purposes of the meeting. The notice shall be sent by United States mail to all Unit Owners and Parking Space Unit Owners of record at the address of their respective Units and/or to such other addresses as any of them may have designated to the Secretary in writing or hand-delivered by the Secretary, provided the Secretary obtains a receipt of acceptance of such notice from the Unit Owner and Parking Space Unit Owner. The mailing or hand-delivery of a notice of meeting in the manner provided herein shall constitute service of notice.

A. Prepare and adopt an annual budget for the Condominium.

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

C. Provide for the operation, care, upkeep, maintenance and surveillance of the Common Elements and for services to the Condominium and for services to Unit owners.

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

E. Make and amend Rules and Regulations respecting the use of the Condominium; provided, however, the power of the Board of Directors shall not extend to prohibiting commercial use in those Units designated for commercial space in Paragraph 8 B(2) of Article VI hereof.

F. Establish bank accounts for the Association.

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

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

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

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

the Declarant shall have the right in its sole discretion to replace such directors and to designate their successors if vacancies occur for any reason. All other directors shall be Unit Owners.

4. Election and Term of Office.

Except as otherwise provided in Subparagraphs A and B of Paragraph 5 of Article III hereof, the Board of Directors shall be elected at the annual meeting of the Association, to serve until the next annual meeting of the Association and until their successors have been elected and qualified. Notwithstanding anything contained in these By-Laws to the contrary, until the first annual meeting of the Association the Declarant shall have the right to select the directors to the Board of Directors and to fill any vacancy occuring from the death, resignation, or removal of a director by the Declarant or the Association; provided, however, that vacancies of directorships originally elected pursuant to Subparagraphs A and B of Paragraph 5 of Article III hereof shall be filled by a vote of Unit Owners and Parking Space Unit Owners other than the Declarant or its agents and principals.

5. Annual Meeting.

An annual meeting of the Board of Directors shall be held within 10 days after the annual meeting of the Association. Notice by the President at least 72 hours in advance, personally or by mail or telephone or telegraph, shall be necessary to each director (including the newly elected directors).

6. Regular Meetings.

Regular meetings of the Board of Directors shall be held at such time and place as shall be determined from time to time by the Board of Directors, but at least one meeting shall be held in each quarter of each fiscal year. Notice of regular meetings of the Board of Directors shall be given by the President to each director, personally or by mail or telephone or telegraph, at least 72 hours prior to the time of the meeting.

7. Special Meetings.

Special meetings of the Board of Directors may be called by the President on 72 hours' notice to each director. Such notice shall be given personally or by mail or telephone or telegraph, and shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President in like manner and on like notice on the written request of at least two directors.

proceedings. Each Director shall be entitled to one vote. A majority of those present at the meeting shall prevail on any voting issue.

14. Annual Report of the Board of Directors.

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

15. Fidelity Bonds.

The Board of Directors shall require that all directors, officers, trustees, volunteers, agents (including the Managing Agent), and employees of the Association handling or responsible for funds furnish adequate fidelity bonds or insurance. The fidelity bonds or insurance shall designate the Association as a named insured and, if obtainable, shall be written in an amount sufficient to provide protection which shall be not less than one and one-half times the Association's estimated annual operating expenses and reserves. The premiums on such fidelity bonds or insurance shall constitute a Common Expense.

16. Liability of the Board of Directors.

The directors shall not be liable to the Association or to the Unit Owners or Parking Space Unit Owners for mistakes of judgment or for negligence not amounting to willful misconduct or bad faith. The Unit Owners and Parking Space Unit Owners shall indemnify and hold harmless each of the directors from and against all contractual liability to others arising out of contracts made by the Board of Directors on behalf of the Association or the Unit Owners or Parking Space Unit Owners unless such contract was made in bad faith or contrary to the provisions of the Condominium Instruments. The directors shall not be personally liable for any contract made by them on behalf of the Association. The liability of any Unit Owner or Parking Space Unit Owner arising out of any contract made by the Board of Directors or arising out of the indemnification of the directors shall be limited to that proportion of the total liability thereunder is his Percentage Interest bears to the total Percentage Interests in the Common Elements of all of the Unit Owners and Parking Space Unit Owners. The Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by reason of the fact that he is or was a director or officer of the Association against expenses (including attorney's fees), judgments, fines and amounts paid in settlement incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Association.

