

NEWTON MANOR HOMEOWNERS ASSOCIATION, INC.

AMENDED AND RESTATED BY-LAWS

ARTICLE I
NAME AND LOCATION

The name of the corporation is **NEWTON MANOR HOMEOWNERS ASSOCIATION, INC.**, hereinafter referred to as the "Association". The principal office of the Association in Maryland shall be located at c/o Somerset Development Company, 9400 Irving Road, Bel Alton, Maryland 20611 but meetings of Members and directors may be held at such places within the State of Maryland as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 2.1. "Association" shall mean and refer to NEWTON MANOR HOMEOWNERS ASSOCIATION, INC., a non-stock, non-profit Maryland Corporation, its successors and assigns.

Section 2.2. "Builder" shall mean and refer to Somerset Development Company, its successors and assigns.

Section 2.3. "Declarant" shall mean and refer to Newton Manor, L.L.C., a Maryland limited liability company, its successors and assigns, if such successors and assigns should acquire more than one (1) undeveloped Lot from the Declarant for the purpose of development.

Section 2.4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded among the Land Records for St. Mary's County, Maryland, at Liber E.W.A. 1866, Folio 363, including amendments and supplements thereto.

Section 2.5. "Lot" shall mean and refer to any parcel of land shown upon any recorded subdivision map of the properties, with the exception of the open space or common area.

Section 2.6. "Member" shall mean and refer to those persons entitled to membership as provided in the Articles of Incorporation and the Declaration.

Section 2.7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2.8. "Property" shall mean and refer to that certain real property described in the Declaration, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 2.9. Other Definitions. Unless it is plainly evident from the context that a different meaning is intended, other terms used herein shall have the same meaning as they are defined to have in the Declaration.

ARTICLE III **MEETINGS OF MEMBERS**

Section 3.1. Annual Meetings. The first annual meeting of the Members of the Association shall be held at such time and place as may be designated by the Board of Directors; provided, however, that the first annual meeting of the Members shall be held within ninety (90) days following the lapse of Class B membership. Thereafter, the annual meetings of the Members shall be held during the same month of each succeeding year, at such date as determined by the Board of Directors. At the first of such meetings, there shall be elected by ballot of the Members a Board of Directors in accordance with the requirements of Article IV of these By-Laws. The Members may also transact such other business as may properly come before them.

Section 3.2. Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by at least twenty-five percent (25%) of all of the votes entitled to be cast at the meeting having been presented to the Secretary; provided, however, that no special meetings shall be called either (a) except upon resolution of the Board of Directors, prior to the first annual meeting of the Members as hereinabove provided for; or (b) to consider any matter which is substantially the same as a matter voted on at any special meeting of the Members held during the preceding twelve (12) months, unless requested by Members entitled to cast a majority of all votes entitled to be cast at the meeting. A request for a special meeting shall state the purpose of the meeting and the matters proposed to be acted on at the meeting. The Secretary shall inform the Members who petition for a special meeting of the reasonably estimated cost of preparing and mailing a notice of the meeting and, upon payment of the estimated cost to the Association, shall notify each Member entitled to notice of the meeting. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

The Board of Directors has the sole power to fix: (1) the record date for determining Members entitled to request a special meeting of the Members and the record date for determining Members entitled to notice of and to vote at the special meeting; and (2) the date, time, and place, if any, and the means of remote communication, if any, by which Members and proxy holders may be considered present in person and may vote at the special meeting.

Section 3.3. Notice of Meetings. It shall be the duty of the Secretary to give notice in writing or by electronic transmission, not less than ten (10) nor more than ninety (90) days prior to of each annual or special meeting, stating the time and place where it is to be held, if any, and the means of remote communication, if any, by which Members and proxy

holders may be deemed to be present in person and may vote at the meeting, to each Member entitled to vote at the meeting. Notice is given to a Member when it is: (i) personally delivered to the Member; (ii) left at the Member's residence or usual place of business; (iii) mailed to the Member, at the Member's address as it appears on the membership books of the Association; or (iv) transmitted to the Member by an electronic transmission to any address or number of the Member at which the Member receives electronic transmission. Attendance by a Member at any meeting of the Members, either in person or by proxy, shall be a waiver of notice by the Member of the time, place and purpose of that meeting. Notice of any annual or special meeting of the Members of the Association may also be waived by any Member either prior to or after any such meeting by delivering a written waiver or a waiver by electronic transmission, which is filed with the records of the Member's meetings. The notice of the meeting shall include the purpose of the meeting, if the meeting is a special meeting.

