

AMENDED AND RESTATED BYLAWS
OF
QUAIL MEADOWS ASSOCIATION, INC.

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**AMENDED AND RESTATED BYLAWS OF
QUAIL MEADOWS ASSOCIATION, INC.**

Article I
Plan of Ownership

Section 1. Applicability. These Bylaws provide for the governance of Quail Meadows Association, Inc. (the "Association") pursuant to the requirements of the Maryland Homeowners Association Act (the "Act"), the Maryland Nonstock Corporation Code, the Maryland Contract Lien Act and other applicable Maryland law. The Association's property is located in Baltimore County, Maryland and was submitted to the provisions of the Act by recordation of a Declaration among the Land Records of Baltimore County, Maryland as is more particularly described in the Amended and Restated Declaration.

Section 2. Compliance. Every Owner, family member, tenant, employee, invitee, agent, licensee and all those entitled to occupy a Lot shall comply with these Bylaws and the Declaration and its amendments.

Section 3. Office. The office of the Association and the Board of Directors ("Board") shall be located at such place as may be designated from time to time by the Board.

Section 4. Definitions. Terms used herein without definition shall have the meanings specified for such terms in the Amended and Restated Declaration, or if not defined in the Amended and Restated Declaration, the meanings specified for such terms in Section 11B-101 of the Act.

Article II
Membership of the Association

Section 1. Members. The Association shall have as its members every person, corporation, trust or other legal entity, or any combination thereof, who or which owns a Lot; provided however, that any person, corporation, trust or other legal entity, or any combination thereof, who or which holds such interest solely as security for the performance of an obligation shall not be a member solely on account of such interest.

Section 2. Annual Meetings. Unless otherwise directed by the Board, the annual meeting of the Association shall be held during the month of October each year on a day and at an hour designated by the Board. At such annual meeting Board members shall be elected to replace the Board members whose terms which then expire. Board members shall be elected by ballot, or directed proxy, of the Owners in accordance with Maryland law and the requirements of this Article and Article III of these Bylaws. Any other business of the Association may be conducted at the Annual meeting, and the notice of annual meeting need only indicate that the purpose is to conduct the annual meeting.

Section 3. Place of Meetings. Meetings of the Association shall be held at such suitable place convenient to the Owners as may be designated by the Board.

Section 4. Special Meetings. The President shall call a special meeting of the Association if so directed by a resolution of the Board, or upon a petition signed and presented to the Secretary by not less than ten percent (10%) of the total eligible voters. The notice of any special meeting shall state the date, time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice. In the event that the meeting is called by petition, the notice shall state only the purpose specifically set forth in the petition. In the event that the President fails or refuses to call a special meeting within then (10) days of receipt by him or her of a Board resolution or receipt by the Secretary of a properly executed petition, any two (2) members of the Board may call the special meeting.

Section 5. Notice of Meetings.

(a) The Secretary, or the Managing Agent under the supervision of the Secretary, shall provide Owners with notice of each annual or special meeting. Such notice shall be in writing and shall be either delivered or mailed to each Owner at least ten (10) days, but not more than ninety (90) days prior to the meeting, at the address shown on the Association's roster of Owners on the date of the notice. If mailed, the notice shall be deemed given when deposited in the United States mail, postage prepaid and addressed to the Owner at the address on the Association's roster as of the date of the notice. Said notice may also be made by "electronic transmission" as defined by the Act, if the requirements of Section 11B-113.1 of the Act are met. The notice shall specify the day or date, time, place and purpose of the meeting.

(b) The notice shall also state that if the number of Owners present at a meeting does not constitute a quorum, the meeting may be adjourned and another meeting of the Owners may be called for the same purpose, if:

(1) a majority of the Owners, present at the meeting in person or by proxy vote to approve the additional meeting; and,

(2) at least ten (10) but not more than ninety (90) days notice of the time, place and purpose of the additional meeting is delivered or mailed to all Owners. The notice shall also set forth that at the additional meeting the Owners present at the meeting, in person or by proxy, shall constitute a quorum and that a majority of those Owners may take any action which could have been taken at the original meeting.

(c) Rights of Mortgagees. Any institutional mortgagee of any Lot who desires notice of the annual and special meetings of the members shall notify the Secretary to that effect by Registered Mail – Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the members should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of

the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the members to each such institutional mortgagee in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notice to the members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the members and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings and the members upon request made in writing to the Secretary.

Section 6. Waiver of Notice. Waiver of notice of meeting of the Association shall be deemed the equivalent of proper notice. Any Owner may file with the Board a written waiver of notice of any meeting of the Association, either before or after such meeting. Attendance at a meeting by an Owner, whether in person or by proxy, shall be deemed waiver by such Owner of notice of the time, date and place thereof unless such Owner specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to lack of notice is raised at the time the meeting is called to order.

Section 7. Quorum. A quorum is deemed present throughout any meeting of the Association if persons entitled to cast ten percent (10%) (or such lesser percentage as may be provided by Maryland law) of the total authorized votes are present in person or by proxy at the beginning of the meeting.

Section 8. Order of Business at Annual Meetings. As far as practical, the order of business at all annual meetings of the Association shall be as follows, but may be amended at the meeting at the initiative of the Chair or a majority of the Owners present:

- (a) Roll call and certification of proxies.
- (b) Proof of notice of meeting.
- (c) Reading of minutes of preceding meeting(s) (may be waived).
- (d) Election or appointment of inspectors/tellers of election.
- (e) Election of members of the Board of Directors.
- (f) Reports of Officers.
- (g) Reports of the Board of Directors.
- (h) Reports of Committees.

- (i) Unfinished business.
- (j) New business.
- (k) Adjournment.