of the Association, the Board of Directors and committees, and shall perform such other duties as may be prescribed by the Board of Directors or the President. The Secretary shall compile and keep current at the principal office of the Condominium, a complete record of the Unit Owners and Parking Space Unit Owners and their last known post office addresses. This record of Unit Owners and Parking Space Unit Owners shall be open to inspection by all Unit Owners and Parking Space Unit Owners at reasonable hours during regular business days. The Secretary shall also keep current and retain custody of the minute book of the proceedings of the Association, the Board of Directors and committees.

An assistant secretary shall perform the duties and exercise the powers of the Secretary in the absence or disability of the Secretary and shall perform such other duties as the Board of Directors may prescribe.

7. Treasurer.

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

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

8. Agreements, Contracts, Deeds, Checks.

All agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations of over $1,000 shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board of Directors. All such instruments for expenditures or obligations of $1,000 or less may be executed by any one officer of the Association or by such other person as may be designated by the Board of Directors.

The initial capital contribution by each Unit Owner and Parking Space Unit Owner equal to two month's Assessment and paid by the Unit Owner and Parking Space Unit Owner upon the purchase of his Unit or Parking Space Unit from the Declarant shall be deemed to be funds obtained by Assessment under this Paragraph C.

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

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

Unit subsequent to a sale, transfer or other conveyance by him of such Unit or Parking Space Unit. The purchaser of a Unit or Parking Space Unit shall be jointly and severally liable with the selling Unit Owner or Parking Space Unit Owner for all unpaid Assessments against the latter for his proportionate share of the Common Expenses up to the time of the conveyance, without prejudice to the purchaser's right to recover from the selling Unit Owner or Parking Space Unit Owner the amounts paid by the purchaser therefore; provided, however, that any such purchaser shall be entitled to a statement from the Board of Directors, the Managing Agent or the Manager, setting forth the amount of the unpaid Assessments against the selling Unit Owner or Parking Space Unit Owner and such purchaser shall not be liable for, nor shall the Unit or Parking Space Unit conveyed be subject to a lien for, any unpaid Assessments in excess of the amount therein set forth; and provided, further, that if a First Mortgagee of record or other purchaser of a Unit or Parking Space Unit obtains title to the Unit or Parking Space Unit as a result of foreclosure or deed (or assignment) in lieu of foreclosure of a first mortgage, such purchaser, its successors and assigns shall not be liable for, and such Unit or Parking Space Unit shall not be subject to, a lien for the payment of Common Expenses Assessed prior to the acquisition of title to such Unit or Parking Space Unit by such purchaser pursuant to the foreclosure sale, conveyance or assignment. Such unpaid share of Common Expenses Assessed prior to the acquisition of title to such Unit or Parking Space Unit by such purchaser pursuant to the foreclosure sale, conveyance or assignment shall be collectible from all Unit Owners and Parking Space Unit Owners, including the purchaser, in proportion to their respective Percentage Interest.

3. Collection of Assessments.

The Board of Directors shall take prompt action to collect any Assessments for Common Expenses due from any Unit Owner or Parking Space Unit Owner which remain unpaid for more than 30 days after the due date for the payment thereof. Assessments that are unpaid for over thirty (30) days after due date shall bear interest from due date until paid, at a rate determined by the Board of Directors to be consonant with prevailing rates charged by recognized lending institutions in the Washington, D.C. area. All payments upon account shall be first applied to interest and then to the assessment payment first due.

