

BYLAWS

of

**THE EAST GATE II
HOMES ASSOCIATION, INC.**

As amended through January 8, 2009

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**ARTICLE I
NAME; PRINCIPAL OFFICE**

Section 1.1. Name. The name of the corporation (the “Association”) is THE EAST GATE II HOMES ASSOCIATION, INC. The Association is commonly known as “Worland.”

Section 1.2. Principal Office. The Association’s principal office is at 7700 Old Georgetown Road, Suite 800, Bethesda, Maryland 20814.

**ARTICLE II
PURPOSES; COURTS**

Section 2.1. Purposes. The purposes of the Association are as set forth in the Association’s Articles of Amendment and Restatement, as the same were approved by the members of the Association on January 8, 2009, and filed or to be filed with the Maryland State Department of Assessments and Taxation (the “Articles of Incorporation”).

Section 2.2. Courts. The common areas owned by the Association and the 92 lots and dwellings (the “Units”) associated with those common areas are located within the subdivision known as East Gate of Potomac, Montgomery County, Maryland, all as more fully shown in Plats of Subdivision recorded among the Land Records of Montgomery County, Maryland, in Plat Book 89, plats 9555, 9556 and 9557 and in Plat Book 90, plats 9653 and 9654. The common areas and Units are divided into five courts known as Court I (containing common areas and 22 Units with street addresses of 10200 through 10252 Democracy Lane); Court II (containing common areas and 20 Units with street addresses of 10300 through 10348 Democracy Lane); Court III (containing common areas and 18 Units with street addresses of 10400 through 10448 Democracy Lane); Court IV (containing common areas and 11 Units with street addresses of 10261 through 10285 Gainsborough Road); and Court V (containing common areas and 21 Units with street addresses of 10201 through 10253 Gainsborough Road).

**ARTICLE III
MEMBERSHIP**

Section 3.1. Eligibility. The Association has 92 members (the “Members”), being the persons or entities who from time to time are the record fee owners of the Units.

Section 3.2. Voting Rights. Except as otherwise provided in these Bylaws, each Member has one vote with respect to matters to be voted upon by the Members, which may be exercised in person or by proxy. Record fee ownership of a Unit is determined according

to the records of the Association as of 10 days prior to the meeting at which the Members are entitled to vote.

Section 3.3. Multiple Owners. When record fee ownership of a Unit is held by two or more persons, all such persons together constitute one Member and the vote of a majority of such persons counts as one vote. If there is no majority, no vote is counted with respect to that Unit.

Section 3.4. Trustee as Owner. When record fee ownership of a Unit is vested in the trustee of a trust, the person holding the power to amend or revoke the trust is deemed to be the record fee owner for membership and voting purposes. If no person holds the power to amend or revoke the trust, the trustee is deemed to be the record fee owner for membership and voting purposes.

Section 3.5. Other Fiduciaries. When a guardian has been appointed for a record fee owner, the guardian is deemed to be the record fee owner for membership and voting purposes. When a record fee owner is deceased, the record fee owner's personal representative or executor is deemed to be the record fee owner for membership and voting purposes.

Section 3.6. Security Interests. When record fee ownership of a Unit is held merely as security for payment of indebtedness or performance of an obligation, the beneficial owner of the Unit is deemed to be the record fee owner for membership and voting purposes.

Section 3.7. Transfer of Membership Interests. Membership interests in the Association are not transferrable separate from transfers of record fee ownership of Units. An absolute transfer of record fee ownership in a Unit (but not a transfer merely as security for payment of indebtedness or performance of an obligation) also constitutes a transfer of membership to the transferee.

Section 3.8. Member Contact Information. Each Member must maintain on file with the Association his or her current mailing address, telephone number, and e-mail address if any.