The Association may provide notice of a meeting or deliver information to a Lot Owner by electronic transmission if: (1) the Lot Owner gives the Association prior written authorization to provide notice of a meeting or deliver information by electronic transmission; and (2) an officer or agent of the Association certifies in writing that the Association has provided notice of a meeting or delivered material or information as authorized by the Lot Owner. Notice or delivery by electronic transmission shall be considered ineffective if: (1) the Association is unable to deliver two consecutive notices; and (2) the inability to deliver the electronic transmission becomes known to the person responsible for sending the electronic transmission. The inadvertent failure to deliver notice by electronic transmission does not invalidate any meeting or other action.

Any notice given by the Association to a Member is effective if given by a single notice, in writing or by electronic transmission, to all Members who share an address if: (1) the Association gives notices, in writing or by electronic transmission, to the Member of its intent to give a single notice; and (2) the Member (i) consents to receiving a single notice; or (ii) fails to object in writing within 60 days after the Association gives notice to the Member of its intent to give a single notice. A Member may revoke consent given, whether affirmative or implied, by written notice to the Association.

Section 3.4. Roster of Membership. The Board of Directors of the Association shall maintain a current roster of the names and addresses of each Member to which notice shall be provided in accordance with Section 4.3. Each Owner shall furnish the Board of Directors with their name and current mailing address.

Section 3.5. Quorum. The presence, either in person or by proxy, of Members entitled to cast twenty-five percent (25%) of the votes of the membership, shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of Members, except as otherwise provided in the Articles of Incorporation, the Declaration or the 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 or be represented, or the Members shall be entitled to exercise the procedures

set forth in Section 5-206 of the Corporations and Associations Article, Annotated Code of Maryland (2002), as from time to time amended or superseded.

Section 3.6. Voting. At any meeting of the Members of the Association, each Class A and Class B Member present, either in person or by proxy, shall have those votes as set forth in the Articles of Incorporation. The vote of the majority of those present, either in person or by proxy, shall decide any question brought before the meeting, unless the question is one upon which a different vote is required by express provision or of any applicable law of the State of Maryland or of the Articles of Incorporation or of these By-Laws or of the Declaration, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one person may be exercised by any of them present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the Members are unable to agree on the manner in which the votes for such membership shall be cast on any particular question, then such vote shall be counted for purposes of deciding that question in accordance with the provisions and requirements of Section 2-508 of the Corporations and Associations Article, Annotated Code of Maryland (2002), as from time to time amended or superseded. In the event any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the President or any Vice President of such corporation and filed with the Secretary of the Association, prior to or during the meeting. Any such certificate shall remain valid until revoked or superseded in writing. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protest by any other such trustee or partner is noted at such meeting, the presiding officer of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Class A Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than thirty (30) days delinquent in any payment due the Association.

The Association may authorize Lot Owners to submit a vote or proxy by electronic transmission if the electronic transmission contains information that verifies that the vote or proxy is authorized by the Lot Owner or the Lot Owner's proxy. If voting by secret ballot is otherwise required herein, and the anonymity of voting by electronic transmission cannot be guaranteed, voting by electronic transmission shall be permitted if Lot Owners have the option of casting anonymous printed ballots.

Section 3.7. Action Without Meeting. Any action required or permitted to be taken at any annual or special meeting of the Members may be taken without a meeting if the unanimous consent which sets forth the action is given in writing or by electronic transmission by each Member entitled to vote on the matter; and filed in paper or electronic form with the records of the Members meetings. Any consent authorized by this Section shall be delivered to the Association by delivery to its principal office in the State of Maryland, its resident agent, or the officer or agent of the Association that has custody of the book in which proceedings of minutes of Members meetings are recorded. A Member

may deliver the consent authorized by this Section in paper form, by hand, by certified or registered mail, return receipt requested, or by electronic transmission. The Board of Directors may adopt reasonable procedures for delivering consents instead of holding a meeting under this Section.

Section 3.8. Proxies. At all meetings of Members, each Member may vote in person or by proxy. A Member may appoint any other Member or the Declarant or the management agent (if any) as his proxy. Any proxy must be in writing and must be filed with the Secretary in a form approved by the Board of Directors before the appointed time of each meeting. Unless limited by its terms, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the Member or upon conveyance by the Member of the Member's Lot; provided, however, that no proxy shall be effective for a period in excess of one hundred eighty (180) days unless granted to a mortgagee or lessee of the Lot to which the votes are appurtenant.