Section 9. Order of Business at Special Meetings. The order of business at any special meeting called in accordance with the procedures set forth in these Bylaws shall be as follows:

- (a) Roll call and certification of proxies.
- (b) Proof of notice of meeting.
- (c) Reading of Notice and Petition. (if any)
- (d) New Business as stated in the Notice.
- (e) Adjournment.

Section 10. Rules of Order. The parliamentary procedure for the conduct of all meetings of the Association and the Board of Directors shall be governed by the version of Roberts' Rules of Order designated by the Board of Directors in its sole discretion to be the "official" Association version insofar as it is consistent with these Bylaws and the Declaration. In the event of a conflict, these Bylaws and the Declaration shall prevail.

Section 11. Title to Units. Title to a Lot may be taken in the name of one or more persons or entities, in any manner permitted by law. The Association may acquire, hold and transfer full legal title to one or more Lot in the Association in its own name.

Section 12. Proxy.

(a) At meetings of the Association, each Owner shall be entitled to cast the number of votes appurtenant to his or her Lot. Owners may vote by proxy, but the proxy is effective only for a maximum period of eleven (11) months following its issuance unless granted to a lessee or mortgagee. The proxy shall take the form designated by the Board. Any proxy may be revoked at any time at the pleasure of the Owner(s) executing the proxy.

(b) A proxy who is not appointed to vote as directed by an Owner may only be appointed for the purposes of meeting quorum requirements and to vote for matters of business before the Association other than an election of members of the Board. Only an Owner voting in person or via electronic transmission or a proxy voting for candidates designated by an Owner, may vote to elect members of the Board.

Section 13. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted at the meeting as well as a record of all transactions occurring thereat. The President may appoint a person to serve as parliamentarian at any meeting of the Association. The tallying of all votes for the election of the Board shall be supervised by inspectors or election tellers appointed by the President or other Officer presiding over the meeting.

Section 14. Adjournment. Any meeting of the Association at which a quorum is not present may be adjourned and reconvened in accordance with Section 5 of these Bylaws. Proxies submitted for the original meeting shall be valid at any adjourned meeting unless withdrawn by the Owner (s) executing the proxy. Any business which could have been transacted properly at the original session of the meeting may be transacted at an adjourned session.

Section 15. Consents. Unless other rights established in these Bylaws are infringed upon by the operation of this Section, any action which may be taken by a vote of the Owners may also be taken by written consent of those Owners who hold the requisite percentage of votes necessary to decide an issue pursuant to the Declaration or these Bylaws.

Section 16. Roster of Owners. The Association shall maintain a current roster of names and addresses of each Owner to which notice of meetings of the Association shall be sent. Each Owner shall, within five (5) days after acquiring title to a Lot in the Association, furnish the Managing Agent or the Board with his or her name and current mailing address. No Owner may vote at meetings of the Association until this information is furnished.

Article III Board of Directors

Part A. Composition and Selection of Board of Directors.

Section 1. Composition. The affairs of the Association shall be governed by a Board of Directors. The Board shall be composed of five (5) persons. The Board shall be comprised of Owners provided, however, that multiple Owners of the same Lot may not serve on the Board at the same time.

Section 2. Nominating Procedures.

(a) An Owner may nominate himself or herself or any other Owner to be a Director. A call for nominations shall be sent to all Owners not less than forty-five (45) days before notice of an election is sent. Only nominations made at least fifteen (15) days before the notice of an election shall be listed on the election ballot, but nominations may be made from the floor at the meeting. Candidates shall be listed on the ballot in alphabetical order, with no indicated

candidate preference. If the Board allows and the candidate wishes, a signed personal statement can be inserted with the notice of election. If no call for nominations is made, nominations shall only be made from the floor at the meeting.

(b) In addition to the nominations made pursuant to the procedure outlined above, nominations may be made by persons voting by directed proxy. If a call for nominations has been made, a nomination by directed proxy shall be deemed a nomination from the floor.

(c) At or before the time votes for the Board are cast by the Owners, all nominees must consent to serve, including any persons "nominated" by a write-in vote on a directed proxy and any persons nominated from the floor. If no such consent is given, in person or in writing, by the proposed nominee, the nomination is void.

(d) An Owner may not be elected to the Board of Directors if the Association has a recorded statement of lien against the Owner's Lot and the amount necessary to release such lien has not been paid at the time of the election. In addition, an Owner may not be elected to the Board of Directors if there is litigation pending between the Association and said Owner.

Section 3. Elections.

(a) The Board of Directors, as of the date of the recording of these Amended and Restated Bylaws consists of five (5) persons who hold staggered three (3) year terms such that the term of at least (1) Director expires each year. It is the intention of these Bylaws to maintain these staggered terms for Directors, therefore, at each annual meeting a successor shall be elected for a term of three (3) years, to replace the Director(s) whose term then expires.

(b) In the event that a completely new Board of Directors is necessary the Association shall immediately hold a meeting to elect new Directors in accordance with these Bylaws. Directors shall be elected as follows: The two candidates who receive the highest number of votes shall be elected for a term of three (3) years; the two candidates who receive the next highest number of votes shall be elected for a term of two (2) years; the candidate who receives the next highest number of votes shall be elected for a term of one (1) year. Successors shall be elected for three (3) year terms.

Section 4. Removal or Resignation of Members of the Board of Directors.

