

BYLAWS OF  
THE VILLAGES AT TOWER OAKS HOMEOWNERS ASSOCIATION, INC.

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## BYLAWS

### OF

#### THE VILLAGES AT TOWER OAKS HOMEOWNERS ASSOCIATION, INC.

##### ARTICLE 1 -- NAME AND LOCATION

The name of the corporation is THE VILLAGES AT TOWER OAKS HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at c/o Tower-Dawson Limited Partnership, 11501 Huff Court, North Bethesda, Maryland 20852 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 2 -- DEFINITIONS

Unless otherwise defined in these Villages Bylaws, words or phrases defined in The Villages at Tower Oaks Homeowners Association, Inc. Declaration of Covenants, Conditions, Easements and Restrictions recorded or to be recorded in the Montgomery County Land Records ("Villages Declaration") shall have the same meaning in these Villages Bylaws. The Villages Declaration is incorporated by reference.

##### ARTICLE 3 -- MEETING OF VILLAGES OWNERS

Section 3.1. Annual Meetings. The first annual meeting of the Villages Owners shall be held within twelve (12) months from the date of filing of the Villages Articles of Incorporation of the Villages Association. Each subsequent regular meeting of Villages Owners shall be held on the same day of the same month of each year thereafter or such other reasonably similar date as may be selected by the Villages Board of Directors. If the day for the annual meeting of the Villages Owners is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2. Special Meetings. Special meetings of the Villages Owners may be called at any time by the Villages President or by the Villages Board of Directors, or upon written request of the Villages Owners who are entitled to cast fifty-one percent (51%) of the votes of the Villages Association.

Section 3.3. Notice of Meetings. Written notice of each meeting of the Villages Owners shall be given by, or at the direction of, the Villages Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, or hand delivering a copy of such notice, at least ten (10) days

(but not more than ninety (90) days) before such meeting to each Villages Member entitled to vote thereat, addressed to the Villages Member's address last appearing on the books of the Villages Association, or supplied by such Villages Member to the Villages Association for the purpose of notice. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. 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. All meetings of the Villages Owners shall be held at places and times convenient to the greatest number of Villages Owners.

Section 3.4. Quorum. The presence at the meeting of Villages Owners entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the Villages Association shall constitute a quorum for any action except as otherwise provided in the Villages Articles of Incorporation, the Villages Declaration or these Villages Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Villages Owners present shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 3.5. Voting, Co-Owners, Corporate Owners, Delinquent Payment. At every meeting of the Villages Owners, a Villages Owner shall have the right to cast the number of votes as provided in the Villages Declaration on each question. The vote of the Villages Owners representing fifty-one percent (51%) of the total votes of the Villages Association, in person or by proxy, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of Law or of the Villages Articles of Incorporation, the Villages Declaration or of these Villages Bylaws, a different vote is required, in which case such express provision shall govern and control. If more than one Person owns a Villages Lot, all of the Persons who own such Villages Lot shall collectively constitute one Villages Owner and one Villages Member of the Villages Association. The votes of the Villages Association associated with any such Villages Lot may be cast by any of the co-owners present at any meeting unless any objection or protest by any other co-owners is noted at such meeting. If the co-owners who are present at any meeting of the Villages Owners are unable to agree on the manner in which such votes shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question.

If any Villages Lot is owned by a corporation, then the votes for any such Villages Lot shall be cast by a person designated in a certificate signed by the president or any vice-president of such corporation and attested by the secretary or an

assistant secretary of such corporation and filed with the Villages Secretary of the Villages Association, before or during the meeting. The vote for any Villages Lot which is held by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protects by any other such trustee or partner is noted as such meeting, the chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes.

No Villages Owner shall be eligible to vote, either in person or by proxy, or to be elected to the Villages Board of Directors, who is shown on the books or management accounts of the Villages Association to be more than sixty (60) days delinquent in any payment due the Villages Association.

All election materials prepared with Villages Association funds must list candidates in alphabetical order and must not suggest a preference among candidates.

Section 3.6. Absentee Ballots. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the Villages Lot on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 3.7. Proxies. At all meetings of Villages Owners, each Villages Member may vote in person or by proxy. Every proxy shall be revocable and shall automatically cease upon conveyance by the Villages Member of such Villages Member's Villages Lot. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy. All proxies shall be in writing and shall be filed with the Villages Secretary, in such form as is approved by the Villages Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of Maryland shall be deemed to be satisfactory and approved as to form by the Villages Board of Directors. Notwithstanding anything herein to the contrary, only a directed proxy may be utilized to vote for members of the Villages Board of Directors. A nondirected proxy may be counted toward a quorum and may vote on any matters of business other than the election of Directors.

Section 3.8. Right of Mortgagees. Any Mortgagee of any Villages Lot who desires notice of the annual and special meetings of the Villages Owners shall notify the Villages Secretary to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post

office address of such Mortgagee and the name of the person to whom notice of the annual and special meetings of the Villages Owners should be addressed. The Villages Secretary of the Villages Association shall maintain a roster of all Mortgagees from whom such notices are received and it shall be the duty of the Villages Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the Villages Owners to each such Mortgagee in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article 3 for notice to the Villages Owners. Any such Mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the Villages Owners and such representative may participate in the discussion at any such meeting and may, upon request made to the Chairman in advance of the meeting, address the Villages Owners present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Villages Owners upon request made in writing to the Villages Secretary.