Section 3.9. Order of Business. The order of business at all regularly scheduled meetings of the Members shall be as follows:

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

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

Section 3.10. Rules of Order and Procedure. The rules of order and all other matters of procedure at all annual and special meetings of the Members shall be determined by the presiding officer of such meeting.

Section 3.11. Inspectors of Election. The Board of Directors may, in advance of any annual or special meeting of the Members appoint an uneven number of one or more inspectors of election to act at the meeting and at any adjournment thereof. In the event inspectors are not so appointed, the presiding officer of any annual or special meeting of Members shall appoint such inspectors of election. Each inspector so appointed, before entering upon the discharge of their duties, shall take and sign an oath faithfully to execute the duties of inspector of election at such meeting. The oath so taken shall be filed with the Secretary of the Association. No officer or director of the Association, and no candidate for director of the Association, shall act as an inspector of election at any meeting of the Members if one of the purposes of such meeting is to elect directors.

Section 3.12. Voting by Mail. Members shall have the right to vote by mail on a stated proposal or for the election of directors or any officers who are elected by Members. In such event, Members who vote by mail shall be deemed to be in attendance at a meeting of the Members, for the purpose of determining whether a quorum exists. The method and procedures for voting by mail may be adopted by resolution of the Board of Directors, as the Board of Directors deems necessary.

ARTICLE IV
BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 4.1. Number. The affairs of the Association shall be managed by a Board of Directors consisting of at least three (3), but not more than five (5), natural persons. Until the lapse of Class B membership, three (3) directors shall be appointed by the Declarant. Commencing with the first annual meeting of the Association following the lapse of Class B membership, the Board of Directors shall consist of not fewer than three (3) directors elected by the Members. After the lapse of Class B membership, the affairs of the Association shall be managed by such number of directors as determined from time to time by majority vote of the directors, but said number shall not exceed five (5). The directors need not be Members of the Association.

Section 4.2. Term of Office. At the first annual meeting following the lapse of Class B membership, the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years and one (1) director for a term of three (3) years. At each annual meeting thereafter, the Members shall elect a director to each vacancy for a term of three (3) years. The directors shall hold office until their successors have been elected and hold their first meeting. The term of office of a director may not be longer than five years or, except in the case of an initial or substitute director, shorter than the period between annual meetings, and the term of office of at least one director shall expire each year.

Section 4.3. Resignation. Any director may resign at any time by giving written notice to the President or Secretary. Such resignation shall take effect on the date of receipt of such notice. The acceptance of such resignation shall not be necessary to make it effective. In the event of resignation of a director following the lapse of Class B membership, the director's successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of their predecessor.

Section 4.4. Removal. Directors appointed by the Declarant may be removed only by the Declarant. After the first annual meeting of the Members following the lapse of Class B membership, 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 following the lapse of Class B membership, the director's successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of their predecessor.

Section 4.5. Compensation. No director shall receive compensation for any service the director may render to the Association. However, any director may be reimbursed for the director's actual expenses incurred in the performance of the director's duties.

Section 4.6. Action Taken Without a Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a unanimous consent which sets forth the action is given in writing or by electronic transmission by each member of the Board of Directors and filed in paper or electronic form with the minutes of the proceedings of the Board of 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 5.1. Nomination. Nomination for election to the Board of Directors commencing with the first annual meeting of the Members following the lapse of Class B membership, shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairperson, who shall be a member of the Board of Directors, and two 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 appointment until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall solicit nominations for election to the Board of Directors and 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 and non-Members. The Nominating Committee shall also aide in seeking volunteers for committees. Any Member who is delinquent in the payment of their dues at the time that nominations are being made is ineligible to be nominated for election to the Board of Directors.

Section 5.2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to 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 6.1. Regular Meetings. Until the lapse of Class B membership, meetings of the Board of Directors shall be held as and when determined by the Declarant. Thereafter, regular meetings of the Board of Directors shall be held periodically as may be determined by the Board of Directors, without notice, at such place and hour as may be fixed from time to time by resolution of the Board of Directors. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 6.2. Special Meetings. Special meetings of the Board of Directors may be called by the President of the Association, or by any two (2) directors, after not less than three (3) days' notice to each director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. However, attendance by a director at any such special meeting shall constitute a waiver of notice.

Section 6.3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or 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 of Directors.

Section 6.4. Open Meetings. Except as permitted by Maryland law, all meetings of the Association, including meetings of the Board of Directors or other governing body of the Association or a committee of the Association, shall be open to all members of the Association or their agents. All Members of the Association shall be given reasonable notice of all regularly scheduled open meetings of the Board of Directors.