(a) At a duly called regular meeting of the Association or a special meeting called for that purpose, any one or more of the Directors may be removed with or without cause by a majority of Owners voting in person or by directed proxy so long as the Owners voting to remove a Director

represent at least twenty five percent (25%) of the total votes of the Association. Any Director whose removal has been proposed by the Owners shall be given fifteen (15) days notice of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Any vacancies created by removing one or more Directors may be filled at the same meeting. Successors shall be elected by a plurality vote of those present at the meeting in person or those who have filed a directed proxy, and shall be elected to fill the entire remainder of the original term of the removed Director. Any Director who is removed as a Director pursuant to this Section and also holds an officer position shall also be thereby removed from such office. A Director may resign at any time.

(b) A Director shall be automatically deemed to have resigned if not in attendance at three (3) consecutive regular meetings of the Board unless the minutes reflect the consent of the Board to such absences.

(c) A Director who becomes more than forty-five (45) days delinquent in the payment of assessments or other charges shall be automatically deemed to have resigned on the forty-sixth (46th) day.

Section 5. Vacancies. Vacancies on the Board caused by any reason other than removal of a Director by vote of the Association shall be filled by a vote of the majority of the remaining Directors at any meeting of the Board. The Director selected by the Board shall serve until a successor shall be elected at the next annual meeting of the Association. Such successor shall fill the remaining term of the vacated position.

Section 6. Compensation. Directors shall not be compensated for acting as such unless and to the extent the Owners of the Association authorize compensation by a vote of a majority of the total votes of the Association at an annual meeting or at any special meeting duly called for that purpose. Notwithstanding the foregoing, Directors may be reimbursed for reasonable expenses incurred on behalf of the Association as shall be determined by the Board, subject to a report to be included in the Board's meeting minutes.

Section 7. Organizational Meeting. The first meeting of the Board of Directors following the annual meeting of the Association shall be held immediately following or within ten (10) days of the annual meeting at such time and place as shall be fixed at the annual meeting, and no notice shall be necessary to the newly elected members of the Board in order legally to constitute such meeting, providing a majority of the whole Board shall be present thereat.

Section 8. Duty of Loyalty. All directors are encouraged to share their views and opinions. No director is required to personally endorse a decision of the Board from which that director has dissented or intends to dissent. Directors may discuss their opinions freely and openly amongst themselves, subject to any applicable constraints requiring confidentiality; provided, however, that such discourse does not constitute a meeting of the Board held in violation of applicable open meetings laws. By acceptance of a position on the Board, each director-member thereof agrees to work within the Association's processes and systems to

advance his position, but not to work individually or in collusion with others to subvert the legitimate work of the Board or the Association.

Part B. Meetings.

Section 8. Regular Meetings.

(a) Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors, but such meetings shall be held at least once every three (3) months during each fiscal year. Notice of regular meetings of the Board shall be given to each Director by mail or telephone at least ten (10) days prior to the day named for such meeting. Said notice may also be made by “electronic transmission” as defined by the Act, if the requirements of Section 11B-113.1 of the Act are met. The date of the next regular meeting may be set at a meeting and such action shall constitute notice of the next meeting to all Directors present at the prior meeting. Each regular meeting shall provide a designated period of time to allow Owners an opportunity to comment on any matter relating to the Association. During a meeting at which the agenda is limited to specific topics, the Owners’ comments may be limited to the topics listed on the meeting agenda.

(b) Regular meetings of the Board, except those held pursuant to Section 11B-111 (4) of the Act shall be open to all Owners. All members of the Association shall be given reasonable notice of all regularly scheduled open meetings of the Association.

(c) The notice requirements contained in this Section 8 may be met by the publication of a schedule setting forth in advance the day or date, time and location of regular Board meetings.

Section 9. Special Meetings. Special meetings of the Board may be called by the President on three (3) business days notice to each Director by mail, in person or by telephone. The notice shall include the day or date, time, place and purpose of the meeting. Upon written request of at least two (2) Directors, special meetings of the Board shall be called by the President or Secretary in like manner and on like notice. Notice to Owners of special meetings of the Board shall be given prior to the meeting in a manner determined by the Board. Each Special meeting shall provide a designated period of time to allow Owners an opportunity to comment on the topics listed on the meeting agenda. No business shall be transacted at a special meeting of the Board except that stated in the notice.

Section 9.1 Right of Mortgagees. Any institutional mortgagee of any Lot who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary to that effect by Registered Mail – Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are

received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the members of the Board of Directors. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representatives may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary.

Section 10. Waiver of Notice. Any Director may at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice by him or her of the day or date, time, place and purpose of such meeting. If all Directors are present at any meeting of the Board, no notice shall be required (except notice to Owners in accordance and these Bylaws) and all appropriate business may be transacted at such meeting.

Section 11. Quorum. At all meetings of the Board, the presence of a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board. If at any meeting of the Board there shall be less than a quorum present, a majority of those present may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. Directors must be present in person at the meeting and vote in person. All Directors shall have one (1) vote and all Directors are entitled to vote, even the Director who has been elected by the Board as President.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep or cause to be kept a minute book of the Board recording therein all resolutions adopted by the Board and all relevant transactions and proceedings occurring at such meetings.

Except as provided in Section 13 of this Article III, all meetings of the Board of Directors shall be open to all Owners. Notwithstanding that such meetings shall be open, no person other than members of the Board of Directors shall be entitled to seek recognition, vote or otherwise participate at the meetings, unless provided otherwise by the Act, the Declaration or these Bylaws. The Board shall have the power to expel from any meeting any and all persons who refuse to conduct themselves appropriately while attending such meeting or who disrupt the proceedings of the Board.

Section 13. Closed Meetings.