Section 3.9. Meetings.

(a) All meetings of the Villages Association shall be open to every Villages Owner or their representative. Such meetings may be held in closed session for the following purposes:

(i) Discussion of the employment, assignment, appointment, promotion, demotion, compensation, discipline, removal or resignation of employees over whom the Villages Association has jurisdiction, or any other personnel matter affecting one or more particular individual(s);

(ii) Protection of the privacy or reputation of individuals in matters not related to Villages Association 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) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure;

(vii) On an individually recorded affirmative vote of two-thirds (2/3) of the Villages Owners present, for some other exceptional reason;

(viii) Acquisition of capital items previously specifically approved as part of a published budget adopted in an open meeting;

(ix) Discussion of short-term investments of funds of the Villages Association in liquid assets if authorized by an investment policy previously adopted in an open meeting;

(x) Conducting collective bargaining negotiations or considering related matters and issues; or

(xi) Discussions concerning public security, including the deployment of personnel in connection therewith and the development and implementation of emergency plans.

(b) If a meeting is held in closed session pursuant to the procedures established above:

(i) No action may be taken and no matter may be discussed other than those permitted above; and

(ii) A statement of the time, place and purpose of each closed meeting, the record of the vote of each Villages Member by which any meeting was closed, and the authority under this Section 3.9 for closing any meeting shall be made available so as to reasonably notify Villages Owners of the Villages Association within fourteen (14) days after the meeting.

#### ARTICLE 4 -- VILLAGES BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number. The affairs of the Villages Association shall be managed by a Villages Board of Directors initially consisting of three (3) natural persons. The names of the initial Villages Directors are set forth in the Articles of Incorporation. Commencing with the first annual meeting of the Villages Association, the Villages Board of Directors shall consist of an uneven number of not less than three (3) nor more than nine (9) Villages Directors who shall be appointed by the Grantor or elected by the Villages Owners in accordance with these Villages Bylaws and the Villages Declaration.



Before expiration of the Grantor's rights as provided in the Declaration, the number of Villages Directors shall be determined from time to time by the Grantor; thereafter, the number of Villages Directors shall be determined by a vote of the Villages Owners at any annual or special meeting of Villages Owners and the number of Villages Directors may be changed by a vote of the Villages Owners at any subsequent annual or special meeting of the Villages Owners; provided, however, that (a) the limitations of this Section 4.1 shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Villages Director. After expiration of the Grantor's rights as provided in the Declaration, a majority of the members of the Villages Board of Directors shall be Villages Members.

Section 4.2. Grantor's Representation on Villages Board of Directors. The members of the Villages Board of Directors shall be appointed and/or elected, as the case may be, pursuant to the Villages Declaration.

Section 4.3. Term of Office. Except for members of the Villages Board of Directors appointed by the Grantor, who shall serve until removed and/or replaced by the Grantor or until replaced by a Villages Director elected by the non-Grantor Villages Owners as provided herein, the term of office of each member of the Villages Board of Directors shall be two (2) years. In the alternative, the Villages Owners may resolve at any annual or special meeting following the expiration of the Grantor's rights as provided in the Declaration, to establish the term of office for all Villages Directors to be one (1) year, or to establish staggered terms for the Villages Directors from one (1) to three (3) years. Any change in the number of Villages Directors or term of office of Villages Directors shall not act to extend or curtail the term of office of any incumbent Villages Director. Villages Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 4.4. Removal. Except with respect to Villages Directors appointed by the Grantor, any Villages Director may be removed from the Board, with or without cause, by the approval of the Villages Owners entitled to cast fifty-one percent (51%) of the votes of the Villages Association, and, in the event of the death, resignation or removal of a Villages Director, a successor shall be selected by the remaining members of the Board who shall serve for the unexpired term of such Villages Director's predecessor. Villages Owners of the Villages Board of Directors appointed by the Grantor shall serve at the pleasure of and may be removed and/or replaced, with or without cause, by the Grantor.

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

Section 4.6. Action Taken Without a Meeting. The Villages 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 Villages Directors and by filing such approval with the minutes of the proceedings of the Villages Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Villages Directors.

#### ARTICLE 5 -- NOMINATION AND ELECTION OF VILLAGES DIRECTORS

Section 5.1. Nomination. Nomination for election to the Villages Board of Directors, commencing with the first annual meeting of the Villages Owners at which non-Grantor Villages Owners are entitled to elect members of the Villages Board of Directors, may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Villages Board of Directors, and two or more Villages Owners of the Villages Association. The Nominating Committee, if any, may be appointed by the Villages Board of Directors before each annual meeting of the Villages Owners and such appointment may be announced at each annual meeting. The Nominating Committee, if any, may make as many nominations for election to the Villages 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 Villages Members or non-Members.

Section 5.2. Election. Election to the Villages Board of Directors shall be by secret written ballot. At such election the Villages Owners or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Villages Declaration. Only directed proxies shall be valid for the purpose of casting of votes for election of members to the Villages Board of Directors. All election materials prepared with funds of the Villages Association shall list candidates in alphabetical order and shall not suggest a preference among candidates. The persons receiving the largest number of votes shall be elected. Votes shall not be counted until after the time allotted by the Villages Association for voting has ended. Cumulative voting is permitted.