The Board or governing body shall provide a designated period of time during a meeting to allow Members an opportunity to comment on any matter relating to the Association. The Board shall convene at least one meeting each year at which the agenda is open to any matter relating to the Association.

Section 6.5. Closed Session: A meeting of the Board or other governing body of the Association may be held in closed session only for the following purposes: (i) discussion of matters pertaining to employees and personnel; (ii) protection of the privacy or reputation of individuals in matters not related to the Association's business; (iii) consultation with legal counsel; (iv) consultation with staff personnel, consultants, attorneys, or other persons in connection with pending or potential litigation; (v) investigative proceedings concerning possible or actual criminal misconduct; (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; (vii) compliance with a specific constitutional, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or (viii) on an individually recorded affirmative vote of two-thirds of the Board present, for some exceptional reason so compelling as to override the general public policy in favor of open meetings. If a meeting is held in closed session, then the following applies: (a) an action may not be taken and a matter may not be discussed if it is not permitted by the aforementioned (i) through (viii); and (b) a statement of the time, place, and purpose of a closed meeting, the record of the vote of each Board or committee member by which the meeting was closed, and the authority under this section for closing a meeting shall be included in the minutes of the next meeting of the Board.

Section 6.6. Fidelity Bonds. Following the lapse of Class B membership, the Board of Directors shall require that all officers, directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate

fidelity bonds or equivalent insurance against acts of dishonesty. The premiums on such bonds or insurance shall be paid by the Association.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. Powers. In addition to any other powers granted to the Board of Directors under Maryland law, the Declaration, or these By-Laws, the Board of Directors shall have the power to:

(a) 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, or the Declaration;

(b) following the lapse of Class B membership, 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;

(c) employ a manager, an independent contractor, or such other employees as deemed necessary, and to prescribe their duties;

(d) adopt and publish rules and regulations governing the use of the Open Space and Common Areas and facilities, if any, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(e) suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such right may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(f) call a special meeting of the Members whenever it deems the same to be necessary and whenever requested in writing so to do by at least twenty-five (25%) of the Class A membership;

(g) elect and remove at pleasure all officers of the Association, reimburse them for expenses incurred in the performance of their duties, and require of them such security or fidelity bond as it may deem necessary or expedient;

(h) engage and remove at pleasure all agents and employees of the Association upon such terms as the Board of Directors may determine; and

(i) establish, levy and collect the assessments referred to in the Declaration.

Section 7.2. 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 twenty-five percent (25%) of the Class A Members who are entitled to vote;

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as 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 annual assessment period;

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

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same; and

(4) assess interest, late charges and the costs of collection, as more fully set forth in the Declaration, against Members who are delinquent in the payment of assessments due to the Association.

(d) issue, or cause an appropriate officer to issue, upon request by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Owner's to maintain the exterior of their dwellings in accordance with the Declaration and to otherwise enforce the covenants and restrictions set forth in the Declaration;

(h) maintain the community's entrance monument or monuments and appurtenant landscaping;

(i) cause the Open Space and Common Areas to be maintained; and

(j) otherwise perform or cause to be performed the functions and obligations of the Board and the Association as provided for in the Declaration and Articles of Incorporation and these By-Laws.

Section 7.3. Manager or Management Agent. The Board of Directors may, but shall not be required to, employ for the Association a professional management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing, including but not limited to the duties listed in Section 7.2 of this Article VII. The Board of Directors may employ any other employee or agent to perform such duties and at such salaries as the Board of Directors may establish.

ARTICLE VIII **OFFICERS**

Section 8.1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board of Directors may from time to time by resolution create, all of whom shall be elected by the Board of Directors. Prior to the lapse of Class B membership, the officers of the Association need not be Members. Thereafter, except for the President, the officers of the Association need not be Members. The President shall be elected from among the members of the Board of Directors. The Board of Directors may elect such other officers as the affairs of the Association may require, including but not limited to Assistant Secretaries and Assistant Treasurers, each of whom shall hold office for such period, have such authority, and perform such duties as the Board of Directors may, from time to time, determine.

Section 8.2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of the Board of Directors, following each annual meeting of the Members, and the officers shall hold office for one (1) year or until their successors are appointed, unless said officers shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.3. Resignation and Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause. Any officer may resign at any time by giving written notice to the Board of Directors, 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 8.4. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the office he or she replaces.

Section 8.5. Multiple Officers. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.1. of this Article.