ARTICLE IV ASSESSMENTS

Section 4.1. Association's Right to Assess. The rights of the Members are subject in all respects to the payment of annual, special and maintenance assessments levied by the Association. The obligation to pay assessments is imposed upon each Member. Assessments

become a lien upon the Unit against which such assessments are made as more fully provided by law and in the Declaration of Covenants and Restrictions dated February 2, 1971, and recorded February 8, 1971, among said Land Records in Liber 4041 at folio 348, as amended by Amendment to Declaration recorded among said Land Records on June 27, 2001 at Book 19351, page 642, and as thereafter amended (the "Declaration").

Section 4.2. Due Date of Assessments. All annual assessments are due on January 1 of the fiscal year to which they relate and become delinquent on February 1 of that fiscal year. All special assessments are due within 30 days after notices thereof are given to the Unit owners and become delinquent thereafter unless a later delinquency date is fixed by the Board of Directors. A maintenance assessment is due within 30 days after notice thereof is given to the affected Unit owner and becomes delinquent thereafter.

Section 4.3. Suspension of Membership Rights. The membership rights of any Member whose Unit is subject to an assessment as hereinabove set forth, whether or not the Member is personally obligated to pay such assessment, may be suspended by action of the Board during the period when the assessment is delinquent; provided, however, that upon full payment of such delinquent assessment, the Member's membership rights will be automatically restored. In the event the Board adopts and publishes rules and regulations governing the use of the common areas and the personal conduct of any Member or the Member's family members or guests in the common areas, the Board may, in its discretion, suspend the rights of any Member or other person for violating such rules and regulations for a period not to exceed 30 days for each violation.

Section 4.4. Late Charges. If all or any portion of an annual, special or maintenance assessment is delinquent for 30 days or more, a late charge will also be due equal to 2% of the delinquent amount for each month or partial month of delinquency, provided that the total late charge may not exceed 10% of the delinquent amount. A late charge may not be imposed more than once for the same delinquent assessment.

ARTICLE V MEETING OF MEMBERS

Section 5.1. Place of Meetings. Meetings of the Members are held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board.

Section 5.2. Annual Meeting. The annual meeting of the Members is held on the second Thursday in January of each year. If the day of the annual meeting falls on a holiday or on a day when the place designated by the Board for the meeting is unavailable, the

meeting will be held on the preceding Tuesday. Members elect the elected directors at the annual meeting and they may also transact other business that properly comes before them.

Section 5.3. Notice of Annual Meeting. At least 20 days but not more than 60 days prior to the annual meeting of the Members, the Secretary must give notice thereof to each Member, stating the date, time and place of the meeting.

Section 5.4. Special Meetings. The President must call a special meeting of the Members when directed so to do by a resolution of the Board or upon the written request presented to the President or Secretary by at least 25% of the Members entitled to vote. The resolution or request, as the case may be, must state the purpose of the meeting. No business may be transacted at any special meeting except as set out in the notice thereof unless two-thirds of the Members present consent to the conduct of other business.

Section 5.5. Notice of Special Meetings. At least 5 days but not more than 20 days prior to a special meeting of the Members, the Secretary must give notice thereof to each Member, stating the date, time, place and purpose of the meeting.

Section 5.6. Manner of Giving Notice. Notice of an annual or special meeting of the Members must be given to each Member in one or more of the following ways, any of which constitutes sufficient notice: (a) by mailing the notice by first-class mail, postage prepaid, to the Member at his or her mailing address as it appears in the records of the Association; (b) by delivering the notice in writing to the Member's Unit; or (c) by electronic mail to the Member's e-mail address as it appears in the records of the Association. The Association must also include a copy of the notice in any newsletter distributed prior to the meeting and it must post the notice on the Association's website prior to the meeting, but failure to do so does not invalidate the meeting.

Section 5.7. Waiver of Notice. Whenever any notice is required to be given to a Member by law, the Articles of Incorporation, the Declaration, or these Bylaws, a waiver thereof in writing, signed by the Member and filed with the records of the meeting, whether before or after the meeting, or the Member's attendance at the meeting, is deemed equivalent to the giving of notice to the Member.