4. Statement of Unpaid Assessments.

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

B. The Board of Directors may impose a reasonable fee not to exceed $50 for each such statement requested and payment thereof shall be a prerequisite to the issuance of a statement.

not unreasonably disturb or interfere with the other Unit Owners. Each Unit Owner shall promptly report to the Board of Directors, the Managing Agent or Manager any defects or need for repairs for which the Board of Directors is responsible.

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

D. Unit Maintenance and Repair. The Board of Directors shall be permitted to allow employees of the Association to perform maintenance and repairs to Units.

6. Additions, Alterations or Improvements by the Association.

Whenever in the judgment of the Board of Directors the Common Elements shall require additions, alterations or improvements costing in excess of $25,000 during any period of twelve consecutive months, and the making of such additions, alterations or improvements shall have been approved by a majority of the Unit Owners and Parking Space Unit Owners, the Board of Directors shall proceed with such additions, alterations or improvements and the cost thereof shall constitute part of the Common Expenses. Additions, alterations or improvements costing less than $25,000 during any period of twelve consecutive months may be made by the Board of Directors without approval of the Unit Owners and Parking Space Unit Owners and the cost thereof shall constitute part of the Common Expenses. Notwithstanding the foregoing, if, in the opinion of not less than 80% of the members of the Board of Directors, any such additions, alterations or improvements are exclusively or substantially exclusively for the benefit of the Unit Owner or Unit Owners requesting the same, such requesting Unit Owner shall be assessed therefor in such proportion as they jointly approve or, if they are unable to agree thereon, in such proportions as may be determined by the Board of Directors.

7. Additions, Alterations or Improvements by Unit Owners.

No Unit Owner shall make any structural addition, alteration or improvement in or to his Unit without the prior written consent of the Board of Directors. No Unit Owner shall paint or alter the exterior of the Building, including the doors and windows or the exterior of the Unit's entrance doors without the prior written consent of the Board of Directors. The Board of Directors shall be obligated to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement (by painting or otherwise) in such Unit

management purposes nor so as to prohibit the leasing of Units owned by the Declarant subject to all of the provisions of the Condominium Instruments. Notwithstanding the right of the Unit Owners' Association to amend the Comdominium Instruments as set forth in Article IV Section 1E herein and in the Declaration, the above mentioned Commercial Space shall be permitted to remain as commercial use for so long as such use remains in compliance with the appropriate laws, rules and regulations of the District of Columbia. The Declarant, in adopting the Condominium Instruments, specifically reserves an easement and express right and power to so utilize these Units. All Parking Space Units shall be used only for permitted vehicle parking and for no other purpose. No activity shall be done or maintained in any Unit or Parking Space Unit or upon any of the Common Elements which will not be in conformity with zoning and other regulations of the District of Columbia. Declarant has the right, at its discretion, to designate certain Units for its use as management and/or sales offices for so long as there are Units to be sold in the Building. Declarant reserves the right at its option to subdivide adjoining Units and to combine adjoining Units into larger Units. The Percentage Interests will be changed only to the extent that for the affected Units, the Percentage Interests will be decreased or increased respectively; since there is no change in the actual space, the Percentage Interests for all other Units will remain unchanged.

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

4. Except for animals used as aids to visually handicapped persons, absent the express written approval of the Board of Directors, no animal, including common household pets, shall be kept or maintained on the Condominium property, nor shall common household pets be kept, bred or maintained for commercial purposes on the Condominium property. Any Unit Owner who keeps or maintains an animal as an aid to a visually handicapped person or any Unit Owner who receives permission to keep or maintain any pet in the Condominium shall be responsible and may be assessed by the Board of Directors for any costs incurred by the Condominium in enforcing the Rules and Regulations prescribed or to be prescribed by the Board of Directors for the control and regulation of pets in the Condominium.

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

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

the performance of such lease. The restrictions of this paragraph shall not apply to the Declarant or any mortgagee who comes into possession of a Unit or Parking Space Unit pursuant to a foreclosure sale, judicial sale or transfer or conveyance in lieu of foreclosure.