ARTICLE 6 -- MEETING OF VILLAGES DIRECTORS

Section 6.1. Regular and Special Meetings. All meetings of the Villages Board of Directors or any committee created by the Villages Board of Directors shall be held only upon regularly scheduled and established dates or periods, at such time and place as shall have been made known to all Villages Owners in writing or upon written notice provided by mail or hand delivery not less than seventy-two (72) hours nor more than ninety (90) days before the date of the meeting.

Section 6.2. Quorum. A majority of the number of Villages Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Villages Directors present at a duly held meeting at which a quorum is present shall be regarded as the Act of the Board.

Section 6.3. Rights of Mortgagees. Any Mortgagee of any Villages Lot who desires notice of the regular and special meetings of the Villages Board of Directors shall notify the Villages Secretary to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such Mortgagee and the name of the person to whom notice of the regular and special meetings of the Villages Board of Directors should be addressed. The Villages Secretary of the Villages Association shall maintain a roster of all Mortgagees from whom such notices are received and it shall be the duty of the Villages Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Villages Board of Directors to each such Mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article 6 for notice to the members of the Villages Board of Directors. Any such Mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Villages 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 Villages Board of Directors 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 of the Villages Board of Directors upon request made in writing to the Villages Secretary.

ARTICLE 7 -- POWERS AND DUTIES OF THE VILLAGES BOARD OF DIRECTORS

Section 7.1. Powers. The Villages Board of Directors shall have power to:

(a) adopt and publish "Rules and Regulations" governing the use of the General and Limited Common Areas and Facilities and any facilities situated thereon, and the personal conduct of the Villages Owners and their guests thereon, and to establish penalties for the infraction thereof; and

(b) exercise for the Villages Association all powers, duties and authority vested in or delegated to this Villages Association and not reserved to the membership by other provisions of these Villages Bylaws, the Villages Articles of Incorporation, or the Villages Declaration.

Section 7.2. Duties. It shall be the duty of the Villages 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 Villages Owners at the annual meeting of the Villages Owners, or at any special meeting when such statement is requested in writing by one-sixth (1/6) of the Villages Owners who are entitled to vote; and

(b) exercise for the Villages Association all powers, duties and authority vested in or delegated to this Villages Association and not reserved to the membership by other provisions of these Villages Bylaws, the Villages Articles of Incorporation, or the Villages Declaration.

ARTICLE 8 -- EQUITY AND ADMINISTRATIVE RESOLUTIONS

Section 8.1. Equity Resolutions. The Villages Board of Directors is authorized to adopt Villages Equity Resolutions in accordance with the Declaration. Villages Equity Resolutions are those actions of the Villages Board of Directors which create additional covenants, conditions and/or restrictions with respect to the Villages General Common Areas and Facilities or the Villages Property, including, without limitation, the following:

(a) Additional restrictions on the use of any property within the Villages Property;

(b) Criteria for acceptable use of signage within the Villages Property;

(c) An election to maintain and keep in good order the lawn and landscaped areas located within any Villages Lot, group of Villages Lots or all of the Villages Lots;

(d) Assumption of additional maintenance responsibilities upon all or any portion of the Villages Property;

(e) Non-disturbance, conservation or similar easements over all or any portion of the Villages General Common Areas and Facilities for the maintenance and protection of scenic views, natural conditions, open spaces, green areas, animal refuges, natural habitats and plant life within the Villages Property;

(f) Reservation of certain Villages General Common Areas and Facilities for the exclusive or primary use and enjoyment of some but not all Villages Owners;

(g) Adoption of Design and Development Guidelines applicable within the Villages Property; and

(h) Repeal and/or modification of previously adopted Equity Resolutions.

Section 8.2. Adoption of Villages Equity Resolutions. All Villages Equity Resolutions proposed for adoption by the Villages Board of Directors shall be published in the Villages Association's principal medium for informing Villages Owners of the Villages Association's affairs, or in a notice sent by mail to all Villages Owners no later than two (2) weeks before the meeting at which the Board shall consider enactment.

Villages Equity Resolutions shall become effective if adopted by a majority of a quorum of the Villages Board of Directors at a meeting of the Board at which all interested Villages Owners shall be provided with a reasonable opportunity for comment and discussion. If duly adopted by the Villages Board of Directors, Villages Equity Resolutions shall become effective unless a special meeting of the Villages Owners of the Villages Association is called and duly held within ninety (90) days of the adoption of any such Villages Equity Resolution by the Board, and at such special meeting the Villages Equity Resolution is disapproved by a vote of Villages Owners entitled to cast two-thirds (2/3) of the votes of the Villages Association.

Section 8.3. Villages Administrative Resolutions. Villages Administrative Resolutions are actions taken by the Villages Board of Directors that prescribe rules, policies or

procedures for implementing provisions of the Villages Declaration, including, but not limited to:

- (a) Establishment of specific qualifications and requirements for insurance and fidelity bond coverage obtained and maintained by the Villages Association;
- (b) Policies regarding the duration of management agreements;
- (c) Procedures for collection of assessments;
- (d) Rules and procedures associated with applications for improvements and/or alterations submitted to the Villages Design Review Committee for review in accordance with the Villages Design and Development Guidelines;
- (e) Further establishing the powers and duties of the Villages Design Review Committee in accordance with the Villages Declaration;
- (f) Policies related to use and control of Villages General Common Areas and Facilities;
- (g) Rules and procedures regarding the involuntary removal of improperly parked vehicles;
- (h) Procedures for processing alleged violations of the Villages Declaration, and the establishment of fines for violations of any provision of the Villages Declaration regarding the use of the Villages Lots or Villages General Common Areas and Facilities; and
- (i) Repeal and/or modification of previously adopted Villages Administrative Resolutions.