(a) A meeting of the Board may be held in closed session for the purposes set forth in Section 11B-111 of the Act, as amended from time to time. Such purposes include the following:

- (i) Discussion of matters pertaining to employees and personnel; or
- (ii) Protection of the privacy or reputation of individuals in matters not related to Association business; or
- (iii) Consultation with legal counsel on legal matters; or
- (iv) Consultation with staff personnel, consultants, attorneys, board members, or other persons in connection with pending or potential litigation or other legal matters; or
- (v) Investigative proceedings concerning possible or actual criminal misconduct; or
- (vi) Consideration of the terms or conditions of a business transaction in the negotiation stage if the disclosure could adversely affect the economic interests of the Association; or
- (vii) Compliance with a specific constitutional, statutory or judicially imposed requirement protecting particular proceeding or matters from public disclosure; or
- (viii) Discussion of individual owner assessment accounts.

(b) The Board may vote to hold a closed session for these specific purposes, but the Board may also choose to discuss any of these issues in an open meeting. If a meeting is held in closed session, an action may not be taken and a matter may not be discussed if it is not permitted by the Act. A statement of the time, place, and purpose of the closed meeting, the record of the vote of each Board member by which the meeting was closed, and the recitation of the authority to close the meeting pursuant to Section 11B-111 of the Act, shall be included in the minutes of the next meeting of the Board.

Part C. Powers and Duties.

Section 14. Powers and Duties. The Board shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Association and may do all such acts and things which are not by the Act, the Declaration or these Bylaws specifically directed to be done and exercised exclusively by the Owners.

The Board may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the Managing Agent, if any, which might arise between meetings of the Board. In addition to the duties imposed by these Bylaws or by any resolution of the

Association that may hereafter be adopted, the Board shall have the power to, and be responsible for, the following, by way of explanation but not limitation:

(a) Preparing a proposed annual budget, which shall be submitted to the Owners at least thirty (30) days prior to its adoption, and adopting at an open meeting an annual budget which shall establish the contribution by assessment to be paid by each Owner to the common expenses. The Board of Directors shall have the power to make interim adjustments in the monthly assessments if the current assessments are inadequate or if for any reason the Board deems such change necessary, including, but not limited to, a change in the capital reserve budget. All such adjustments shall be made in accordance with Maryland law.

(b) Making assessments against the Owners to defray the common expenses, establishing the means and methods of collecting such assessments from the Owners, and establishing the period of the installment payments of the annual assessments.

(c) Providing for the operation, care, upkeep, maintenance and repair of all Common Areas and for services to the Association.

(d) Designating, hiring and dismissing the personnel necessary for the maintenance, operation, repair and replacement of the Common Areas, and providing services for the Association, and, when appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed to be owned by the Association.

(e) Collecting the assessments from the Owners, depositing the proceeds thereof in a bank depository which the Board shall approve, and using the proceeds to administer the Association.

(f) Determining to open and close bank accounts on behalf of the Association and designating the signatories required for each such account; determining how the funds of the Association shall be invested and causing appropriate investment accounts to be opened and closed. (Once such decisions are made by the Board, implementation may be delegated to a committee or to management.)

(g) Determining how common profits or surplus, if any, shall be treated.

(h) Making and amending rules and regulations respecting the use of the Common Areas, the Lots and Dwelling Units; provided however that all rules and regulations shall be enacted in accordance with the procedures set forth in the Declaration and that no such Rules or Regulation so adopted shall conflict with the Act, the Declaration or these Bylaws. Furthermore, no Rule or Regulation shall be construed so as to impair in any manner the lien of any mortgage or deed of trust with respect to any Unit or the Common Areas if such rule or regulation is promulgated after the recordation of such mortgage or deed of trust.

(i) Enforcing by legal means the provisions of the Declaration, these Bylaws and the Rules and Regulations adopted by the Board for use of the Common Areas, the Lots and Dwelling Units, including utilizing monetary fines and such other sanctions as it deems appropriate to enforce the same, provided the Board complies with the procedures noted in the Declaration prior to the imposition of any sanction. If an Owner persists in a violation of the Declaration, the Bylaws or any duly enacted Rules and Regulations, the Board of Directors may require him or her to post a bond satisfactory to it, in its sole discretion, to secure future compliance with the Declaration, the Bylaws or the Rules and Regulations.

(j) Causing the repair and restoration of the Association in accordance with the Declaration after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

(k) Notifying the Owners of any eminent domain proceeding or of any litigation against the Association involving a claim in excess of ten percent (10%) of the amount of the annual budget, and bringing any proceedings which it may deem necessary to be instituted on behalf of the Owners.

(l) Obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, paying the cost thereof and settling any claims thereunder.

(m) Paying the costs of all services rendered to the Association and not chargeable to Owners of individual Lots.

(n) Keeping books with detailed accounts of the receipts and expenditures affecting the administration of the Association, specifying the maintenance and repair expenses of the Common Areas and any other expenses incurred. The Associations books and records shall be available for examination by the Owners, their duly authorized agents, accountants, or attorneys during normal business hours. All books and records shall be kept in accordance with generally accepted accounting principles and shall be audited at least once a year by an outside auditor employed by the Board, who shall not be a resident of the Association or an Owner therein. The cost of such audit shall be a Common Expense.

(o) Borrowing money on behalf of the Association when required in connection with, or relating to, the operation, care, upkeep, or maintenance of the Common Areas and additions, alterations or improvements to the Common Areas.

(p) Acquiring, holding, and disposing of Lots and leasing and mortgaging the same.

(q) Establishing reasonable reserve funds for emergencies and unforeseen contingencies and for the repair and replacement of the Common Areas.

(r) Controlling the use of all Common Areas, including, but not limited to, designating parking spaces thereon for use by Owners and their guests.

(s) Doing such other things and taking such other acts on behalf of the Association as are not inconsistent with the Act, the Declaration or these Bylaws.