Section 5.8. Quorum. Except as provided in Section 5.9, the presence of at least 25% of the Members entitled to vote constitutes a quorum for the conduct of business at all meetings of Members. If the number of Members present at a meeting is fewer than a quorum, and the question of a quorum is raised, no business may thereafter be transacted except a motion to adjourn and except as provided in Section 5.9. Any duly organized

meeting of Members may continue to do business until adjournment notwithstanding that the departure of Members during the meeting results in the absence of a quorum.

Section 5.9. Adjourned Meetings. If at any regular or special meeting of the Members there are fewer than a quorum present, a majority of Members present and entitled to vote may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called, at which time the quorum requirement shall be 20% and any business which might lawfully have been transacted at the meeting as originally called may be transacted without further notice.

Section 5.10. Voting. At any meeting of the Members, each Member present has the right to cast one vote on each matter coming before the Members. In cases of doubt as to who is entitled to vote, the chairperson makes the determination, subject to appeal to the Members present. The vote of the majority of Members present decides any question brought before the meeting, unless the question is one upon which a different vote is required by express provision of Maryland law, the Articles of Incorporation, the Declaration, or these Bylaws.

Section 5.11. Suspension of Voting Privileges. No Member is eligible to vote or to be elected to the Board of Directors who is shown on the books of the Association to be more than 30 days delinquent in the payment of any assessment due the Association.

Section 5.12. Proxies. A Member entitled to vote may do so in person or by proxy executed in writing by the Member. No proxy is valid after 11 months from its date of execution. A Member's proxy is automatically cancelled upon the transfer of record fee ownership of that Member's Unit. Proxies must be filed with the Secretary prior to the meeting at which the proxy is to be exercised. A Member's presence at a meeting by proxy is the equivalent, for all purposes, of the Member's presence in person.

Section 5.13. Order of Business. The order of business at the annual meeting of the Members is as follows:

- (a) roll call;
- (b) proof of notice of meeting or waiver of notice;
- (c) reading of minutes of previous meeting of Members;
- (d) reports of officers;
- (e) report of committees;
- (f) election of Directors;
- (g) unfinished business;

- (h) Members' comment time; and
- (i) new business.

The order of business at a special meeting includes only agenda items (a) through (c), the items specified in the notice of special meeting, and agenda item (h) (limited to the items specified in the notice of special meeting). The chairperson may impose reasonable limits on the Members' comment time, including limiting the duration or number of times each Member may speak.

ARTICLE VI DIRECTORS

Section 6.1. Number and Qualification. The affairs of the Association are managed by a Board of Directors ("Board") composed of ten directors ("Directors"), nine of whom are elected as provided in these Bylaws and one of whom is the immediate past president of the Association, *ex officio*. Each of the Association's five Courts is entitled to have two elected Directors except Court IV, which is entitled to have one elected Director. Elected Directors must be residents of the Courts they represent.

Section 6.2. Powers and Duties. The Board has all the powers and duties necessary for the administration of the business and affairs of the Association and may do all such acts and things as are not by law, the Articles of Incorporation, the Declaration, or these Bylaws prohibited, or required to be exercised and done by the Members. The powers and duties of the Board include but are not limited to the following:

(a) to call special meetings of the Members whenever it deems the same to be necessary or whenever requested in writing so to do by at least 25% of the Members entitled to vote;

(b) to appoint and remove at pleasure all officers of the Association, and require of them such security or fidelity bonds as it may deem necessary;

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

(d) to fix and levy annual assessments each fiscal year at least 45 days prior to the beginning of such fiscal year and, at least 30 days prior to the beginning of such fiscal year, to mail a written notice of the assessment by first-class mail, postage prepaid, to each Member at his or her mailing address as it appears in the records of the Association, stating when the assessment becomes delinquent;

(e) to establish and promulgate rules and regulations pertaining to the use of the common areas and the personal conduct of the Members and their family members and guests thereon;

(f) to establish and promulgate rules and regulations pertaining to the safety, maintenance and exterior appearance and architectural conformity of the Units;

