

BY-LAWS

OF

COLONIAL PARK HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

Name and Location

Section 1. Name and Location. The name of this Corporation is COLONIAL PARK HOMEOWNERS' ASSOCIATION, INC. (hereinafter referred to as the "Association"). Its principal place of business and mailing address is 1046 Annapolis Road, Gambrills, Maryland 21054. Said principal office may be changed by the Board of Directors at any time and from time to time. This Association is a nonprofit, nonstock corporation organized under the laws of the State of Maryland, which may have such other offices within or without the State of Maryland as the Board of Directors or the Members may from time to time designate.

Section 2. Applicability. These By-Laws and each provision thereof shall be applicable to all Lots and Members within the development known as COLONIAL PARK, situated in Anne Arundel County, Maryland, and described more particularly in the Declaration of Covenants, Conditions and Restrictions for COLONIAL PARK (hereinafter referred to as the "Declaration").

ARTICLE II

Definitions

Unless the context shall plainly require otherwise, the following words when used in these By-Laws and any and all exhibits hereto, shall have the following meanings:

Section 1. "Association" shall mean and refer to COLONIAL PARK HOMEOWNERS' ASSOCIATION, INC., a Maryland nonstock, nonprofit corporation, its successors and assigns (a) created pursuant to, or in accordance with, the Declaration, (b) formed for the purposes of preserving, maintaining and managing the common areas owned by the Association and of safeguarding conditions necessary for maintaining the physical appearance and image of COLONIAL PARK, and (c) membership in which is either appurtenant to a Lot within COLONIAL PARK or vested in Declarant or its successors in interest, pending development and sales of such lots. Association shall be synonymous with "Corporation".

Section 2. "Common Area" shall mean and refer to all real

property and improvements thereon now or hereafter owned by the Association for the common use and enjoyment of the members of the Association and designated as such. In order to be so designated, the property must be (a) shown on a recorded subdivision plat as a common area, recreation area, open space, passive use open space or storm water management easement, (b) included within the Properties by the Declaration or any amendment or supplement thereto; and (c) specifically designated as Common Area by the Declaration or any amendment or supplement thereto.

Section 3. "Declarant" shall mean and refer to Pro Development Group, Inc., its designees, successors and assigns and/or such persons, firms and corporations as shall acquire more than one undeveloped Lot from the Declarant for the purpose of development and be designated by Declarant as an Additional Declarant.

Section 4. "Declaration" as used herein, means that certain Declaration of Covenants, Conditions and Restrictions made the 4th day of March, 2002, by Quarterfield Knolls, LLC, recorded among the Land Records of Anne Arundel County, Maryland, and any declaration amendatory or supplementary thereto.

Section 5. "Dwelling Unit" shall mean and refer to any building or portion of a building situated within the Properties originally designated and intended for use and occupancy as a residence by a single family.

Section 6. "Completed Dwelling Unit" shall mean a Dwelling Unit that has been approved for occupancy by the appropriate governmental authorities regardless of its occupancy.

Section 7. "First Mortgagee" shall mean and refer to the holder of the first mortgage or deed or trust on any Lot which is improved by a Dwelling Unit and which has notified the Association in writing of its holding.

Section 8. "Lot" shall mean and refer to any plot or parcel of land included within the Properties and shown upon any recorded subdivision map or plat of the Properties, with the exception of the Common Area.

Section 9. "Manager" or "Management Agent" shall mean and refer to that person, if any, retained by the Association to provide maintenance and management services (including the collecting and disbursing of Association funds upon appropriate direction therefor) for the Association.

Section 10. "Member" shall mean and refer to every person, group of persons or entity who holds membership in the Association

pursuant to Article III hereof.

Section 11. "Occupant" shall mean any person owning, leasing or otherwise occupying a dwelling unit situate on the Property.

Section 12. "Owner" shall mean and refer to any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who is the record owner of a fee simple title to any Lot which is part of the Properties, including contract sellers; provided, however, that any person, group of persons, corporation, partnership, trust or other legal entity, or any combination thereof, who holds such interest solely as security for the performance of an obligation shall not be a owner by reason only of such interest.

Section 13. "Person" shall mean any individual, group of persons, firm, corporation, partnership, association, trust or other legal entity or any combination thereof.

Section 14. "Properties" shall mean and refer to that certain real property described in Exhibit A of the Declaration and such additions thereto, as may be subject to the Declaration, and any amendments or supplements thereto.