Section 8.6. Duties. Except as otherwise determined by the Board of Directors, the duties of the officers are as follows:

(A) **President.** The President shall be the chief executive officer of the Association; shall preside at all meetings of the Members and of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign leases, mortgages, deeds, contracts, notes, and other written instruments and shall have all of the general powers and duties which are usually vested in the office of the president of a corporation, including, but not limited to, the power to appoint committees from among the membership, from time to time, as the President may, in the President's discretion, decide is appropriate to assist in the conduct of the affairs of the Association.

(B) **Vice President.** The Vice President shall take the place of the President and perform the President's duties whenever the President shall be absent, unable or refuses to act. If neither the President nor the Vice President are able to act, the Board of Directors shall appoint some other member of the Board of Directors to do so on an interim basis. The Vice President shall also perform such other duties as shall, from time to time, be imposed upon the Vice President by the Board of Directors.

(C) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Members of the Association; the Secretary shall have custody of the Corporate seal of the Association and affix it on all papers requiring said seal; serve notice of all meetings of the Board of Directors and the meetings of the Members; shall have charge of the membership transfer books, and of such other books and papers as the Board of Directors may direct; shall 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 of Directors.

(D) **Treasurer.** The Treasurer shall have responsibility for corporate funds and securities, including but not limited to receiving and depositing in appropriate bank accounts that may, from time to time, be designated by the Board of Directors, all monies of the Association and disbursing such funds as are directed from time to time by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business; shall sign all checks and drafts of the Association; shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association; shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at the regular annual meeting and deliver a copy to each of the Members. The Treasurer shall be bonded under a fidelity bond, in such amount as may be determined by the Board of Directors. Funds must only be deposited in a federally insured financial institution.

ARTICLE IX
LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS;
INTERESTED DIRECTORS

Section 9.1. Liability and Indemnification of Officers and Directors. The Association shall indemnify every person who is or was an officer or director of the Association and who was, is or is threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit or proceeding by reason of service in that capacity, whether civil, criminal, administrative or investigative, if that person (i) acted in good faith; and (ii) reasonably believed (a) in the case of conduct in that person's official capacity, that the conduct was in the best interests of the Association; and (b) in all other cases that the conduct was at least not opposed to the best interests of the Association; and (iii) in the case of any criminal proceeding, had no reasonable cause to believe that the conduct was unlawful. The indemnification provided for in this Article is against judgments, penalties, fines, settlements and reasonable expenses actually incurred by the director or officer in connection with any such threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative; provided, however, that if any such action, suit or proceeding was one by or in the right of the Association, indemnification shall be made only against reasonable expenses incurred by the director or officer in connection with the proceeding, claim, issue or matter in which the director or officer has been successful, and shall not be made in respect of any proceeding in which the person otherwise entitled to indemnification pursuant to the provisions of this Article shall have been adjudged to be liable to the Association. The termination of any such action, suit or proceeding by judgment, order, settlement, does not create a presumption that the person otherwise entitled to indemnification did not meet the requisite standard of conduct set forth in this Article. The termination of any such action, suit or proceeding by conviction or upon a plea of nolo contendere or its equivalent, or an entry of an order of probation prior to judgment, creates a rebuttable presumption that the person otherwise entitled to indemnification did not meet the requisite standard of conduct set forth in this Article. A person who is or was an officer or director of the Association is not indemnified under the provisions of this Article in respect of any threatened, pending or completed action, suit or proceeding charging improper personal benefit to that person, whether or not involving action in that person's official capacity, in which the person was adjudged to be liable on the basis that personal benefit was improperly received.

The provisions of this Article are intended to provide every person who is or was an officer or director of the Association and who was, is or is threatened to be made a named defendant or respondent in any threatened, pending or completed action, suit or proceeding by reason of service in that capacity, with indemnification to the extent permitted in Section 2-418(b) of the Corporations and Associations Article, Annotated Code of Maryland (2002), as from time to time amended or superseded. Indemnification under this Article may not be made by the Association unless authorized in the specific case after a determination has been made that indemnification is permissible because the person who is or was an officer or director of the Association has met the standard of conduct set forth in this Article. Such determination shall be made in the manner provided in Section 2-418(e) of the Corporations and Associations Article, Annotated Code of Maryland (2002), as from time to time amended or superseded. Reasonable expenses incurred by any person who is or was

an officer or director of the Association and who is a party to any threatened, pending or completed action, suit or proceeding by reason of service in that capacity, may be paid or reimbursed by the Association in advance of the final disposition of that proceeding, after a determination that the fact then known to those making the determination would not preclude indemnification under this Article, upon receipt by the Association of:

(a) a written affirmation by that person of that person's good faith belief that the standard of conduct necessary for indemnification by the Association as authorized in this Article has been met; and

(b) a written undertaking by or on behalf of that person to repay the amount if it shall ultimately be determined that the standard of conduct necessary for indemnification by the Association as authorized in this Article has not been met. The undertaking required by this subparagraph (b) shall be an unlimited general obligation of the person making it but need not be secured and may be accepted without reference to financial ability to make the repayment.