(g) to suspend membership rights for cause;

(h) to establish and abolish special committees of the Members and the Board, to appoint chairs of standing and special committees, and to determine the composition of standing and special committees;

(i) to adopt an annual budget for the Association at least 45 days prior to the Association's fiscal year for which the budget is applicable, and to present such budget to the Members at their next annual meeting;

(j) acting on the recommendation of the Nominating Committee, if any, to propose a slate of Directors to be elected by the Members at each annual meeting;

(k) to cause to be kept a complete record of all of its acts and corporate affairs, and make the same available to the Members for inspection at reasonable times;

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

(m) to prepare a roster of the Units and the assessments applicable thereto, and make the same available to the Members for inspection at reasonable times; and

(n) to issue or cause to be issued, upon demand by any Member and payment of such fee as the Board may from time to time require, a certificate stating whether or not the current assessment against any such Member's Unit has been paid and, if not, the amount due, together with any interest, late charges, fees and costs of collection.

Section 6.3. Election and Term of Office. The term of office of each elected Director begins immediately following conclusion of the annual meeting of the Members at which he or she is elected and ends immediately following conclusion of the third annual meeting of Members thereafter.

Section 6.4. Removal of Director. At the annual meeting of the Members, or at any special meeting of the Members called for that purpose, the Members may remove any elected Director, with or without cause, and the Members may elect a successor Director to fill the vacancy thus created. At any regular meeting of the Board, or at any special meeting of the Board called for that purpose, the Board may remove any Director (a) who is more than 30 days delinquent in the payment of any assessment due to the Association, (b) who fails to reside in the Court he or she represents for 4 or more consecutive months, or (c) who fails to attend 2 or more meetings in any one calendar year, unless the Board excuses such failure for good reason. The Board may elect a successor Director to fill the vacancy thus created. A successor Director serves for the unexpired portion of the term of the removed Director.

Section 6.5. Other Vacancies. Vacancies on the Board caused by any reason other than the removal of a Director are filled by a vote of the majority of the remaining Directors, whether or not such remaining Directors constitute a quorum. Any Director so elected serves for the unexpired term of the Director whose directorship he or she is filling.

ARTICLE VII DIRECTORS' MEETINGS

Section 7.1. Organizational Meeting. The Board holds an organizational meeting each year immediately following the annual meeting of Members. No notice of the organizational meeting is necessary. At the organizational meeting the Board must:

- (a) appoint officers of the Association; and
- (b) fix the dates, times and places of the Board's regular meetings for the then current fiscal year.

Section 7.2. Regular Meetings. The Board must hold at least 4 regular meetings each fiscal year. At least 10 but not more than 20 days prior to each regular meeting, the Secretary must give notice thereof to each Director, stating the date, time and place of the meeting.

Section 7.3. Special Meetings. Special meetings of the Board may be called by the President or by a majority of the Board. At least 5 but not more than 10 days prior to the special meeting, the Secretary must give notice thereof to each Director, stating the date, time, place and purpose of the meeting.

Section 7.4. Manner of Giving Notice. Notice of regular and special meetings of the Board must be given to each Director in one or more of the following ways, any of which

constitutes sufficient notice: (a) by mailing the notice by first-class mail, postage prepaid, to the Director at his or her mailing address as it appears in the records of the Association; (b) by delivering the notice in writing to the Member's Unit; or (c) by electronic mail to the Member's e-mail address as it appears in the records of the Association. The Association must also include a copy of the notice in any newsletter distributed prior to the meeting and it must post the notice on the Association's website prior to the meeting, but failure to do so does not invalidate the meeting. Each Director must maintain an active e-mail address for communicating with the Board and the Association's officers.

Section 7.5. Waiver of Notice. Whenever any notice is required to be given to a Director by law, the Articles of Incorporation, the Declaration, or these Bylaws, a waiver thereof in writing, signed by the Director and filed with the records of the meeting, whether before or after the meeting, or the Director's attendance at the meeting, is deemed equivalent to the giving of such notice to the Director.