Section 8.4. Adoption of Villages Administrative Resolutions. Except in the event of an emergency, as determined by the Board in its sole discretion, proposed Villages Administrative Resolutions shall be published in the Villages Association's principal medium for informing Villages Owners of the Villages Association's affairs, or otherwise distributed to Villages Owners in a reasonable manner at least two (2) weeks before the meeting at which the Villages Board of Directors shall consider enactment. Villages Administrative Resolutions shall become effective if adopted by a majority of a quorum of the Villages Board of Directors at a meeting of the Board at which all interested Villages Owners shall be provided with a reasonable opportunity for comment and discussion.

Section 8.5. Other Board Action. This Article 8 shall not be construed to limit the powers of the Villages Board of Directors, and the Board shall have full power and authority to take any action as may be authorized under the Villages Declaration or applicable law, regardless of whether such action may otherwise constitute a Villages Equity or Villages Administrative Resolution.

## ARTICLE 9 -- OFFICERS AND THEIR DUTIES

Section 9.1. Enumeration of Officers. The officers of this Villages Association shall be a Villages President and Villages Vice President, who shall at all times be members of the Villages Board of Directors, a Villages Secretary, and a Villages Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to be elected by the Villages Board of Directors.

Section 9.2. Election of Officers. The election of officers shall take place at the first meeting of the Villages Board of Directors following each annual meeting of the Villages Owners; provided that the initial Villages Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 9.3. Term. The officers of this Villages Association shall be elected annually by the Board and each shall hold office for one (1) year or until their successors are duly elected and qualified, unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 9.4. Special Appointments. The Board may elect such other officers as the affairs of the Villages 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 9.5. 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 Villages President or the Villages 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 9.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officers appointed to

such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 9.7. Multiple Offices. The offices of Villages Secretary and Assistant Villages Secretary, Villages Treasurer and Villages Vice President may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the Villages Declaration, the Villages Articles of Incorporation or these Villages Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 9.4 of this Article 9 and except as otherwise provided in this Section 9.7.

Section 9.8. Duties. The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Villages Board of Directors to a management agent):

Villages President

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

Villages Vice President

(b) The Villages Vice President shall act in the place and stead of the Villages President in the event of the Villages President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

Villages Secretary

(c) The Villages Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Villages Owners; keep the corporate seal of the Villages Association and affix it on all papers requiring said seal; serve notice of meetings of the Villages Association together with their addresses, and shall perform such other duties as required by the Board.



Villages Treasurer

(d) The Villages Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Villages Association and shall disburse such funds as directed by resolution of the Villages Board of Directors; shall sign all checks and promissory notes of the Villages Association; keep proper books of account, cause an annual audit of the Villages Association's books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Board, and deliver copies thereof to the Villages Owners.

Section 9.9. Compensation. No officer shall receive compensation for any service rendered to the Villages Association. However, any officer may be reimbursed for actual expenses incurred in the performance of such officer's duties.

ARTICLE 10 -- LIABILITY AND INDEMNIFICATION OF OFFICERS AND VILLAGES DIRECTORS

The Villages Association shall indemnify every officer and Villages Director of the Villages Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or Villages Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Villages Board of Directors of the Villages Association) to which such officer or Villages Director may be made a party by reason of being or having been an officer or Villages Director of the Villages Association, whether or not such person is an officer or Villages Director at the time such expenses are incurred. The officers and Villages Directors of the Villages Association shall not be liable to the Villages Owners of the Villages Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Villages Directors of the Villages Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Villages Association and the Villages Association shall indemnify and forever hold each such officer and Villages Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Villages Director of the Villages Association or former officer or Villages Director of the Villages Association may be entitled.

ARTICLE 11 -- COMMITTEES

The Villages Board of Directors may appoint the Villages Design Review Committee and other committees as deemed appropriate in carrying out its purposes. All committees appointed by the Villages Board of Directors shall hold meetings in accordance with Section 6.1 of these Villages Bylaws.

ARTICLE 12 -- BOOKS AND RECORDS/FISCAL MANAGEMENT

Section 12.1. Fiscal Year. The fiscal year of the Villages Association shall begin on the first day of January every year, except for the first fiscal year of the Villages Association which shall begin on the date of recordation of the Villages Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Villages Board of Directors should the practice of the Villages Association subsequently dictate.

Section 12.2. Principal Office - Change of Same. The principal office of the Villages Association shall be as set forth in the Articles of Incorporation of the Villages Association. The Villages Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Villages Association from time to time.

Section 12.3. Books and Accounts. Books and accounts of the Villages Association shall be kept under the discretion of the Villages 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 Villages Association and its administration and shall specify the maintenance and repair expenses of the Villages General Common Areas and Facilities, services required or provided with respect to the same and any other expenses incurred by the Villages Association.

Section 12.4. Auditing. At the close of each fiscal year and at the election of the Villages Board of Directors, the books and records of the Villages Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, if any, the Villages Association shall furnish the Villages Owners with an annual financial statement, including the receipts and

disbursements of the Villages Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 12.5. Inspection of Books. The books and accounts of the Villages Association, vouchers accrediting the entries made thereupon and all other records maintained by the Villages Association shall be available for examination by the Villages Owners and their duly authorized agents or attorneys, and to the Mortgagee of Villages Lot and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice. The Villages Declaration, the Articles of Incorporation and the Bylaws of the Villages Association shall be available for inspection by any Villages Member at the principal office of the Villages Association, where copies may be purchased at reasonable cost.