Section 15. Managing Agent. The Board may employ a Managing Agent for the Association at a rate of compensation to be established by the Board.

(a) Requirements. The Managing Agent shall be a bona fide business enterprise which manages community associations. Such firm or the Property Manager assigned to the Association shall have a minimum of two (2) years experience in residential community management and shall employ persons possessing a high level of competence in the technical skills necessary for the proper management of the Association. The Managing Agent must be able to advise the Board regarding the administration and operation of the Association, including operating and reserve budgeting, maintenance of the property, Association insurance, accounting, contract negotiation, labor relations and Association regulation.

(b) Duties. The Managing Agent shall perform such duties and services as the Board shall authorize, including but not limited to the duties listed in paragraphs (a), (c), (d), (e), (l), (m), (n) and (s) of Section 14 of Part C of this Article III. The Board may delegate to the Managing Agent all of the powers granted to the Board by these Bylaws other than the powers set forth in paragraphs (b), (f), (g), (h), (i), (j), (k), (o), (p) (q) and (r) of Section 14 of Part C of this Article III. The Managing Agent shall perform the obligations, duties and services relating to management of the property, the right of mortgagees and the maintenance of reserve funds in compliance with the provisions of these Bylaws.

(c) Standards. The Board shall impose appropriate standards of performance upon the Managing Agent including, but not limited to, the items listed in this subsection, unless the Managing Agent is instructed otherwise by the Board:

(1) either the accrual or the cash flow methods of accounting shall be employed as determined from time to time by the Board, and expenses required by these Bylaws to be charged to more than one, but less than all Owners shall be accounted for and reported separately;

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

(3) cash accounts of the Association shall not be commingled with any other accounts;

(4) the Managing Agent shall not have sole signature authority over the Association's reserve accounts, and all such accounts shall require a minimum of two signatures to withdraw or transfer funds, one of which must be a member of the Board of Directors;

(5) no remuneration or gifts of any kind or nature, whether in the form of commissions, finder's fees, service fees, or otherwise, shall be accepted by the Managing Agent from vendors, independent contractors or others providing goods or services to the Association without the written consent of the Board; any discounts received shall inure to the benefit of the Association;

(6) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;

(7) the Managing Agent shall pay the Association's obligations in a timely manner. If any obligation is not paid in a timely manner and late fees, penalties or interest or other such charges are incurred, the Agent shall be responsible for the payment of such charges, unless the late payment of the obligation is the result of insufficient funds in the Association's account of which the Management Agent had informed the Board in writing at least five (5) business days prior to the date upon which the payment in question became past due;

(8) a monthly financial report shall be prepared for the Association containing:

(A) a Statement of Operations reflecting all income and expense activity for the preceding month;

(B) a General Ledger reflecting all receipt and disbursement activity for the preceding month;

(C) a Disbursement Journal reflecting all disbursements from the preceding month;

(D) an Account Status Report reflecting the status of all accounts in the "actual" versus "projected or budgeted" format;

(E) a Balance Sheet reflecting the financial condition of the Association on an unaudited basis;

(F) a Budget Report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding operating reserves or ten percent (10%) of a major budget category (as distinct from a specific line item in an expanded chart of accounts); and

(G) a Delinquency Report listing all Owners who are delinquent in paying Association assessments and describing the status of any actions to collect such assessments (the Delinquency Report may be prepared, in part, by the Association's legal counsel regarding those accounts being handled by counsel).

(d) Limitations. Any contract with the Managing Agent must provide that it may be terminated without cause on no more than sixty (60) days written notice, and with cause on no more than thirty (30) days written notice, and the term of any such contract shall not exceed one (1) year.

Section 16. Board of Directors as Agent. The Board of Directors shall also have the power to act as agent for the Owners of all of the Lots and for each of them, to manage, control and deal with the interests of such Owners in the Common Areas of the Association to permit the Board of Directors to fulfill all of its powers, rights, functions and duties, except to the extent that the Board's power is otherwise limited by these Bylaws. The Board of Directors shall have the power to act as agent for each Owner, each Mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Association to:

- (a) adjust and settle all claims arising under insurance policies purchased by the Board of Directors;
- (b) execute and deliver releases upon the payment of claims;
- (c) act on their behalf in any condemnation proceeding or action of eminent domain;
- (d) accept and grant easements and licenses.

Section 17. Liability of the Board of Directors, Officers, Committee Members and Volunteers.

(a) The Officers, Directors, Committee Members and Volunteers shall not be liable to the Association or any Owner for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Association 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 Board on behalf of the Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Act, the Declaration or these Bylaws, except to the extent that such liability is satisfied by directors and officers liability insurance. Officers and members of the Board shall have no personal liability with respect to any contract approved by the Board on behalf of the Association. The Association shall indemnify and hold harmless each of the Directors, Officers and members of any committee or volunteers from and against all liability to others arising out of the due exercise of their responsibilities unless their action shall have been taken in bad faith or contrary to the provisions of the Act, the Declaration or these Bylaws.

(b) The Association shall not be liable for the failure of any services to be obtained by the Association or paid for as a Common Expense, or for injury or damage to persons or property caused by the elements, or Acts of God, or by any Owner, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common Areas or from any pipe, drain, conduit, appliance or equipment. The Association shall not be liable to any Owner for loss or damage by theft or otherwise, or articles which may be stored upon any of

the Common Areas. No diminution or abatement of any 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 taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 18. Common or Interested Directors. Each member of the Board shall exercise his or her powers and duties in good faith and with a view to the interest of the Association. No contract or other transaction between the Association and any of its Directors, or between the Association and any corporation, firm, or association in which any of the Directors of the Association are directors or officers or are monetarily or otherwise interested, is either void or voidable because any such Director is present at the meeting of the Board, whereat the contract or transaction is approved, or because his or her vote is counted for such purpose, if the following conditions exist:

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

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

A common or interested director may be counted in determining the presence of a quorum at any meeting of the Board of Directors at which any contract or other transaction is approved, and may vote thereat to authorize any contract or other transaction with like force and effect as if he or she were not such director of such other corporation or not so interested.