Section 15. "The Property" shall mean all that real property described as "Properties" in the Declaration of Covenants, Conditions and Restrictions as amended and supplemented from time to time.

Section 16. "Easement" shall mean a right or privilege which the owner of one parcel of land may have in the lands of another, limited by the language of the granting document and the laws of Maryland.

Section 17. Any other term used in these By-Laws shall have the same meaning as set forth in the Declaration except where said meaning is clearly inappropriate.

ARTICLE III

Membership

Section 1. Membership. Every person or entity, including Declarant, who is a record Owner of a fee or undivided fee interest in any Lot which is subject to the Declaration including contract sellers, shall be a Member of the Association and each Purchaser of any Lot by acceptance of a deed therefor covenants and agrees to be a Member of the Association whether or not it shall be so expressed in any deed or other conveyance. The foregoing is not intended to include persons or entities who hold an interest merely

as security for the performance of an obligation. For each Lot owned, the Owner thereof shall be entitled to one (1) membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

Section 2. Classification of Members. The Association shall have two classes of voting membership which shall be known as "Class A" and "Class B":

- (a) Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members, but in no event shall more than one (1) vote be cast with respect to any Lot. The vote for such Lot shall be exercised as they among themselves determine, and advise the Secretary of the Association prior to or at any meeting. In the event that more than one person or entity seeks to exercise the vote for such lot, the vote shall be suspended. Any Owner of Lots which are leased may, in the lease or other written instrument, assign the voting right appurtenant to that Lot to the lessee, provided that a copy of such instrument is furnished to the Secretary prior to any meeting.
- (b) The Class B Member or Members shall be the Declarant, its nominee or nominees and any Additional Declarant, as defined in Article II, Section 3. Each Class B Member shall be entitled to three (3) votes for each Lot owned. Each Class B Membership shall lapse and become a nullity on the first to happen of the following events:
 - (i) thirty (30) days following the date on which the total number of votes entitled to be cast pursuant to this Article IV by Class A Members first equals the total number of votes entitled to be cast pursuant to this Article IV by Class B Members; or
 - (ii) on December 1, 2005; or
 - (iii) upon the surrender of said Class B Memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of any of the Class B Memberships, as provided in this Article, the Declarant and/or any Additional Declarant shall thereafter become a Class A Member of the Association as to each and every Lot in which the Declarant and/or any Additional Declarant then holds the interest otherwise required for such Class A Membership.

The Members of the Association shall have no preemptive rights, as such Members to acquire any memberships of this Association that may at any time be issued by the Association except as may be specifically provided in this Article.

Section 3. Membership Certificates. The Association shall not be required to issue membership certificates to members. However, in the event the Board of Directors considers it necessary or appropriate to issue membership certificates or the like, then each such membership certificate shall state that the Association is organized under the laws of the State of Maryland, shall state the name of the registered holder or holders of the membership represented thereby, and shall be in such form as shall be approved by the Board of Directors. Membership certificates, if issued, shall be consecutively numbered, bound in one or more books, and shall be issued therefrom upon certification as to the transfer of title to the lot to which such membership is appurtenant. Membership (other than Class B membership) is not otherwise transferable except as provided in Section 4 of this Article III. Every membership certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary of the Association and may be sealed with the seal of the Association, if any. Such signatures and seal may be original or facsimile.

Section 4. Assignment of Membership. The Class A memberships, but not the Class B memberships, shall be appurtenant to the Lot owned by a member and may not be assigned except in conjunction with the Lot to which they are appurtenant. Class B membership shall be freely assignable to any person serving in capacity as a Declarant hereunder as the same is defined in Article II, Section 3.

Section 5. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Association and alleged to have been destroyed or lost, upon the making of an affidavit of that fact by the member of the Association claiming the membership certificate to be lost or destroyed. When authorizing such issuance of a new certificate or certificates, the Board of Directors may, in its discretion, and as a condition precedent to the issuance thereof, require the registered holder or holders of such lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Association a bond in such sum as the Board of Directors may require as indemnity against any claim that may be made against the Association.

Section 6. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, the assets of the Association shall be distributed to an appropriate public

agency to be used for similar purposes to those for which this Association was created. In the event that such distribution is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization organized and operated for such similar purposes.