Section 7.6. Quorum. At meetings of the Board, a majority of the Directors constitutes a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present are the acts of the Board. If the number of Directors present at a meeting of the Board are fewer than that required for a quorum, the majority of those present may adjourn the meeting. At any such reconvened meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice.

Section 7.7. Virtual Attendance. Any Director who is not reasonably able to be physically present in person at a meeting of the Board may participate by telephone conference call, video conference, webcam, or any similar means of communication whereby all Directors participating in the meeting can speak and hear each other at the same time. A Director's virtual attendance constitutes attendance in person for all purposes of these Bylaws. A Director's right to attend a Board meeting virtually is subject to the availability of suitable communications equipment without additional expense to the Association. A Director who wishes to attend a meeting virtually is responsible for making arrangements to do so.

Section 7.8. Action Without Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if all the Directors consent in writing to such action. A Director's consent may be evidenced by an original signature on a resolution stating the action being taken; by the Director's facsimile signature referencing the resolution and stating that the Director consents; or by an e-mail referencing the resolution and stating that the Director consents. Consents must be filed with the minutes of the Board.

Section 7.9. No Proxies. Directors vote in person and not by proxy.

Section 7.10. Open Meetings. Except when the Board is meeting in closed session, all meetings of the Board are open to the Members and Members must be given a reasonable opportunity to comment on matters of concern relating to the Association (except that in the case of a special meeting the chairperson may limit the comments to the items specified in the notice of meeting). The chairperson may impose reasonable limits on the Members' comment time, including limiting the duration or number of times each Member may speak. To the end that Members are aware of their right to attend Board meetings, the Secretary must include in each notice of annual meeting the Members' right to attend Board meetings; must include or cause to be included in all newsletters distributed to the Members a schedule of Board meetings and a notice of the Members' right to attend; and must post or cause to be posted on the Association's website a schedule of Board meetings and a notice of the Members' right to attend; but failure to comply with the foregoing does not invalidate any meeting.

Section 7.11. Closed Session. The Board may meet in closed session for any of the following purposes:

- (a) discussion of matters pertaining to employees and personnel;
- (b) protection of the privacy or reputation of individuals in matters not related to the Association's business;
- (c) consultation with legal counsel;
- (d) consultation with staff personnel, consultants, attorneys, or other persons in connection with pending or potential litigation;
- (e) investigative proceedings concerning possible or actual criminal misconduct;
- (f) consideration of the terms or conditions of a business transaction in the negotiation stage if the disclosure could adversely affect the economic interests of the Association;
- (g) compliance with a specific constitutional, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or

(h) on an individually recorded affirmative vote of two-thirds of the Directors present, some other exceptional reason so compelling as to override the general public policy in favor of open meetings.

A statement of the time, place, and purpose of a closed meeting, the record of the vote of each Director by which the meeting was closed, and the authority for closing a meeting must be included in the minutes of the next meeting of the Board.

ARTICLE VIII OFFICERS

Section 8.1. Designation. The principal officers of the Association are a President, a Vice President, a Secretary, and a Treasurer. The President and Vice President must be appointed from among the elected Directors; other officers must be Members of the Association but they need not be Directors. The Board may appoint an Assistant Treasurer, an Assistant Secretary, and such other subordinate officers as in its judgment may be necessary. No two offices may be held simultaneously by the same person.

Section 8.2. Election of Officers. The officers of the Association are appointed annually by the Board at its organizational meeting and they hold office at the pleasure of the Board until their successors are appointed and assume office.

Section 8.3. Removal of Officer. The Board may remove any officer from office, with or without cause. The proposal to remove an officer must be included in the notice of the meeting at which the proposal is to be considered.

Section 8.4. Vacancies. Any vacancy occurring in any office of the Association by death, resignation, removal or otherwise may be filled by the Board for the remainder of such officer's term.