Section 19. Fidelity Bonds. The Board of Directors shall require adequate blanket fidelity bond insurance to protect against dishonest acts on the part of officers, directors, managers, trustees, employees and volunteers of the Association and all other persons handling or responsible for or administering funds of the Association. The premium on all bonds required herein, except those maintained by the management agent, shall be paid by the Association as a common expense. The bonds shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association. Such fidelity bond insurance shall:

- (I) Name the Association as an obligee;
- (II) The amount of the fidelity insurance, which is required pursuant to Section 11B-111.6 of the Act, shall equal at least the lesser of: (i) three (3) months worth of gross common charges and the total amount held in all investment accounts at the time the fidelity insurance is issued; or (ii) three millions dollars (\$3,000,000.00);
- (III) Contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

Part D. Committees.

Section 20. Committees. There shall be such ad hoc or standing committees as the Board shall determine from time to time with the powers and the duties that the Board shall authorize. Committee chairpersons and members shall be appointed by the President with the advice and consent of the Board.

Committee activities will be in consonance with a resolution of the Board wherein the purpose and objective of the committee shall be defined. A committee shall not make any contract, agreement or commitment which shall be binding on the Board or the Association, nor promulgate any rule or regulation intended to be enforceable against an Owner, but a committee may recommend the adoption or promulgation of such rule or regulation to the Board of Directors.

Article IV
Officers

Section 1. Designation. The principal officers of the Association shall be the President, the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Board. The Board may appoint an assistant treasurer, an assistant secretary and such other Officers as in its judgment may be necessary. The President and Vice President must be Owners and members of the Board of Directors. Any other Officers may, but need not, be Owners or members of the Board. Any two offices may be held by the same person, except those of President and Vice President or President and Secretary; however, no officer shall execute, acknowledge or verify any instrument in more than one capacity. Each Officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent inconsistent with the Act, the Declaration or these Bylaws, and shall perform such other duties as may be assigned to such office by resolution of the Board of Directors. If any Officer is unable for any reason to perform the duties of the office, the Board of Directors may appoint another qualified person to act in such Officer's stead on an interim basis.

Section 2. Election of Officers. The Officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Except for death, resignation or removal, the Officers shall hold office until their respective successors shall have been elected by the Board.

Section 3. Removal of Officers. Upon the affirmative vote of a majority of all members of the Board any Officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose. Any Officer whose removal has been proposed by the members of the Board shall be

given an opportunity to be heard at the board meeting or the special meeting of the Board called for such purpose.

Section 4. President. The President shall: be the chief executive officer of the Association; preside at all meetings of the Association and of the Board; have general and active direction of the business of the Association subject to the control of the Board; see that all orders and resolutions of the Board of Directors are carried into effect; have all the general powers and duties which are incident to the office of president of a non-stock corporation organized under the laws of the State of Maryland, including without limitation, the power to appoint committees, with the advice and consent of the Board, from among the Owners from time to time as the President, in his or her discretion, decides is appropriate to assist him or her in the conduct of the affairs of the Association.

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

Section 6. Secretary. The Secretary, with the assistance of the Managing Agent, shall: cause the keeping of the minutes of all meetings of the Association and of the Board; have charge of such books and papers as the Board may direct; maintain the roster of Owners and mortgagees setting forth the place to which all notices to Owners and mortgagees hereunder shall be delivered; record and count all votes taken at meetings of the Association; in general, perform all the duties incident to the office of secretary of a non-stock corporation organized under the laws of the State of Maryland.

Section 7. Treasurer. The Treasurer, with the assistance of the Managing Agent, shall: have the responsibility for the funds and securities of the Association; be responsible for causing the keeping of full and accurate financial records and books of account showing all receipts and disbursements and for the preparation of all required financial data; be responsible for the deposit of all monies and other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board; in general, perform all the duties incident to the office of treasurer of a non-stock corporation organized under the laws of the State of Maryland.

Section 8. Execution of Documents. Without the prior authorization of the Board of Directors, all checks, agreements, contracts, deeds and other instruments of the Association for expenditures or obligations in excess of ten percent (10%) of the total annual assessment for common expenses for that fiscal year, except from reserve accounts, shall be executed by one (1) Director and the Managing Agent or by two (2) Directors. All checks, agreements, contracts, deeds and other instruments of the Association for expenditures or obligations of ten percent (10%) or less of the total annual assessment for common expenses for that fiscal year, except from reserve accounts, may be executed by one (1) Director or the Managing Agent. All checks drawn upon or transfer authorizations relating to reserve accounts, shall be executed by two (2) Directors.

Section 9. Compensation of Officers. Officers shall not be compensated for acting as such unless and to the extent the Owners of the Association authorize compensation by a vote of a majority of the total votes of the Association at any meeting duly called for that purpose. Notwithstanding the foregoing, Officers may be reimbursed for reasonable expenses incurred on behalf of the Association, as shall be determined by the Board, subject to a report to be included in the minutes of the Board.