Section 7. Method of Voting Membership Held By More Than One Person. In the event a membership is held by more than one person, that membership shall, nevertheless, be entitled to only one indivisible vote. The method of voting such membership shall be as described in Article IV, Section 7 of these By-Laws.

ARTICLE IV

Meeting of Members

Section 1. Place of Meeting. Meetings of the Members of the Association shall be held at such suitable place within the State of Maryland reasonably convenient to the members of the Association as may from time to time be designated by the Board of Directors.

Section 2. Annual Meetings. The first annual meeting of the members of the Association shall be held at such time as the Board of Directors shall determine but, shall be held, in any event, within one (1) year following the date of filing for record of the Declaration among the Land Records of Anne Arundel County, Maryland. Thereafter the annual meetings of the members of the Association shall be held on such date as the Board of Directors may determine but not less than three (3) nor more than five (5) months after the last day of the Association's fiscal year. At such meeting there shall be elected by ballot of the members of the Association a Board of Directors in accordance with the requirements of these By-Laws. The members of the Association may also transact such other business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members of the Association as requested by a majority of the Board of Directors or upon a petition signed by members of the Association representing at least twenty-five percent (25%) of the total votes entitled to be cast by the membership having been presented to the Secretary. 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 specifically stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or otherwise deliver a notice of each annual and special meeting of the Association, stating the purpose thereof

as well as the time and place where it is to be held, to each member of record at his address as it appears on the membership books of the Association, or if no such address appears, at his last known place of address, at least ten (10) but not more than ninety (90) days prior to such meeting. Notice by either such method shall be considered as notice served and proof of such notice shall be made by the affidavit of the person giving such notice. Attendance by a member of the Association at any annual or special meeting shall be a waiver of notice by him of the time, place and purpose thereof. Notice of any annual or special meeting of the members of the Association may also be waived by any member of the Association either prior to, at or after any such meeting.

Section 5. Quorum. The presence, either in person or by proxy, of members of the Association entitled to cast twenty-five percent (25%) of the vote of each class shall be requisite for, and shall constitute a quorum for, the transaction of business at all meetings of members, unless a greater number is provided by the Declaration or these By-Laws. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to notice requirements herein, and the required quorum at such subsequent meeting shall be one-half (1/2) the required quorum of the preceding meeting.

Section 6. Adjourned Meetings. If any meeting of members of the Association cannot be organized because a quorum has not attended, the members of the Association who are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 7. Voting. At every meeting of the members of the Association, the vote of the members of the Association representing a majority of the members of the Association present and voting, in person or by proxy, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by express provision of statute or of the Declaration or of these By-Laws, a different vote is required, in which case such express provision shall govern and control. The vote for any membership which is owned by more than one (1) person may be exercised by any of them present at any meeting. In the event all of the co-owners of any membership who are present at any meeting of the members of the Association are unable to agree on the manner in which the vote for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding the question. 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 attested by the secretary or an assistant secretary of such corporation and filed with the Secretary or the Association prior to the meeting. 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 authorized general partner is noted at 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 member of the Association shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors if the books or management accounts of the Association show such member to be more than sixty (60) days delinquent in any payment due the Association. No vote may be divided into fractional votes on any questions.

Section 8. Proxies. A member of the Association may appoint any other member of the Association, or the Declarant or the Management Agent as his proxy. In no case may any member of the Association (except the Declarant, the Management Agent or any mortgagee) cast more than two votes by proxy in addition to his own vote. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors at or before the appointed time of each meeting. Unless limited by its terms or by statute, any proxy shall continue until revoked by a written notice of revocation filed with the Secretary or by the death of the member of the Association or by conveyance of the Lot to which the membership is appurtenant.

Section 9. Rights of Mortgagees. Any institutional mortgagee of any Lot who desires notice of the annual and special meetings of the members of the Association shall notify the Secretary to that effect by Certified Mail-Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and name of the person to whom notice of the annual and special meetings of the members of the Association should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the members to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations as are provided in this Article for notice to the members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the members of the Association and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members of the Association 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 members of the Association upon request made in writing to the Secretary.

Section 10. Order of Business. The order of business at all regularly scheduled meetings of the members of the Association

shall be as follows:

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

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

Section 11. Rules of Order and Procedure. The rules of order and all other matters of procedure at all annual and special meetings of the members of the Association shall be determined by the Chairman of such meeting.