Section 8.5. President. The President is the chief executive officer of the Association. The President presides at all meetings of the Members and of the Board. The President has all the general powers and duties usually vested in the office of president of a corporation. The President performs such other duties as may be assigned by the Board. The President reports to the Board.

Section 8.6. Vice President. The Vice President takes the place of the President and performs the President's duties whenever the President is absent, unavailable, or otherwise unable to act. If neither the President nor the Vice President is able to act, the Board may appoint another Director to serve as Acting President on a temporary basis. The Vice

President performs such other duties as may be assigned by the Board or the President. The Vice President reports to the President and the Board.

Section 8.7. Secretary. The Secretary keeps the minutes of all meetings of the Members and the Board. The Secretary has custody of the seal of the Association. The Secretary has charge of the membership transfer books and such other books and records as the Board may direct. The Secretary performs all the duties incident to the office of Secretary. The Secretary reports to the President and the Board.

Section 8.8. Treasurer. The Treasurer is responsible for Association funds and securities, for keeping complete and accurate records and accounts of all receipts and disbursements in books belonging to the Association, and for the timely filing of tax and other financial reports and returns. The Treasurer receives and deposits all monies of the Association in the name and to the credit of the Association, in such depositories as may from time to time be designated by the Board. The Treasurer disburses such funds as are directed from time to time by the Board, provided, however, that a resolution of the Board is not be necessary for disbursements made in the ordinary course of business and consistent with a budget approved by the Board and currently in force. The Treasurer reports on the financial condition of the Association at each meeting of the Board, at the annual meeting of the Members, and at other times when requested by the President. The Treasurer reports to the President and the Board.

ARTICLE IX COMMITTEES

Section 9.1. Architectural Preservation Committee. The Architectural Preservation Committee is a standing committee of the Board. The Committee consists of at least one person from each Court. The Committee develops rules and regulations, for approval by the Board, governing the exterior appearance of each Unit, the maintenance and repair of the exterior of each Unit, and the procedures for obtaining approval to change the exterior appearance of a Unit. The Committee conducts periodic inspections of the community to determine whether any violations of its rules and regulations exist.

Section 9.2. Landscape Committee. The Landscape Committee is a standing committee of the Board. The Committee consists of at least one person from each Court. The Committee develops for approval by the Board landscaping guidelines, practices and procedures for the common area green space; inspects the condition of common area green space; makes recommendations to the Board regarding maintenance, repair and improvement of common area green space; recommends contractors to perform such maintenance, repair

and improvement; develops for approval by the Board an annual budget for such maintenance, repair and improvement; and coordinates and monitors the work of such contractors.

Section 9.3. Roads and Paths Committee. The Roads and Paths Committee is a standing committee of the Board. The Committee consists of at least one person from each Court. The Committee develops for Board approval guidelines, practices and procedures for the maintenance, repair and improvement of all common area roads and paths, other asphalt and concrete surfaces, and drainage facilities; recommends to the Board contractors to perform such maintenance, repair and improvement; coordinates and monitors the work of such contractors; and determines when sanding, salting and snow removal on common area roads is required.

Section 9.4. Signs and Safety Committee. The Signs and Safety Committee is a standing committee of the Board. The Committee determines the need for maintenance, repair and improvement of common area signage, lighting and fencing; recommends to the Board contractors to perform such maintenance, repair and improvement; and coordinates and monitors the work of such contractors.

Section 9.5. Community Relations Committee. The Community Relations Committee is a standing committee of the Board. The Committee strives to assure that Worland is a caring and neighborly community. The Committee provides new residents with a welcome package and it acknowledges significant milestones in residents' lives. The Committee helps plan gatherings and other community events.

Section 9.6. Nominating Committee. No later than September 1, the President may in his or her discretion appoint a Nominating Committee to propose a slate of candidates to be elected to the Board at the next following annual meeting of the Members. Any Nominating Committee so appointed must consist of no fewer than 3 nor more than 5 Members, no 2 of whom may be residents of the same Court. The Nominating Committee must report a proposed slate of candidates to the Board no later than November 15 of the year in which the Committee is appointed.