Section 12.6. Fidelity Insurance. The Villages Board of Directors shall require that all officers, Villages Directors and employees of the Villages Association regularly handling or otherwise responsible for the funds of the Villages Association shall furnish adequate fidelity insurance or equivalent coverage against acts of dishonesty. The premiums on such insurance shall be paid by the Villages Association.

#### ARTICLE 13 -- ASSESSMENTS

As more fully provided in the Villages Declaration, each Villages Member is obligated to pay Assessments which are secured by a continuing lien upon the Villages Lot against which the Assessment is made.

#### ARTICLE 14 -- CORPORATE SEAL

The Villages Association may have a seal in circular form having within its circumference the words: THE VILLAGES AT TOWER OAKS HOMEOWNERS ASSOCIATION, INC., a Maryland corporation.

#### ARTICLE 15 -- AMENDMENTS

These Villages Bylaws may be amended, at a regular or special meeting of the Villages Owners, entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the Villages Association by a vote of a majority of such quorum of Villages Owners present in person or by proxy.

ARTICLE 16 -- INTERPRETATION/MISCELLANEOUS

Section 16.1. Conflict. These Bylaws are subordinate and subject to all provisions of the Villages Declaration and to the provisions of the Villages Articles of Incorporation of the Villages Association. If there is any conflict between these Villages Bylaws and the Villages Declaration, the provisions of the Villages Declaration shall control; and in the event of any conflict between these Villages Bylaws and the Villages Articles of Incorporation of the Villages Association, the provisions of the Villages Articles of Incorporation shall control.

Section 16.2. Notices. Unless another type of notice is herein specifically provided for, any and all notices called for in these Villages Bylaws shall be given in writing.

Section 16.3. Severability. If any provision or provisions of these Bylaws 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 16.4. Waiver. No restriction, condition, obligation or provisions of these Villages Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 16.5. Captions. The captions contained in these Villages Bylaws are for convenience only and are not a part of these Villages Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Villages Bylaws or to aid in the construction thereof.

Section 16.6. Gender, etc.. Whenever in these Villages Bylaws 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.

Bylaws of  
The Villages at Tower Oaks Homeowners Association, Inc.

IN WITNESS WHEREOF, we, being all of the Villages Directors  
of THE VILLAGES AT TOWER OAKS HOMEOWNERS ASSOCIATION, INC., have  
hereunto set our hands this 5<sup>th</sup> day of March  
, 1996.

WITNESS:

Ronald J. Kohn

Ronald J. Kohn

Ronald J. Kohn

Gary M. Abramson  
Gary M. Abramson

Jeffrey S. Abramson  
Jeffrey S. Abramson

Ronald D. Abramson  
Ronald D. Abramson

Bylaws of  
The Villages at Tower Oaks Homeowners Association, Inc.

\* \* \*

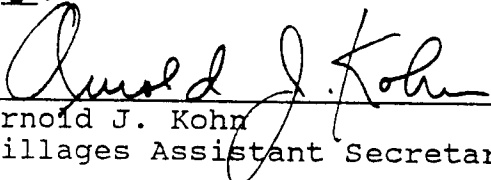
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Villages Secretary or Villages Assistant Secretary of THE VILLAGES AT TOWER OAKS HOMEOWNERS ASSOCIATION, INC., a Maryland nonstock corporation, and,

THAT the foregoing Villages Bylaws constitute the original Villages Bylaws of said Villages Association, as duly adopted at a meeting of the Villages Board of Directors hereof, held on the 5<sup>th</sup> day of March, 1996.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Villages Association this 6<sup>th</sup> day of March, 1996.

  
\_\_\_\_\_  
Arnold J. Kohn  
Villages Assistant Secretary

[CORPORATE SEAL]

**BOARD OF DIRECTORS**  
(Increase the Number of Directors and Establish Staggered Terms)

**WHEREAS**, Article 4, Section 4.1 of the Bylaws provides that the Villages Board of Directors shall consist of an uneven number of not less than three (3) nor more than nine (9) Directors who shall be elected by the Village's Owners in accordance with the Bylaws and the Declaration. The number of Directors shall be determined by a vote of the Owners at any annual or special meeting of the Owners and the number of Directors may be changed by a vote of the Owners at any subsequent annual or special meeting of the Owners; and

**WHEREAS**, Article 4, Section 4.3 of the Bylaws provides that the Owners may resolve at any annual or special meeting to establish staggered terms for the Villages Directors from one (1) to three (3) years; and

**NOW, THEREFORE, BE IT RESOLVED THAT** in furtherance of the above, at an annual meeting held on April 12, 2005, the Owners of The Villages at Tower Oaks Homeowners Association, Inc. hereby adopts the following regarding the number of Directors elected to the Board of Directors and the use of staggered terms for such elected Directors:

1. Any capitalized terms used herein shall have the meaning set forth in the Declaration and Bylaws.

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FILED  
MOLLY Q. RUHL  
CLERKS OFFICE  
FEDERAL BUREAU OF INVESTIGATION  
U.S. DEPARTMENT OF JUSTICE  
WASHINGTON, D.C. 20535

2. The Board of Directors for The Villages at Towers Oaks Homeowners Association, Inc. shall consist of seven (7) Directors.