ARTICLE V

Directors

Section 1. Number and Qualification. The affairs of the Association shall be governed by the Board of Directors which shall be composed of three (3) natural persons, at least two of whom shall be members of the Association.

Section 2. Initial Directors. The initial Directors shall be selected by the Declarant and need not be members of the Association.

Section 3. Powers. The Board of Directors shall have the power to:

- (a) adopt and publish rules and regulations governing the use of the Common area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) 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 rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and

authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

- (d) declare the office of members 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; and
- (e) employ a manager, an independent contractor, or such other employees as they deem necessary.

Section 4. 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 Association 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 one-fourth (1/4) of the Class A Members who are entitled to vote;
- (b) supervise all officers, agents and employees of the 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; and
 - (3) file a lien against any property for which assessments are overdue or to bring an action at law against the Owner personally obligated to pay the same.
- (d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be 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; and
- (g) cause the Common Area to be maintained.

Section 5. Budget. The Board of Directors, with the assistance of counsel and the Management Agent, if any, shall prepare and adopt a budget for each annual assessment period which shall include estimates of the funds required by the Association to meet its annual expenses for that period and shall include reasonable reserves for maintenance. The budget herein required to be prepared and adopted by the Board of Directors shall be in format consistent with the classification of the accounts of the Association, and shall provide for sufficient estimates, on a consistent periodic basis, to permit comparison to and analysis of deviations from the various periodic reports of the actual results of operations and the actual financial condition of the Association, on both a current basis and for prior corresponding periods, all in accordance with generally accepted accounting practices, consistently applied. Copies of the budget shall be available for examination by the members and by their duly authorized agents and attorneys, and by the institutional holder of any first mortgage on any Lot in the project and by their duly authorized agents and attorneys, during normal business hours, for purposes reasonably related to their respective interests.

Section 6. Election and Term of Office. The term of the Directors named in the Declaration, if any, shall expire when they appoint their successors pursuant to this Section or, if the Directors do not appoint their successors, then when their successors have been elected at the annual meeting of members of the Association and are duly qualified. The term of office of each Director shall be for a period of one (1) year and until their successors have been elected and hold their first meeting. At such time as the Declarant and/or any Additional Declarant ceases to be a Class B Member, the Declarant and/or any Additional Declarant may designate three (3) Class A Members who shall serve as the transition Board of Directors during the period of time until the election of Directors held at the next annual meeting following said appointment.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a director by a vote of the membership shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected by the members of the Association at the next annual meeting.

Section 8. Removal of Directors. At a regular annual meeting or special meeting duly called for such purpose any Director may be removed with or without cause by the affirmative vote of the majority of the votes of the entire regular membership of record and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members of the Association shall be given an opportunity to be heard at the meeting.

Section 9. Compensation. No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to any Director for services performed by him for the Association in any capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors before the services are undertaken.

Section 10. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the Board of Directors shall be present.

Section 11. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail or by telephone at least six (6) days prior to the day named for such meeting.

Section 12. Special Meetings. Special meetings of the Board of Directors may be called by the President or the Chairman of the Board of Directors on three (3) days notice to each Director, given personally, by mail or by telephone, which notice shall state the time, place (as hereinbefore provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least one-third (1/3) of the Directors.

Section 13. Waiver of Notice. Before, at or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 14. Quorum. At all meetings of the Board of Directors a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present and voting at any meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 15. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 16. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for the Association or trust funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE VI

Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. As long as there is a Class B membership, the officers of the Association need not be members of the Association. Thereafter, except for the President, the officers of the Association need not be members of the Association.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board of Directors.

Section 3. 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, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors call for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the members of the Association and of the Board of Directors. He shall have all of the general powers and duties

which are usually vested in the office of president of a corporation, including, but not limited to, the power to appoint such committees from among the members of the Association from time to time as he may, in his discretion, decide are appropriate to assist in the conduct of the affairs of the Association.

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

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he shall have custody of the seal of the Association; he shall have charge of the membership transfer books and of such other books and papers as the Board of Directors may direct, and he shall, in general, perform all of the duties incident to the office of Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for funds and securities of the Association and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for causing the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. The office of Secretary and Treasurer may be held by one person.

ARTICLE VII

Liability and Indemnification of Officers and Directors

Section 1. 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 any 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 he 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 of the Association at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the members 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 (except to the extent that

such officers or Directors may also be owners) 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.