Article V
Resale of Lots

Section 1. Notice to Contract Purchaser. An Owner shall provide a contract purchaser of the Owner's Lot with the following information and disclosures not later than twenty (20) days after entering into the contract:

- (a) copies of the Association's Declaration, these Bylaws and the Rules and Regulations;
- (b) a resale certificate from either the Board or the Managing Agent;
- (c) a statement by the Owner as to whether the Owner has knowledge:
 - (1) that any alteration to the Lot or Dwelling Unit violates any provisions of the Declaration, these Bylaws or the Rules and Regulations; and
 - (2) of any violation of the health or building codes with respect to the Lot or Dwelling Unit.
- (d) such other disclosures as may be required by Maryland law.

Section 2. Notice to Board of Directors. Upon purchasing a Lot within the Association, the Owner shall supply the Board of Directors or the Managing Agent with a copy of his or her name, address and telephone number, as well as the name and address of the mortgagee holding a first mortgage on the Owner's Lot and his or her mortgage account number. An Owner's failure to provide the Board of Directors or the Managing Agent with this information will render the Owner ineligible to vote at any meeting of the Association until such time as the Owner has complied with this Section.

Article VI
Fiscal Management

Section 1. Fiscal Year. Unless otherwise directed by the Board of Directors, the Association's fiscal year shall be the calendar year.

Section 2. Maintenance and Inspection of the Books and Records.

(a) The books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The books shall be kept with detailed accounts, in chronological order, of receipts, expenditures, and other transactions of the Association. The books and records shall specify the maintenance, repair and service expenses of the Common Areas incurred by the Association.

(b) All books and records kept by or on behalf of the Association, except for those items listed in subsection (c) below shall be made available for examination and copying by an Owner, an Owner's mortgagee, and their respective duly authorized agents or attorneys, during normal business hours, and after reasonable notice.

(c) If an Owner requests in writing a copy of financial statements of the Association or the minutes of a meeting of the Board of Directors or other governing body of the Association to be delivered, the Board of Directors or other governing body of the Association shall compile and send the requested information by mail, electronic transmission, or personal delivery:

- (1) Within 21 days after receipt of the written request, if the financial statements or minutes were prepared within 3 years immediately preceding receipt of the request; or
- (2) Within 45 days after receipt of the written request, if the financial statements or minutes were prepared more than 3 years before receipt of the request.

(d) Books and Records kept by or on behalf of the Association may be withheld from public inspection, except for inspection by the person who is the subject of the record or the person's designee or guardian, to the extent that they concern:

- (1) Personnel records, not including information on individual salaries, wages, bonuses, and other compensation paid to employees;
- (2) An individual's medical records;
- (3) An individual's personal financial records, including assets, income, liabilities, net worth, bank balances, financial history or activities, and creditworthiness;
- (4) Records relating to business transactions that are currently in negotiation;
- (5) The written advice of legal counsel; or
- (6) Minutes of a closed meeting of the Board of Directors or other governing body of the Association, unless a majority of the a quorum of the Board of Directors or

governing body that held the meeting approves unsealing the minutes or a recording of the minutes for public inspection.

(e) Except for a reasonable charge imposed on a person desiring to review or copy the books and records or who requests delivery of information, the Association may not impose any charges under Section 11B-112 of the Act. A charge imposed pursuant to this Section for copying books and records may not exceed the limits authorized under Title 7, Subtitle 2 of the Courts and Judicial Proceedings Article, Annotated Code of Maryland.

Section 3. Auditing. At the close of each fiscal year, the books and records of the Association shall be audited by an independent auditor whose report shall be prepared and certified in accordance with generally accepted auditing standards. Based upon such report, the Association shall furnish its members, and any Mortgagees who have so requested in writing, with an annual financial statement including the income and disbursements of the Association.

Section 4. Execution of Corporate Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or the Vice President, and attested by the Secretary or another Director. All checks shall be executed on behalf of the Association by such officers or agents as are from time to time authorized by the Board of Directors and in compliance with these Bylaws.

Section 5. Seal. The Board of Directors may provide a suitable corporate seal containing the name of the Association, which seal shall be in the charge of the Secretary, or other appropriate person authorized by the Board of Directors.

Article VII Amendments

Section 1. Amending the Bylaws. These Bylaws may be modified or amended by a vote of more than fifty percent (50%) of those present, in person or by proxy or by electronic transmission, at any duly constituted regular or special meeting of the Association (or such higher percentage a may be required by the Act). An Amendment shall not become effective until it is recorded among the Land Records of Baltimore County, Maryland.

Section 2. Proposing Amendments. Amendments to these Bylaws may be proposed by the Board or by petition signed by Owners representing ten percent (10%) of the total eligible votes of the Association, which petition shall be delivered to the Secretary. A description of any proposed amendment shall accompany the notice of any annual or special meeting of the Association at which such proposed amendment will be considered and or voted upon.

Article VIII
Miscellaneous

Section 1. Notices. Unless otherwise provided in these Bylaws 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 deposited in the U.S. Mail with sufficient first class, prepaid postage:

(a) If to an Owner, at the address which the Owner has designated in writing and filed with the Secretary or the Managing Agent, or, if no such address is designated, at the address of the Unit of such Owner. If a Unit is owned by more than one person, each such person who so designates an address in writing to the Secretary or the Managing Agent shall be entitled to receive all notices hereunder.

(b) If to the Association, the Board, or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at such other address as shall be designated by written notice to the Owners in accordance with this Section.

(c) If to a Mortgagee, said notice shall be sent by registered or certified mail to the respective addresses as designated by them from time to time in writing, to the Board of Directors.

Section 2. Registration with SDAT. The Association shall register with the State Department of Assessments and Taxation (SDAT) by the 15th day of April each year and provide SDAT with the names and mailing addresses of the Association's Officers and Directors as well as the names and mailing addresses of the Association's Managing Agent and resident agent, if any.