3. Commencing with the election of Directors at the annual meeting held on April 12, 2005, the term of office for Directors shall be staggered from one (1) year to three (3) years as follows: (a) The candidate receiving the highest number of votes shall serve for a term of three (3) years; (b) The candidate receiving the next highest number of votes shall serve a term of two (2) years; (c) The candidate receiving the third highest number of votes shall serve a term of one (1) year. Provided that there are more than three (3) Directors positions available at a particular annual meeting, the next highest candidate(s) shall serve a term of one (1) year.



BYLAWS OF  
TOWER OAKS PROPERTY OWNERS ASSOCIATION, INC.

BYLAWS OF  
TOWER OAKS PROPERTY OWNERS ASSOCIATION, INC.

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BYLAWS OF  
TOWER OAKS PROPERTY OWNERS ASSOCIATION, INC.

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BYLAWS

OF

TOWER OAKS PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE 1 -- NAME AND LOCATION

The name of the corporation is TOWER OAKS PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at the Tower Companies 11501 Huff Court, North Bethesda, Maryland 20852 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 2 -- DEFINITIONS

Unless otherwise defined in these Bylaws, words or phrases defined in the Tower Oaks Property Owners Association, Inc. Declaration of Covenants, Conditions, Easements and Restrictions recorded or to be recorded in the Montgomery County Land Records (the "Declaration") shall have the same meaning in these Bylaws. The Declaration is incorporated by reference.

ARTICLE 3 -- MEETING OF NONRESIDENTIAL LOT OWNERS AND ANY SUBASSOCIATION(S)

Section 3.1. Annual Meetings. The first annual meeting of the Nonresidential Lot Owners and any Subassociation(s) shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association. Each subsequent regular meeting of Nonresidential Lot Owners and any Subassociation(s) shall be held on the same day of the same month of each year thereafter or such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting of the Nonresidential Lot Owners and any Subassociation(s) is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2. Special Meetings. Special meetings of the Nonresidential Lot Owners and any Subassociation(s) may be called at any time by the President or by the Board of Directors, or upon written request of the Owners who are entitled to vote fifty-one percent (51%) of the votes of the Association.

Section 3.3. Notice of Meetings. Written notice of each meeting of the Nonresidential Lot Owners and any Subassociation(s) 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, or by hand delivering a copy of such notice, at least ten (10) 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 may be waived upon the declaration of an emergency by the person calling the meeting. 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. All meetings of the Nonresidential Lot Owners and any Subassociation(s) shall be held at places and times convenient to the greatest number of Nonresidential Lot Owners and any Subassociation(s).

Section 3.4. Quorum. The presence at the meeting of Nonresidential Lot Owners and any Subassociation(s) entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Nonresidential Lot Owners and any Subassociation(s) present shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 3.5. Voting, Co-Owners, Corporate Owners, Delinquent Payment. At every meeting of the Nonresidential Lot Owners and any Subassociation(s), a Nonresidential Lot Owner or any Subassociation shall have the right to cast the number of votes as provided in the Declaration on each question. The vote of the Nonresidential Lot Owners and any Subassociation(s) representing fifty-one percent (51%) of the total of the votes of the Association, in person or by proxy, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of Law or of the Articles of Incorporation, the Declaration or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. If more than one Person owns a Nonresidential Lot, all of the Persons who own such Nonresidential Lot shall collectively constitute one Owner and one Member of the Association. The votes of the Association associated with any such Nonresidential Lot may be cast by any of the co-owners present at any meeting unless any objection or protest by any other co-owner is noted at such meeting. If the co-owners who are present at any meeting of the Nonresidential Lot Owners and any Subassociation(s) are unable to agree on the manner in which such votes shall be cast on any particular

question, then such vote shall not be counted for purposes of deciding that question.

If any Nonresidential Lot is owned by a corporation, then the votes for any such Nonresidential Lot shall be cast by a person designated in a certificate signed by the President or any Vice-President of such corporation and attested by the Secretary or an Assistant Secretary of such corporation and filed with the Secretary of the Association, before or during the meeting. The vote for any Nonresidential Lot which is held by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protects by any other such trustee or partner is noted as such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes.

No Nonresidential Lot Owner 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 sixty (60) days delinquent in any payment due the Association.

All election materials prepared with Association funds must list candidates in alphabetical order and must not suggest a preference among candidates.

Section 3.6. Absentee Ballots. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the Nonresidential Lot on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 3.7. Proxies. At all meetings of Nonresidential Lot Owners and any Subassociation(s), each Nonresidential Lot Owner may vote in person or by proxy. Every proxy shall be revocable and shall automatically cease upon conveyance by the Nonresidential Lot Owner of such Nonresidential Lot. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy. All proxies shall be in writing and shall be filed with the Secretary, in such form as is approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of Maryland shall be deemed to be satisfactory and approved as to form by the Board of Directors. Notwithstanding anything herein to the contrary, only a directed proxy may be utilized to vote for members of the Board of Directors. A nondirected proxy may

be counted toward a quorum and may vote on any matters of business other than the election of Directors.