Section 2. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and one or more of its Directors, or between the Association and any corporation, firm or association (including the Declarant) in which one or more of the Directors of the Association are directors or officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their votes are counted for such purpose, if any of the conditions specified in any of the following subparagraphs exist;

- (a) the fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the minutes, and the Board of Directors authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or
- (b) the fact of the common directorate or interest is disclosed or known to the members of the Association, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or
- (c) the contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such other corporation or not so interested.

ARTICLE VIII

Management

Section 1. Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage, operate and maintain the Common Area for the benefit of the Members, shall enforce the provisions hereof and shall pay out of the common expense fund hereinafter provided for, the following:

- (a) the cost of providing necessary services for the Common Area.
- (b) the cost of fire and extended liability insurance for the Common Area and the cost of such other insurance as the Association may effect.
- (c) the cost of the services of a person or firm to manage the project, if any, together with the services of such other personnel as the Board of Directors of the Association shall consider necessary for the operation of the Association.
- (d) the cost of providing such legal and accounting services as may be considered necessary to the operation of the Association.
- (e) the cost of maintaining and landscaping the Common Area and such furnishings and equipment as the Board of Directors shall determine are necessary and proper; provided, however, that (except for actions taken in accordance with Article IX, Section 2 of the Declaration) nothing herein contained shall require the Association to paint, repair or otherwise maintain any Lot or any fixtures, appliances or equipment located therein, the maintenance of each Lot and the building on which such Lot may be located being the sole responsibility of the Owner or occupant thereof.
- (f) the cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like, which the Association is required to secure or pay for by law, or which in the discretion of the Board of Directors shall be necessary or proper for the operation of the Association and its property.

Section 2. Management Agent. The Association may, by contract in writing, delegate any of its ministerial duties, powers or functions to a Management Agent. The Association and the Board of Directors shall not be liable for any omissions or improper exercise by the Management Agent of any such duty, power or function so delegated.

Section 3. Easements for Utilities and Other Purposes. The Association is authorized and empowered to grant (and shall from time to time grant) such licenses, easements and/or rights-of-way for sewer lines, water lines, electrical cables, telephone cables, television and other communication cables, internal and external wiring and antennae, gas lines, storm drains, underground conduits, jogging paths, exercise stations, and/or such other purposes related to the provision of public utilities and other common services to the Common Area or any part thereof as may be considered necessary, appropriate or desirable by the Board of Directors for the orderly maintenance, preservation and enjoyment of the Common Area or for the preservation of the health, safety, convenience and/or welfare of the owners of the units or of the Declarant. Said easements, licenses and rights-of-way shall be granted by vote of the Board of Directors of the Association and the Members shall not be required to approve such grants.

Section 4. Limitation of Liability. The Association shall not be liable for any failure of utilities or other services to be obtained by the Association or paid for out of the common expense fund, or for injury or damage to person or property caused by the elements or by the owner of any unit, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from any portion of the property owned and/or maintained by the Association or from any wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to the owner of any Unit for loss or damage, by theft or otherwise, of articles which may be stored upon any of the Common Area. No diminution or abatement of common expense assessments, as hereinelsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Area, or to any Unit or from any action taken by the Association to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 5. Fiscal Year. The fiscal year of the Association shall be determined by the Board of Directors.

Section 6. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practices. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures affecting the project and its administration and shall specify the maintenance and repair expenses of the Common Area and services and of any other expenses

incurred. That amount of any assessment required for payment of any capital expenditures 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 7. Auditing. At the close of each fiscal year, the books and records of the Association shall be audited by an independent Certified Public Accountant whose report shall be prepared and certified in accordance with generally accepted auditing standards. Based upon such report, the Association shall furnish its Members with an annual financial statement, including the income and disbursements of the Association. The Declarant may submit the Association's income tax returns as its financial statement.

Section 8. Inspection of Books. The books and accounts of the Association, and vouchers accrediting the entries made thereupon, shall be available for examination by the Members of the Association, attorneys and to the institutional holder of any first mortgage or any Unit and/or its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their interests as Members.

Section 9. Execution of Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or Vice President, and all checks shall be executed on behalf of the Association by such officers, agents or other persons as are from time to time authorized by the Board of Directors.

ARTICLE IX

Destruction and Damage

Section 1. Use of Insurance Proceeds. In the event of damage or destruction by fire or other casualty, the damaged property shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications with the proceeds of insurance available for that purpose, if any.