Determination and authorization of payments under this Article shall be in the manner specified in Section 2-418(e) of the Corporations and Associations Article, Annotated Code of Maryland (2002), as from time to time amended or superseded. The officers and directors of the Association shall not be liable to the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association except to the extent that such officers or directors may also be Class A Members of the Association, and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment, except as aforesaid. The provisions of this Article do not limit the power of the Association to pay or reimburse expenses incurred by any person who is an officer or director of the Association in connection with an appearance as a witness in any proceeding by reason of service in that capacity, or otherwise involving the Association, when that person has not been made a named defendant or respondent in the proceeding. Any right to indemnification provided for in this Article shall be in addition to, and not exclusive of, any other rights to which any person who is or was an officer or director of the Association may be entitled by law, or otherwise. The Association may purchase and maintain insurance on behalf of any person who is or was an officer or director of the Association against any liability asserted against and incurred by such person in any such capacity or arising out of such person's position, whether or not the Association would have the power to indemnify against such liability pursuant to the provisions of this Article, or otherwise. The Association may provide similar protection, including a trust fund, letter of credit or surety bond, not inconsistent with the aforementioned. Any indemnification of, or advance of expenses to, any person in accordance with the provisions of this Article, if arising out of a proceeding by or in the right of the Association, shall be reported in writing to the Members of the Association with notice of the next annual meeting of Members of the Association or prior to the next annual meeting of Members. With respect to an employee or agent, other than a director or officer

of the Association, the Association may, as determined by the Board of Directors of the Association, indemnify and advance expenses to such employee or agent in connection with a proceeding to the extent permitted by, and, in accordance with this Article.

Section 9.2. Interested Directors. The directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. A contract or other transaction between the Association and any of its directors, or between the Association and any other corporation, firm or other entity in which any of its directors is a director or has a material financial interest is not void or voidable solely because of the common directorship or interest, or because the director is present at the meeting of the Board of Directors or a committee of the Board of Directors which authorizes, approves or ratifies the contract or transaction, or because the vote of the director was counted for the authorization, approval or ratification of the contract or transaction, if any of the following conditions exist:

(a) the fact of the common directorship or interest is disclosed or known to the Board of Directors or the committee of the Board of Directors, and the Board of Directors or the committee of the Board of Directors authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum; or

(b) the fact of the common directorship or interest is disclosed or known to the Members of the Association entitled to vote, and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the Members entitled to vote other than the votes appurtenant to memberships owned by the interested director or corporation, firm or other entity; or

(c) the contract or transaction is fair and reasonable to the Association at the time it was authorized, approved or ratified.

Common or interested directors or the votes which they are entitled to cast or which are entitled to be cast by an interested corporation, firm or other entity, may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee of the Board of Directors or at a meeting of the Members, as the circumstances may require, at which the contract or transaction is authorized, approved or ratified. If a contract or transaction is not authorized, approved or ratified in the manner provided for in subparagraphs (a) or (b) of this paragraph, the person asserting the validity of the contract or transaction bears the burden of proving that the contract or transaction was fair and reasonable to the Association at the time it was authorized, approved or ratified.

ARTICLE X
ARCHITECTURAL CONTROL COMMITTEE AND OTHER COMMITTEES

Section 10.1. Composition of the Architectural Control Committee. Unless by unanimous consent the Board of Directors determines otherwise, the Architectural Control Committee shall consist of a Chairperson, who shall be a member of the Board of Directors, at least two more members of the Board of Directors, and such additional Members as the Board of Directors shall, in its sole and absolute discretion, deem necessary and appropriate. Any Member in violation of the Declaration, the By-Laws, or any rules and regulations adopted by the Board of Directors or any Committee, shall be ineligible to serve on the Architectural Control Committee.