Section 3. Right to Inspect, Remove and Correct Violations. Provided that the procedures set forth in Article V, Section 2 of the Declaration have been followed, then in the event a violation is not removed or the violation is not otherwise terminated or abated within the time prescribed by the Board, the Association shall have the right, through its agents and employees to enter such Lot and or Dwelling Unit and to take such steps as may be necessary to remove or otherwise terminate or abate such violation, and the costs thereof including all attorney's fees actually incurred thereby may be assessed against the Owner and thereafter said fees shall constitute a lien against the Lot and be collectible in the same manner as an assessment. The Association shall have the further right, through its agents and employees to enter upon and inspect any Lot and or Dwelling Unit at any reasonable time for the purpose of ascertaining whether any violation of the provisions of the Declaration, Bylaws or Rules and Regulations exist within such Lot and or Dwelling Unit, and neither the Association nor any such agent or employee shall be deemed to have committed a trespass or other wrongful act by reason of such entry or inspection.

Section 4. Legal Proceedings. Failure to comply with the terms of the Declaration, these Bylaws and the duly enacted Rules and Regulations shall be grounds for relief, including without

limitation, an action to recover sums for money damages, injunctive relief, foreclosure of the lien for non-payment of assessments and any other relief afforded by a Court of competent jurisdiction, all of which relief may be sought by the Association, or by any other Owner. Failure or forbearance by the Association or by an Owner to enforce a provision of the Bylaws, this Declaration or the duly enacted Rules and Regulations shall in no event be deemed a waiver of the right to enforce any provision on any other occasion. There shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or attempted breach of any of the within covenants or restrictions or any provision of these Bylaws or the Declaration or the Rules and Regulations cannot be adequately remedied by an action at law or exclusively by recovery of damages.

Section 5. Costs and Attorney's Fees. In any legal proceeding instituted by an Owner, or arising out of any alleged default by an Owner, the prevailing party shall be entitled to recover the costs of such proceeding and all attorney's fees actually incurred. In the event that a legal proceeding was not filed against an Owner, but attorney's fees were nonetheless incurred in enforcing these Bylaws, the Declaration or the duly enacted Rules and Regulations against an Owner, the Board may assess all such attorney's fees against the Owner and thereafter said fees shall constitute a lien against that Owner's Lot and be collectible in the same manner as an assessment.

Section 6. Severability. In the event that any part or provision of these Bylaws shall be adjudged unlawful or unenforceable under Maryland law, the remainder of these Bylaws shall nonetheless survive and remain in full force and effect.

Section 7. 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 hereof.

Section 8. Conflicts. These Bylaws are subordinate and subject to all provisions of the Act and the Declaration. All of the terms used in these Bylaws, except where clearly repugnant to the context, shall have the same meaning as the Act and the Declaration. In the event of a conflict between the Declaration and the Bylaws, the Declaration shall control. In the event of a conflict between the Declaration and the Act, the Act shall control.

Section 9. Gender and Grammar. Whenever the context of these Bylaws requires, the singular shall include the plural and the plural shall include the singular. The use of any gender shall be deemed to include all genders.

Section 10. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure by the Board or the Association to enforce it.

Section 11. Homeowners Association Depository. A copy of these Bylaws and all other documents as required by Section 11B-112 of the Act shall be deposited in the Homeowners Association Depository located in the Clerk's Office of the Circuit Court of Baltimore County, Maryland.

AMENDMENT TO THE BYLAWS OF
QUAIL MEADOWS ASSOCIATION, INC.

WHEREAS, Quail Meadows Association, Inc. is a duly created Homeowners Association by virtue of the recordation of its Declaration among the Land Records of Baltimore County in Liber 5561, Folio 792, et. seq.; and

WHEREAS, Quail Meadows Association, Inc. is a Maryland non-stock corporation in good standing, created pursuant its Articles of Incorporation filed with the State Department of Assessments and Taxation in accordance with the provisions of the Corporations and Associations Article of the Maryland Annotated Code; and

WHEREAS, the Board of Directors of Quail Meadows Association, Inc. has determined that it is necessary to amend the current Bylaws in their entirety; and

WHEREAS, Article XII, Section 1 of the Bylaws provides that the Bylaws may be amended by the approval of a majority of a quorum of the Owners present at any meeting of the Owners called for such purpose; and

WHEREAS, Owners representing at least a majority of a quorum of the Owners at a duly constituted regular or special meeting, have approved the Amended and Restated Bylaws as evidenced by the Certificate of Secretary attached hereto; and

NOW THEREFORE, in accordance with the Bylaws of Quail Meadows Association, Inc., the Bylaws of Quail Meadows Association, Inc. are hereby amended by striking the current Bylaws, and any amendments thereto, in their entirety and substituting the following:

IN WITNESS WHEREOF, on this ____ day of _____, 20__, the Board of Directors on behalf of Quail Meadows Association, Inc. executed the foregoing Amended and Restated Bylaws of Quail Meadows Association, Inc.

QUAIL MEADOWS ASSOCIATION, INC.

By: _____, President

Attest: _____, Secretary

STATE OF MARYLAND

COUNTY OF BALTIMORE,

I, _____, a Notary Public in and for the State of Maryland, do hereby certify that _____, known to me (or satisfactory proven) to be the person named as the President of Quail Meadows Association, Inc. personally appeared before me in the above-referenced jurisdiction, and as President, and by virtue of the authority vested in him, acknowledged the Amended and Restated Bylaws to be the Act and Deed of the Association.

GIVEN under my hand and seal this _____ day of _____, A.D., 20__.

Notary Public

My Commission Expires: _____