Section 9.7. Additional Committees. The Board may establish and abolish such other standing and such special committees, and it may appoint and remove chairs and members of such committees, as it deems advisable. Committee members need not be Directors but they must be Members. The President may appoint special committees to consider and report on matters of interest or concern to the Association, including matters that are within the scope of a standing committee.

Section 9.8. Committee Procedures. Except as otherwise provided in these Bylaws or as directed by the Board, the following procedures apply to all committees:

(a) A committee may meet in such manner and after such notice, and may conduct its business in such manner, as the committee members choose.

(b) Each committee elects its own chair, unless the chair is appointed by the President or is designated in these Bylaws.

(c) Except when meeting in closed session, committee meetings are open to all Members. To the end that Members are aware of their right to attend committee meetings, the chair of each committee must provide reasonable advance notice of committee meetings by publishing the date, time and place of meetings in newsletters distributed to the Members and by posting the same on the Association's website, but failure to do so does not invalidate the meeting. A committee may meet in closed session for any of the purposes for which the Board may meet in closed session.

(d) No later than November 1 of each year, each committee must submit to the Treasurer, for consideration by the Board, an annual expense budget for the forthcoming fiscal year, identifying all items the committee reasonably anticipates needing to conduct its operations and identifying all items of maintenance, repair and improvement within the committee's jurisdiction to be undertaken.

(e) Each committee is responsible for identifying violations by Members of the committee's rules and regulations and of the Association's governing documents within the Committee's jurisdiction; bringing such violations to the Member's attention; and working informally with the Member in an effort to resolve the violation without formal Board action. Any unresolved violations may be brought before the Board by the Committee, the Member involved, or any other Member affected by the violation.

(f) Committees report to the Board.

ARTICLE X ACCOUNTING AND FINANCIAL MATTERS

Section 10.1. Fiscal Year. The Association's fiscal year begins on January 1 and ends on December 31 of each year.

Section 10.2. Basis of Accounting. The accounts, books, records and financial statements and reports of the Association are kept by the Treasurer in such form as the Board directs.

Section 10.3. Budgets and Financial Statements. The Board adopts an annual budget for the Association in advance of each fiscal year, which must include a reasonable reserve for capital expenditures, and the Board presents the same to the Members at their annual meeting. The Treasurer presents the Association's current financial statements to the Members at each annual meeting of Members and, when requested, at any other meeting of the Members or of the Board.

Section 10.4. Financial Accounts, Checks and Withdrawals. The Association may establish and maintain such accounts, in such banks or other financial institutions, as the Board determines from time to time. Checks and other withdrawals of Association funds require such signature or signatures as the Board determines from time to time.

Section 10.5. Audit. At the close of each fiscal year the financial records of the Association may be audited by a Certified Public Accountant or other person acceptable to the Board, whose report will be prepared and certified in accordance with the requirements of the Board. The Board must make such report available for inspection by the Members at reasonable times.

Section 10.6. Compensation of Directors, Officers and Committees. The Directors, officers and committee members of the Association serve without compensation but they may be reimbursed for actual expenses incurred on behalf of the Association if approved by the Board.

Section 10.7. Fidelity Bonds. The Board must require all officers who handle or are responsible for Association funds to furnish adequate fidelity bonds. The premiums for such bonds are paid by the Association.

ARTICLE XI INDEMNIFICATION AND EXONERATION

Section 11.1. Indemnification. Each Association official who becomes a party to a legal proceeding or who is threatened with becoming a party to a legal proceeding by reason of his or her having been or being an Association official, if he or she acted in good faith and so long as he or she cooperates fully with the Association and its attorneys and insurers, is entitled to be indemnified by the Association against all costs of the legal proceeding to the fullest extent permitted or required by law.

Section 11.2. Exoneration. No Association official will be liable to the Association or its insurers for money damages, whether by way of indemnification, subrogation, contribution, restitution, or otherwise, in connection with or by reason of any good faith act or omission in his or her official capacity.