Section 10.2. Appointment of Architectural Control Committee. A majority of the quorum, present in person or by proxy, at the duly called annual meeting, may nominate Members to serve on the Architectural Control Committee so long as those Members meet the requirements contained in Section 10.1. The Board of Directors, in its sole and absolute discretion, shall have the authority to appoint a specified number of Members from the nominated list. Those Members shall serve from appointment until the close of the next annual meeting and such appointment shall be announced at each annual meeting.

Section 10.3. Tenure and Duties. All Members of the Architectural Control Committee shall serve for a term of one (1) year. The Chairperson, as the head of the Architectural Control Committee has the responsibility to record the approvals and disapprovals of alterations, additions or change requests reviewed by the Architectural Control Committee. The Architectural Control Committee shall provide the original records to the Secretary of the Association, who shall maintain the original records. Additional Architectural Control Committee duties are as outlined in the Declaration and the Board of Directors has the right to delegate any of its additional powers to the Architectural Control Committee, unless prohibited by Maryland law.

Section 10.4. General; Compensation of Committee Members. No committee member shall receive compensation for any service rendered to the Association. However, any committee member may be reimbursed for their actual expenses incurred in the performance of their duties.

Section 10.5. General; Resignation and Removal of Committee Members. A non-Board committee member may resign at any time by giving written notice to the President, Secretary, or committee Chairperson. Such resignation shall take effect on the date of receipt of such notice, and the acceptance of such resignation shall not be necessary to make it effective. A non-Board committee member may be removed from the committee, with or without cause, by a majority vote of the Board or by a majority vote of the Members present at a meeting duly called for such purpose so long as a quorum is present.

Section 10.6. General; Right to Appoint Other Committees. The Board of Directors, in its sole and absolute discretion, may appoint from among its members an executive committee and other committees composed of one or more directors and delegate to these committees any of the powers of the Board of Directors, except as prohibited by Maryland law. After the Board of Directors determines the need for a specific committee, the Board of Directors may, by unanimous consent, allow a majority of the quorum, present in person or by proxy, at a duly called annual meeting, to nominate Members to serve on any additional committees so long as those Members meet the requirements contained hereinbelow. Unless otherwise determined by unanimous consent of the Board of Directors, or unless otherwise provided herein, all committees shall consist of a Chairperson, who shall be a member of the Board of Directors, and two or more Members of the Association. Any Member in violation of the Declaration, the By-Laws, or any rules and regulations adopted by the Board of Directors or any committee, shall be ineligible to serve on a committee. The members of a committee present at any meeting, whether or not they constitute a quorum, may appoint a director to act in the place of an absent member.

ARTICLE XI **INSURANCE**

Section 11.1. Insurance. In addition to the insurance coverage required to be maintained by the Declaration, if any, the Board of Directors of the Association shall obtain and maintain such insurance as it deems necessary, in its reasonable discretion, to protect the Association and its property, including, but not limited to the following:

(a) Workmen's compensation insurance for employees of the Association to the extent necessary to comply with any applicable law; and

(b) A "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and

(c) Such other policies of insurance, including director and officer liability insurance and insurance for other risks of a similar or dissimilar nature and fidelity coverage as may be required by these By-Laws, as are or shall hereafter be considered appropriate by the Board of Directors.

Section 11.2. Fidelity Bonds. After the lapse of Class B membership, the Board of Directors shall maintain adequate fidelity coverage to protect against dishonest acts on the part of officers and directors of the Association, trustees and volunteers for the Association and such employees and agents of the Association who handle or are responsible for the handling of funds of the Association. Such fidelity coverage shall meet at least the following requirements:

(a) all such fidelity bonds and policies of insurance shall name the Association as obligee or named insured, as the circumstances may require; and

(b) all such fidelity bonds and policies of insurance shall contain waivers of any defense based upon the exclusion of volunteers and other persons who serve without compensation from any definition of "employee" or similar expression.

(c) all such fidelity bonds and insurance 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 any and all obligees and insureds named thereon and to any mortgagee of any Lot who requests such notice in writing.

Section 11.3. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions to the extent reasonably available:

(a) all policies shall be written or reinsured with a company or companies licensed and/or authorized to do business in the State of Maryland and holding a general policyholder's rating of Class B or better and a current financial rating of Class VI or better in the current edition of Best's Insurance Reports; and

(b) exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, or its authorized representative;

(c) all policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the Members of the Association and their respective agents, employees or tenants, and of any defenses based upon coinsurance or invalidity arising from the acts of the insured;

(d) in no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the Owners of the Lots or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration; and

(e) all policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insured named thereon, including any mortgagee or any Lot who requests such notice in writing.