Section 3.8. Right of Mortgagees. Any Mortgagee of any Nonresidential Lot who desires notice of the annual and special meetings of the Nonresidential Lot Owners and any Subassociation(s) 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 Mortgagee and the name of the person to whom notice of the annual and special meetings of the Nonresidential Lot Owners and any Subassociation(s) should be addressed. The Secretary of the Association shall maintain a roster of all 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 Nonresidential Lot Owners and any Subassociation(s) to each such Mortgagee in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article 3 for notice to the Nonresidential Lot Owners and any Subassociation(s).

Any such Mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the Nonresidential Lot Owners and any Subassociation(s) and such representative may participate in the discussion at any such meeting and may, upon request made to the Chairman in advance of the meeting, address the Nonresidential Lot Owners and any Subassociation(s) present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Nonresidential Lot Owners and any Subassociation(s) upon request made in writing to the Secretary.

Section 3.9. Meetings.

(a) All meetings of the Association shall be open to every Owner of a Nonresidential Lot and every Subassociation and/or their representative. Such meetings may be held in closed session for the following purposes:

(i) Discussion of the employment, assignment, appointment, promotion, demotion, compensation, discipline, removal or resignation of employees over whom the Association has jurisdiction, or any other personnel matter affecting one or more particular individual(s);

(ii) Protection of the privacy or reputation of individuals in matters not related to Association 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) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure;

(vii) On an individually recorded affirmative vote of two-thirds (2/3) of the Nonresidential Lot Owners and any Subassociation(s) present, for some other exceptional reason;

(viii) Acquisition of capital items previously specifically approved as part of a published budget adopted in an open meeting;

(ix) Discussion of short-term investments of funds of the Association in liquid assets if authorized by an investment policy previously adopted in an open meeting;

(x) Conducting collective bargaining negotiations or considering related matters and issues; or

(xi) Discussions concerning public security, including the deployment of personnel in connection therewith and the development and implementation of emergency plans.

(b) If a meeting is held in closed session pursuant to the procedures established above:

(i) No action may be taken and no matter may be discussed other than those permitted above; and

(ii) A statement of the time, place and purpose of each closed meeting, the record of the vote of each member of the Board of Directors by which any meeting was closed, and the authority under this Section 3.9 for closing any meeting shall be made available so as to reasonably notify Nonresidential Lot Owners and any Subassociation(s) of the Association within fourteen (14) days after the meeting.



ARTICLE 4 -- BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number. The affairs of the Association shall be managed by a Board of Directors initially consisting of three (3) natural persons. The names of the initial Directors are set forth in the Articles of Incorporation. Commencing with the first annual meeting of the Association, the Board of Directors shall consist of an uneven number of not less than three (3) nor more than nine (9) Directors who shall be appointed by the Grantor or elected by the Nonresidential Lot Owners and any Subassociation(s) in accordance with these Bylaws and the Declaration.

Before expiration of the Grantor's rights as provided in the Declaration, the number of Directors shall be determined from time to time by the Grantor; thereafter, the number of Directors shall be determined by a vote of the Nonresidential Lot Owners and any Subassociation(s) at any annual or special meeting of Nonresidential Lot Owners and any Subassociation(s) and the number of Directors may be changed by a vote of the Nonresidential Lot Owners and any Subassociation(s) at any subsequent annual or special meeting of the Nonresidential Lot Owners and any Subassociation(s); provided, however, that: (a) the limitations of this Section 4.1 shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 4.2. Grantor's Representation on Board of Directors. The members of the Board of Directors shall be appointed and/or elected, as the case may be, pursuant to the Declaration.

Section 4.3. Term of Office. Except for members of the Board of Directors appointed by the Grantor, who shall serve until removed and/or replaced by the Grantor or until replaced by a Director elected by the Nonresidential Lot Owners and any Subassociation(s) as provided herein, the term of office of each member of the Board of Directors shall be two (2) years. In the alternative, the Nonresidential Lot Owners and any Subassociation(s) may resolve at any annual or special meeting following the expiration of the Grantor's rights as provided in the Declaration, to establish the term of office for all Directors to be one (1) year, or to establish staggered terms for the Directors from one (1) to three (3) years. Any change in the number of Directors or term of office of Directors shall not act to extend or curtail the term of office of any incumbent Director. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 4.4. Removal. Except with respect to Directors appointed by the Grantor, any Director may be removed from the Board, with or without cause, by the approval of the Nonresidential Lot Owners and any Subassociation(s) entitled to cast fifty-one percent (51%) of the votes of the Association, and, in the event of the death, resignation or removal of a Director, a successor shall be selected by the remaining members of the Board, which successor shall serve for the unexpired term of such Director's predecessor. Members of the Board of Directors appointed by the Grantor shall serve at the pleasure of and may be removed and/or replaced, with or without cause, by the Grantor.

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

Section 4.6. 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 and by filing such approval 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 5 -- NOMINATION AND ELECTION OF DIRECTORS

Section 5.1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Nonresidential Lot Owners and any Subassociation(s). The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Nonresidential Lot Owners and any Subassociation(s) of the Association. The Nominating Committee, if any, may be appointed by the Board of Directors before each annual meeting of the Nonresidential Lot Owners and any Subassociation(s) and such appointment may be announced at each annual meeting. The Nominating Committee, if any, may 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.

Section 5.2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Nonresidential Lot Owners and any Subassociation(s) 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. Votes shall not be counted until after the time allotted by the Association for voting has ended. Cumulative voting is permitted.

