

BY-LAWS
OF
VALEWOOD ESTATES HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is VALEWOOD ESTATES HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 9621 Harford Road, Baltimore, Maryland 21234, but meetings of members and directors may be held at such places within the State of Maryland, County of Harford, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to VALEWOOD ESTATES HOMEOWNERS ASSOCIATION, INC., a Maryland corporation, its successors and assigns.

Section 2. "Declaration" shall mean and refer to the "Valewood Estates Homeowners Association, Inc. Declaration of Covenants, Conditions and Restrictions" applicable to the Property recorded among the land records of Harford County, Maryland.

Section 3. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 4. All other capitalized terms used herein and not elsewhere defined shall have the meaning ascribed to them in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first meeting of the Members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year

thereafter at the hour of 7:30 p.m. If the day for the annual meeting of the Members is a Saturday, Sunday or legal holiday, the meeting will be held at the same hour on the first day thereafter which is not a Saturday, Sunday or legal holiday.

Section 2. Special Meetings. Special Meetings of the Members may be called at any time by the President or by the Board of Directors or upon the receipt by the President or the Board of Directors of a written request for a special meeting by Members holding at least twenty-five percent (25%) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by mailing a copy of such notice, postage prepaid, at least twenty (20) days but not more than ninety (90) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast or of proxies entitled to cast ten percent (10%) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present in person or by proxy.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies (other than the proxy given by each Builder to the Declarant pursuant to the provisions of the Declaration) shall be in writing and filed with the Secretary. Each proxy (other than the proxy given by each Builder to the Declarant pursuant to the provisions of the Declaration) shall be revocable and shall automatically cease upon conveyance by the Member of the title to his Lot.

ARTICLE IV

BOARD OF DIRECTORS:
SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be initially managed by a Board of three (3) Directors who need not be members of the Association. A majority of the entire Board of Directors is authorized to increase the number of Directors to a maximum of nine (9).

Section 2. Term of Office. Directors shall be elected at the annual meeting of Members in accordance with the Articles of Incorporation.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made by Members from the floor at the annual meeting at which the election is to be held for which such nominations are made. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the

next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, for each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly, without notice, at such date, place and time as may be fixed from time to time by resolution of the Board. If such date falls on a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any two (2) Directors after not less than three (3) days notice to each Director.

Section 3. Quorum. The presence at such date, time and place of majority of the number of Directors shall constitute a quorum for the transaction of business. Every act done or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. Except as may be otherwise provided in the Declaration, the Board of Directors shall have the power to:

a. adopt and publish rules and regulations to the extent and in accordance with Article XIII of the Declaration.

b. suspend the voting rights and right to use the recreational facilities, if any, of a Member or anyone to whom the Member's right of use has been delegated during (i) any period in which such Member shall be in default in the payment of any Assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of published rules and regulations.

c. exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation the Declaration, or applicable law.

d. declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

e. employ a manager, an independent contractor or such other employees as they deem necessary and to prescribe their duties.

f. establish reasonable procedures and fees for the processing of applications for approval submitted to the Board or Architectural Committee pursuant to Article V of the Declaration.

g. enter into agreements or amendments thereto, with the (i) owner of any land not within the Property or (ii) any community association or homeowners association having jurisdiction over such land for the sharing of costs for maintenance and operation of the Storm Water Management Facility.

Section 2. Duties. It shall be the duty of the Board of Directors to:

a. cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any Special Meeting when such statement is requested in writing by Members holding at least twenty-five percent (25%) of the total number of votes held by the Class A Membership.

MMT/03-11-88
4455Q

b. supervise all officers, agents and employees of the Association and to see that their duties are properly performed.

c. as is more fully provided in the Declaration, to:

(1) fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each assessment year;

(2) send written notice of each Annual Assessment to every Owner subject thereto at least thirty (30) days in advance of each assessment year;

(3) send a Notice of Lien to the Owner of each Lot for which any Assessment is not paid within thirty (30) days after the due date and if not thereafter paid file a Statement of Lien against such Lot or bring an action at law against the Owner of such Lot personally obligated to pay the same;

d. issue or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid. A reasonable charge may be established by the Board for the issuance of these certificates in accordance with Article XIII of the Declaration;

e. procure and maintain adequate liability and hazard insurance on property owned by the Association, such insurance to be in amounts not less than those specified in the Declaration;

f. cause all officers, agents or employees of the Association having fiscal responsibilities to be bonded as the Board may deem appropriate;

g. cause the Common Areas and Storm Water Management Facility to be maintained; and

h. make those payments required to be made by the Association under the Easement Agreement in connection with the maintenance, repair and replacement of the Storm Water Management Facility.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be the President, who shall at

all times be a member of the Board of Directors, the Vice-President, the Secretary, the Treasurer and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each Annual Meeting of the Members.

Section 3. Term. Each officer shall hold office for a term of one (1) year unless he shall sooner resign or shall be removed or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may from time to time determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of President and Vice President may not be held simultaneously by the same person. Otherwise, a person may simultaneously hold more than one office.

Section 8. Duties. The duties of the officers are as follows:

a. President: The President shall preside at all meetings of the Board; see that all orders and resolutions of the Board are carried out; sign on behalf of the Association all leases, mortgages, deeds and other written instruments and co-sign all checks and promissory notes.

b. Vice-President: The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

c. Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Membership, keep the corporate seal of the Association (if any) and affix it on all papers requiring said seal, serve notice of meetings of the Board and of the Membership, keep appropriate current records showing the Members of the Association together with their addresses and shall perform such other duties as required by the Board.

d. Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks and promissory notes of the Association, keep proper books of account, cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year, and shall prepare an annual budget and statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members.

ARTICLE IX

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Each officer and Director of the Association, in consideration of his services as such, shall be indemnified by the Association to the extent permitted by law against expenses and liabilities reasonably incurred by him in connection with the defense of any action, suit or proceeding, civil or criminal, to which he may be a party by reason of being or having been a Director or officer of the Association. The foregoing right of indemnification shall not be exclusive of any other rights to which the Director or officer may be entitled by law or agreement or vote of the Members or otherwise.

ARTICLE X

COMMITTEES

The Board of Directors shall appoint the member of the architectural committee as provided in the Declaration and a Nominating Committee as provided in

these By-Laws. In addition, the Board of Directors shall appoint such other committees as are deemed appropriate in carrying out the purposes of the Association.

ARTICLE XI

BOOKS AND RECORDS

The books, records and papers of the Association shall, at all times during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association where copies may be purchased at a reasonable cost.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association Annual and Special Assessments. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his Lot.

ARTICLE XIII

CORPORATE SEAL

The Association shall not have a seal.

ARTICLE XIV

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, except that the Federal Mortgage Agencies shall have the right to veto amendments while there is Class B membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XV

FISCAL YEAR

The fiscal year of the Association shall begin on the first (1st) day of January and end of the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of the Valewood Estates Homeowners Association, Inc., a Maryland corporation; and,

THAT the foregoing By-Laws constitute the original By-Laws of said Association as duly adopted by the Board of Directors thereof on the 24th day of March, 1988

IN WITNESS WHEREOF, I have hereunto subscribed my name this 24th day of March, 1988.

Patrick F. O'Shea
Patrick F. O'Shea, Secretary