Section 2. Proceeds Insufficient. In the event that the proceeds of insurance are not sufficient to repair damage or destruction by fire or other casualty, or in the event such damage or destruction is caused by any casualty not herein required to be insured against, then the repair or reconstruction of the damaged Common Area shall be accomplished promptly by the Association at its common expense. The ratable share of the expense of such repairs or reconstruction may be assessed and the lien for the same shall have all the priorities provided for in the Declaration.

ARTICLE X

Architectural and Environmental Control Committee

Section 1. Architectural and Environmental Control Committee - Operation. The Architectural and Environmental Control Committee (hereinafter referred to as the "Committee") provided for in Article VI of the Declaration shall be composed of three (3) or more natural persons designated from time to time by the Board of Directors of the Association, and such persons shall serve for at the pleasure of the Board of Directors. The Board of Directors shall adopt or promulgate any rule or regulation, or make any finding, determination, ruling or order, or issue any permit, consent, authorization, approval or the like that may be required to conduct the business of the Committee. If the Board of Directors fails to appoint a Committee, then the Board of Directors shall constitute the Committee. As required by Article VI of the Declaration, the Committee shall receive and consider any application for approval, and shall, within thirty (30) days of the receipt of such application, recommend approval or disapproval of such application by the Board of Directors. If the Committee fails to approve or disapprove such application within thirty (30) days after said application has been submitted to it, the Committee shall be deemed to have recommended approval by the Board of Directors. If the Board of Directors fails within thirty (30) days to take action to reverse any recommendation of the Committee, the recommendation of the Committee shall take effect as the decision of the Board of Directors. If no Committee has been appointed and if the Board fails to approve or disapprove such plans and specifications within thirty (30) days after said application has been submitted to it, approval will not be required and Article VI of the Declaration will be deemed to have been fully complied with.

Section 2. Approvals, Etc. Upon approval of the Committee's recommendation by the Board of Directors of any application submitted pursuant to the provisions of Article VI of the Declaration, a copy of such application bearing such approval, in writing, shall be returned to the applicant submitting the same.

Section 3. Limitations. Construction or alterations in accordance with an application approved by the Board of Directors shall be commenced within six (6) months following the date upon which the same are approved by the Board of Directors, whether by affirmative action or by forbearance from action, as provided in Section 1 of this Article, and shall be substantially completed within twelve (12) months following the date of commencement, or within such longer period as the Board of Directors shall specify in its approval. If construction is not commenced within the

period aforesaid, the approval by the Board of Directors shall be conclusively deemed to have lapsed and compliance with the provisions of Article VI of the Declaration shall again be required. There shall be no deviations from plans and specifications approved by the Board of Directors. Approval of any particular plans and specifications or designs shall not be construed as a waiver of the right of the Board of Directors to disapprove such plans and specifications, or any elements or features thereof, in the event such plans and specifications are subsequently submitted for use in any other instances.

Section 4. Certificate of Compliance. Upon the completion of any construction or alteration or other improvements or structure in accordance with plans and specifications approved by the Committee, the Committee shall, at the request of the owner thereof, issue a certificate of compliance which shall be prima facie evidence that such construction, alteration or other improvements referenced in such certificate have been approved by the Committee and constructed or installed in full compliance with the provisions of Article VI of the Declaration and with such other provisions and requirements of these By-Laws as may be applicable.

Section 5. Rules and Regulations, Etc. The Committee may, from time to time, recommend to the Board of Directors and the Board of Directors may adopt and promulgate such rules and regulations regarding the form and content of the application for approval and plans and specifications to be submitted for approval and may publish such statements of policy, standards, guidelines and establish such criteria relative to architectural styles or details, or other related matters, as it may consider necessary or appropriate. No such rules, regulations, statements, criteria or the like shall be construed as a waiver of the provisions of Article VI of the Declaration or any other provision or requirement of the Declaration or these By-Laws. The Board of Directors may charge and collect a reasonable fee for examination of any plans and specifications submitted for approval. The decisions of the Board of Directors shall be final except that any member of the Association who is aggrieved by any action or forbearance from action by the Board of Directors or the Association, upon the request of such member of the Association, shall be entitled to a hearing before the Board of Directors.

ARTICLE XI

Amendment and Approvals

Section 1. Amendments by Members. These By-Laws may be amended, subject to the provisions of Article XII, by the affirmative vote of Members representing sixty-six and two-thirds percent (66-2/3%) or more of the votes entitled to be cast.