15. The provisions of this Section 8 shall apply insofar as possible to a Parking Space Unit Owner and his Parking Space Unit.

16. A non-resident Parking Space Unit Owner may only use the Common Elements to the extent necessary to provide ingress and egress to a public street or way.

9. Association Liabilities

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

10. Right of Access.

Each Unit Owner and Parking Space Unit Owner grants a right of access to his Unit or Parking Space Unit to the Board of Directors, the Managing Agent, and to any other person authorized by the Board of Directors for the purpose of making inspections and for the purpose of correcting any condition originating or existing in his Unit or Parking Space Unit and threatening another Unit or Parking Space Unit or a Common Element, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other Common Elements in his Unit or Parking Space Unit or elsewhere in the Building, or to correct any condition which violates the provisions of any mortgage covering another Unit or Parking Space Unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner or

Such coverage shall insure the Building (including all of the Units and the bathroom, laundry and kitchen equipment, fixtures and cabinets, and electrical fixtures, together with all airconditioning, heating and other equipment, but not including furniture, furnishings or other personal property supplied or installed by Unit Owners) and other Condominium property including all personal property included in the Common Elements. If there is a steam boiler in operation, the Condominium shall have boiler explosion insurance in the amount of $50,000 per accident per location. The Condominium shall be insured against liability for personal injury and property damage in such amounts and in such forms as shall be required by the Board of Directors which, however, in no event shall be less than $1,000,000 with respect to any one occurrence. All liability insurance shall contain crossliability endorsements to cover liabilities of the Association as a group, the Board of Directors and each individual Unit Owner and Parking Space Unit Owner. The deductible, if any, on any policy of insurance purchased by the Board of Directors, shall be paid by the Association. Workmen's Compensation insurance shall be obtained where necessary to meet the requirements of law. In addition to the foregoing, the Board of Directors may obtain such additional insurance coverage as it may deem advisable and appropriate or as may be requested from time to time by a majority of the Unit Owners and Parking Space Unit Owners.

3. Limitations.

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

A. Each policy shall be written with a company or companies which are licensed to do business in the District of Columbia and which falls into a financial category of Class VI or better as designated in the Best & Key Rating Guide.

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

C. Each policy shall provide that it may not be cancelled or substantially modified or reduced without at least 30 days' prior written notice to all insureds named thereon, including all named First Mortgagees.

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

6. Insurance Trustee.

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

7. Covenants for Benefit of Mortgagees.

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

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

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

8. Reconstruction.

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

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

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

4. Examination of Books.

Each Unit Owner and Parking Space Unit Owner and each mortgagee shall be permitted to examine the books of account of the Condominium at reasonable times, on business days, but not more often than once a month.

5. Rights of First Mortgagees.

Unless at least seventy-five percent (75%) of the First Mortgagees (based upon one vote for each mortgage owned) have given their prior written approval, the Association shall not:

A. change any Unit's or Parking Space Unit's Percentage Interest in Common Expenses and Common Profits or in the Common Elements;

B. partition or subdivide any Unit or Parking Space Unit or that Unit's or Parking Space Unit's Percentage Interest in Common Expenses and Common Profits or in the Common Elements of the Condominium nor partition, subdivide, sell or transfer the Common Elements of the Condominium (except for the granting of utility easements or dedications for public purposes);

C. by act or omission seek to abandon condominium status of the project except as provided by the Act in case of substantial loss to the Units or Parking Space Units and Common Elements of the Condominium;

D. modify the method of determining and collecting Assessments; nor

E. use the proceeds of casualty insurance or condemnation awards for any purpose other than restoration.

ARTICLE IX

NOTICE

1. Manner of Notice.

Unless specified otherwise in other Sections of these By-Laws, whenever any notice is required to be given under the provisions of the Act or of the Condominium Instruments to any mortgagee, director, Unit Owner, or Parking Space Unit Owner it shall not be construed to require personal notice, but such notice

ARTICLE XI

COMPLIANCE AND DEFAULT

1. Relief.

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

A. Legal Proceedings. Failure to comply with any of the terms of the Condominium Instruments and the Rules and Regulations shall be grounds for relief which may include without limiting the same, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of all Assessments, any other relief provided for in these By-Laws, or any combination thereof, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Association, the Board of Directors, the Managing Agent, the property manager or another appropriately designated Person, or, if appropriate, by an aggrieved Unit Owner or Parking Space Unit Owner.