#### ARTICLE 6 -- MEETING OF DIRECTORS

Section 6.1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods, at such time and place as shall have been made known to all Nonresidential Lot Owners and any Subassociation(s) in writing or upon written notice provided by mail or hand delivery not less than seventy-two (72) hours nor more than ninety (90) days before the date of the meeting.

Section 6.2. 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 entire Board of Directors.

Section 6.3. Rights of Mortgagees. Any Mortgagee of any Nonresidential 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 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 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 Mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article 6 for notice to the members of the Board of Directors. Any such 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 have no voting rights 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.

ARTICLE 7 -- POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. Powers. The Board of Directors shall have power to:

(a) adopt and publish "Rules and Regulations" governing the use of the General and Limited Common Areas and Facilities, and to establish penalties for the infraction thereof; and

(b) 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 Bylaws, the Articles of Incorporation, or 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 Nonresidential Lot Owners and any Subassociation(s) at the annual meeting of the Nonresidential Lot Owners and any Subassociation(s), or at any special meeting when such statement is requested in writing by one-sixth (1/6) of the Nonresidential Lot Owners and any Subassociation(s) who are entitled to vote; and

(b) 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 Bylaws, the Articles of Incorporation, or the Declaration.

ARTICLE 8 -- OFFICERS AND THEIR DUTIES

Section 8.1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to be elected by the Board of Directors.

Section 8.2. 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 Nonresidential Lot Owners and any Subassociation(s); provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 8.3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until their successors are duly elected and qualified, unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4. 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 8.5. 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 8.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officers appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7. Multiple Offices. The offices of Secretary and Assistant Secretary, Treasurer and Vice President may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the Declaration, the Articles of Incorporation or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article 8 and except as otherwise provided in this Section 8.7.

Section 8.8. Duties. The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Board of Directors to a management agent):

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written

instruments but is not required to co-sign all checks and promissory notes.

Vice President

(b) The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Nonresidential Lot Owners and any Subassociation(s); keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all moneys 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's books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Board, and deliver copies thereof to the Nonresidential Lot Owners and any Subassociation(s).

Section 8.9. Compensation. No officer shall receive compensation for any service rendered to the Association. However, any officer may be reimbursed for actual expenses incurred in the performance of such officer's duties.

ARTICLE 9 -- LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer

or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which such officer or Director may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Nonresidential Lot Owners and any Subassociation(s) of 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 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. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

#### ARTICLE 10 -- COMMITTEES

The Board of Directors may appoint the Tower Oaks Design Review Committee and other committees as deemed appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Section 6.1 of these Bylaws.

#### ARTICLE 11 -- BOOKS AND RECORDS/FISCAL MANAGEMENT

Section 11.1. 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 on the date of recordation of the Declaration. 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 11.2. Principal Office - Change of Same. The principal office of the Association shall be as set forth in the Articles of Incorporation of the Association. 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.

Section 11.3. Books and Accounts. Books and accounts of the Association shall be kept under the discretion 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 the maintenance and repair expenses of the General and Limited Common Areas and Facilities, services required or provided with respect to the same and any other expenses incurred by the Association.

Section 11.4. Auditing. At the close of each fiscal year and at the election of the Board of Directors, the books and records of the Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, if any, the Association shall furnish the Nonresidential Lot Owners and any Subassociation(s) with an annual financial statement, including the receipts and disbursements of the Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 11.5. Inspection of Books. 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 Nonresidential Lot Owners and any Subassociation(s) and their duly authorized agents or attorneys, and to the Mortgagee of any Nonresidential Lot and its duly authorized agents or attorneys, 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 Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Section 11.6. Fidelity Insurance. 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 insurance or equivalent coverage against acts of dishonesty. The premiums on such insurance shall be paid by the Association.



ARTICLE 12 -- CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: TOWER OAKS PROPERTY OWNERS ASSOCIATION, INC., a Maryland corporation.

ARTICLE 13 -- AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Nonresidential Lot Owners and any Subassociation(s), entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the Association by a vote of a majority of such quorum of Nonresidential Lot Owners and any Subassociation(s) present in person or by proxy.

ARTICLE 14 -- INTERPRETATION/MISCELLANEOUS

Section 14.1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. If there is any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 14.2. Notices. Unless another type of notice is specifically provided for, any and all notices called for in these Bylaws shall be given in writing.

Section 14.3. Severability. If any provision or provisions of these Bylaws 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 14.4. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 14.5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof.

Section 14.6. Gender, etc.. Whenever in these Bylaws 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.

IN WITNESS WHEREOF, we, being all of the Directors of TOWER OAKS PROPERTY OWNERS ASSOCIATION, INC., have hereunto set our hands this 5<sup>th</sup> day of March, 1996.

WITNESS:

Arnold J. Kohn  
Arnold J. Kohn  
Arnold J. Kohn

Gary M. Abramson  
Gary M. Abramson

Jeffrey S. Abramson  
Jeffrey S. Abramson

Ronald D. Abramson  
Ronald D. Abramson

\* \* \*


CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary or Assistant Secretary of TOWER OAKS PROPERTY OWNERS ASSOCIATION, INC., a Maryland nonstock corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors hereof, held on the 5<sup>th</sup> day of March, 1996.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 6<sup>th</sup> day of March, 1996.

  
\_\_\_\_\_  
Arnold J. Kohn  
Assistant Secretary

[CORPORATE SEAL]