Section 2. Amendments by Declarant. In the event the Declarant desires to amend this Declaration to correct a technical or typographical error or to clarify any provisions herein which are otherwise vague, it may do so by an instrument signed by Declarant without the consent of Owners, mortgagees, FHA, or VA, but shall give notice of any such amendments to all Owners, the FHA, the VA, and all mortgagees of Lots who have requested the same in writing. The failure to give such notice shall not affect the validity or effectiveness of such amendment.

Section 3. FHA/VA Approval. Notwithstanding anything herein contained to the contrary, as long as there is a Class B Membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration should same have a financial interest in the subject properties arising out of initial financing to an Owner: (a) annexation of additional properties, (b) dedication of Common Area to any public agency or authority, and (c) amendment of these By-Laws.

ARTICLE XII

Mortgages - Notices

Section 1. Notice to Board of Directors. Any Owner of any Lot who mortgages such Lot shall promptly notify the Board of Directors of the name and address of his mortgagee and any assignee if his mortgage is assigned or transferred to a new mortgagee and, if requested to do so, shall file a conformed copy of such mortgage with the Board of Directors. The Board of Directors shall maintain suitable records pertaining to such mortgages.

Section 2. Consents. The following provisions of this Section 2 shall apply only if required by the Federal Home Loan Mortgage Corporation or the Federal National Mortgage Association (herein collectively referred to as the "Mortgage Company") and thereafter shall apply so long as required by the Mortgage Company. Notwithstanding any other provisions of these By-Laws or of the Declaration to the contrary, neither the membership of the Association nor the Board of Directors of the Association shall without prior written approval of at least seventy-five percent (75%) of the first mortgagees (based upon one vote for each mortgage) be entitled to:

- (a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any Common Area or improvements thereon which are owned, directly or indirectly, by the Association. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Association shall not be deemed to transfer within the meaning of this clause;

- (b) change the method of determining the obligations, assessments, or other charges which may be levied against any Owner;
- (c) by act or omission change, waive, or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural control or the exterior appearance of Dwelling Units, the exterior maintenance of Dwelling Units, the upkeep of lawns and plantings, or the maintenance of Common Area;
- (d) fail to maintain Fire and Extended Coverage on insurable Common Area improvements on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);
- (e) use hazard insurance proceeds for losses to any Common Area improvements for other than the repair, replacement or reconstruction of such improvements;
- (f) annex properties in addition to those otherwise permitted by the Declaration or the By-Laws;
- (g) materially modify or amend the provisions of these By-Laws or of the Declaration.

Section 3. Definitions. As used in this Article, the term "mortgagee" shall mean any mortgagee and shall not be limited to institutional mortgagees and the term "Mortgage" shall include a deed of trust. As used generally in these By-Laws, the term "institutional holder" or "institutional mortgagee" shall include banks, trust companies, insurance companies, savings and loan associations, pension funds and any corporation, including a corporation of, or affiliated with, the United States Government, or any agency thereof.

ARTICLE XIII

Interpretation - Miscellaneous

Section 1. Conflict. These By-Laws are subordinate and subject in all respects to all provisions of the Declaration. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as in the Declaration. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control. The provisions of the Declaration are incorporated hereby by reference. In the event of any conflict between these By-Laws or the Declaration and the

Articles of Incorporation, the Articles of Incorporation shall control.

Section 2. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in the Declaration and in these By-Laws shall be given in writing.

Section 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 provision hereof which can be given effect.

Section 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 5. Captions. The captions and headings 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.

Section 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.

CERTIFICATION

I, the undersigned, do certify:

THAT I am the duly elected and acting Secretary of COLONIAL PARK HOMEOWNERS' ASSOCIATION, INC., a Maryland nonstock, nonprofit corporation; and

THAT the foregoing By-Laws constitute the original By-Laws of said Association as duly adopted at a meeting of the Board of Directors hereof, held on the 20th day of November, 2002.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 20th day of November, 2002.

Lisa Bell

Colonial Park Homeowners Association, Inc.

I HEREBY CONSENT TO ACT AS RESIDENT AGENT IN MARYLAND FOR
THE ENTITY NAMED IN THE ATTACHED INSTRUMENT.

SK Scott

SIGNATURE

S. Kennon Scott

PRINT NAME