B. Additional Liability. Each Unit Owner and Parking Space Unit Owner shall be liable for the expenses of all maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or the act, neglect or carelessness of any member of his family or his employees, agents or licensees, but only to the extent that such expense is not covered by the proceeds of insurance carried by the Board of Directors. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of any Unit or Parking Space Unit or its appurtenances. Nothing contained herein, however, shall be construed as modifying any waiver by an insurance company of its rights of subrogation.

C. Costs and Attorney's Fees. In any proceeding arising out of any alleged default by a Unit Owner or Parking Space Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding, and such reasonable attorney's fees as may be determined by the court.

D. No Waiver of Rights. The failure of the Association, the Board of Directors, Unit Owners or Parking Space Unit Owners to enforce any right, provision, covenant, or condition which may be granted by the Condominium Instruments or the Rules and Regulations shall not constitute a waiver of the right of the Association, the Board of Directors, or any Unit Owner or Parking Space Unit Owner to enforce any right, provision, covenant or

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

C. The lien for Assessments may be foreclosed in the manner provided by the laws of the District of Columbia by suit brought in the name of the Board of Directors, acting on behalf of the Association. During the pendency of such suit the Unit Owner or Parking Space Unit Owner shall be required to pay a reasonable rental for the Unit or Parking Space Unit for any period prior to sale pursuant to any judgment or order of any court having jurisdiction over such sale. The plaintiff in such proceedings shall have the right to the appointment of a receiver, if available under the then laws of the District of Columbia.

D. The lien for Assessments shall be prior to all other liens an encumbrances except: (i) liens and encumbrances Recorded prior to the Recordation of the Declaration; (ii) liens of any First Mortgage or deed of trust on such Unit or Parking Space Unit Recorded prior to the due date of such Assessment or the due date of the first installment payable on such Assessment; and (iii) liens for real estate taxes and municipal assessments or charges against the Unit or Parking Space Unit.

3. Information to be Furnished in the Event of Resale by a Unit Owner or Parking Space Unit Owner.

A. The Board of Directors or a duly designated agent or the Managing Agent shall upon written request of any Unit Owner or Parking Space Unit Owner or purchaser of a Unit or Parking Space Unit furnish to said Unit Owner or Parking Space Unit Owner or purchaser, within the time period prescribed by the Act, the following information:

1. Statement regarding any unpaid Assessments.

2. Statement concerning any rights of first refusal or other restraints on free alienability.

3. Statement of any capital expenditures anticipated by the Association within the current or succeeding two fiscal years.

is held invalid, the validity of the remainder of these By-Laws shall not be affected thereby, and to this end the provisions of these By-Laws are declared to be severable.

4. Waiver.

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

5. Captions.

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

6. Gender, etc.

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

The Declarant hereby appoints Gary Nordheimer its attorney-in-fact to acknowledge this instrument as the Condominium By-Laws. This instrument is signed on behalf of the Declarant by Chateau Corp., one of its general partners and executed on behalf of Chateau Corp. by its President, Gary Nordheimer.

IN WITNESS WHEREOF, the Declarant has caused these By-Laws to be executed this 17th day of April, 1980.

ATTEST:

Carlton Towers Associates

By: Chateau Corp., General Partner

Myer Feldman, Secretary

By: Gary Nordheimer, President

DISTRICT OF COLUMBIA) to wit:

I, Doris F. Schalk, a Notary Public in and for the District of Columbia, do hereby certify that Gary Nordheimer, who is named in the foregoing By-Laws dated April 17, 1980,