ARTICLE XII **FISCAL MANAGEMENT**

Section 12.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin at the date of recordation of the Declaration among the Land Records for St. Mary's County, Maryland. The commencement date of the fiscal year herein established shall be subject

to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 12.2. Principal Office - Change of Same. Until a Resolution and Notice of Change of Address has been filed with the Maryland Department of Assessments and Taxation reflecting the current President's address as the principal office of the Association, the principal office of the Association shall be as set forth in Article I of these By-Laws. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time to reflect the current President's address.

Section 12.3. Books and Accounts. 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 same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify expenses incurred by the Association and its administration and shall specify the maintenance and repair expenses of the Common Area and recreational facilities, if any, services required or provided with respect to the same and any other expenses incurred by the Association. The amount of any assessment or portion of any assessment, required for payment of any capital expenditure or reserves of the Association shall be credited upon the books of the Association to the "Paid-in-Surplus" account as a capital contribution by the Members.

Section 12.4. Financial Reports. The Association shall, upon request, furnish the Members and any mortgagee which requests it, in writing, with an annual financial statement, including the income and disbursements of the Association.

Section 12.5. Inspection of Books. Subject to the provisions of the Maryland Homeowners Association Act, the books and accounts of the Association, vouchers accrediting the entries made thereupon, and all other records maintained by the Association, shall be available for examination by the Members and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Lot and its duly authorized agents or attorneys, at some place designated by the Board of Directors, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice. 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. Books and records kept by or on behalf of the Association may be withheld from public inspection as permitted by Maryland law. The Association may impose a reasonable charge upon a person desiring to review or copy the books and records.

Section 12.6. 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. If so directed by the Board of Directors, a duplicate seal may be kept and used by the Treasurer or any assistant secretary or assistant treasurer.

ARTICLE XIII **ASSESSMENTS**

As more fully provided in the Declaration, each Member is obligated to pay to the Association an annual assessment (and, when required, a special assessment), which is secured by a continuing lien upon the property against which the assessment is made upon compliance by the Association with the applicable law related to the establishment and enforcement of such liens. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the Board of Directors shall have the power to charge a reasonable late fee charge of Fifteen Dollars (\$15.00), or one-tenth (1/10) of the total amount of any delinquent assessment or installment, whichever is greater, provided the charge may not be imposed more than once for the same delinquent payment and may be imposed only if the delinquency has continued for at least fifteen (15) calendar days, and the assessment shall bear interest from the date of delinquency at the rate of ten (10%) percent per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of the Owner's Lot.

ARTICLE XIV **AMENDMENT**

Section 14.1. Amendments. Subject to the other limitations set forth in these By-Laws, these By-Laws may be amended by the affirmative vote or written consent of Members representing a majority of the then Members of record.

Section 14.2. Proposal of Amendments. Amendments to these By-Laws may be proposed by the Board of Directors of the Association or by petition signed by at least twenty-five percent (25%) of the total votes of the Members, 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 Members at which such proposed amendment is to be considered and voted upon.

Section 14.3. Amendments by Declarant. Notwithstanding the foregoing, these By-Laws may be amended by the Declarant, without the vote of the Members, at any time prior to the lapse of Class B membership.

ARTICLE XV **INTERPRETATION - MISCELLANEOUS**

Section 15.1. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. All of the terms hereof, except where clearly repugnant to the context, shall have the same

meaning as they are defined to have in the Declaration. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these By-Laws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 15.2. Notices. Unless another type of notice is hereinelsewhere specifically provided for, any and all notices called for in these By-Laws shall be given in writing.

Section 15.3. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 15.4. Waiver. No restriction, condition, obligation or provisions of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 15.5. 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 or to aid in the construction thereof.

Section 15.6. 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.

Section 15.7. Superseding Authority. These By-Laws shall supersede any and all prior By-Laws of the Association.

CERTIFICATION ON FOLLOWING PAGE

CERTIFICATION

I, THE UNDERSIGNED, do hereby certify:

That I am the duly elected secretary of the Newton Manor Homeowners Association, Inc., a Maryland Corporation, and

That the foregoing Amended and Restated By-Laws constitute the amended and restated By-Laws of the Newton Manor Homeowners Association, Inc., as duly adopted by the affirmative vote or written consent of members representing a majority of the members present in person or by proxy at a [regular or special] meeting of the members held on the ____ day of _____, 200_.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ____ day of _____ 200_.

NEWTON MANOR HOMEOWNERS ASSOCIATION, INC.

By _____
Printed Name: _____
Title: Secretary