Section 11.3. Liability Insurance. The Association is authorized to purchase and maintain insurance coverage to protect Association officials against the expenses of legal proceedings against them. Such coverage may be coextensive with, greater than, or less than, the scope of the indemnification provided for in this Article.

Section 11.4. Board Determination. The Board determines, in its discretion, whether the conditions for indemnification and exoneration set forth in this Article have been satisfied. The Board's determination is final and binding on the Association and the person seeking indemnification or exoneration.

Section 11.5. Scope and Effect of Article. The indemnification and exoneration provisions of this Article are not intended to be exclusive of any other rights and remedies an Association official may have under the Articles of Incorporation, these Bylaws, any employment agreement, insurance agreement, other agreement, or by law. The provisions of this Article are intended to inure to the benefit not only of current and former Association officials, but also their heirs, beneficiaries, and personal and legal representatives. No amendment of the Articles of Incorporation or Bylaws, or repeal of any of their provisions, will limit or eliminate the benefits provided to Association officials under this Article with respect to any act or omission that occurred prior to such amendment or repeal.

Section 11.6. Limitation. Nothing in this Article is intended to preclude the Association from removing a director or officer from office.

Section 11.7. Definitions. As used in these Bylaws, the term "legal proceeding" includes any judicial, administrative, arbitral, or investigative suit or action; the term "Association official" means a Director, officer or committee member of the Association acting in his or her official capacity; the term "acted in good faith" means acted pursuant to an express direction or authorization of the Association, or in a manner reasonably believed to be in the best interest of the Association and without reasonable cause to believe that the conduct was unlawful; and the term "costs of the legal proceeding" includes all costs, expenses, attorneys' fees, investigative fees, expert witness fees, judgments, damages, fines, and penalties incurred by reason of, or imposed as a result of, the legal proceeding, and amounts paid to settle the legal proceeding or the threat thereof.

ARTICLE XII GENERAL PROVISIONS

Section 12.1. Corporate Seal. The Association's corporate seal contains the name of the Association and the place and year of its incorporation, which seal will be in the custody of the Secretary. If so directed by the Board, a duplicate of the seal may be obtained and kept in the custody of any other officer.

Section 12.2. Books and Records. On reasonable advance notice, the financial statements, books and membership records of the Association must be available at a convenient time and place for inspection by the Members. The Association may impose reasonable charges for providing copies of such statements, books and records.

Section 12.3. Execution of Corporate Documents. With the prior authorization of the Board, all notes, contracts and other documents must be executed on behalf of the Association by either the President or the Vice President, and all checks and other drafts must be executed on behalf of the Association by such officers, agents or other persons as are from time to time authorized by the Board to do so.

Section 12.4. Conflicts of Interest. Any director, officer, or committee member who has an actual or apparent financial or other interest, whether direct or indirect, in a contract, transaction or matter being presented to the Board or a committee for recommendation, authorization, approval, or ratification must make a full and candid disclosure to the Board or committee, prior to Board or committee action, of his or her interest. The Board or committee will thereupon determine, by majority vote, whether the disclosure shows that a conflict of interest exists or can reasonably be construed to exist. If a conflict is deemed to exist, such person must not vote on, nor use his or her personal influence on, nor participate in the discussions or deliberations with respect to, such contract, transaction or matter, other than to present factual information or to respond to questions. Such person is not counted in determining the existence of a quorum at any meeting where the contract, transaction, or matter is under discussion or is being voted upon. The minutes of the meeting will reflect the disclosure made, whether a quorum was present, the vote thereon, and, where applicable, the persons abstaining from participation and voting. Failure of a director, officer or committee member to make the disclosure required by this Section will not, of itself, automatically invalidate any contract, transaction or action which would otherwise be valid. However, nothing in this Section is intended to preclude the Association from pursuing any rights and remedies that may be available to it under law by reason of an undisclosed conflict of interest.

Section 12.5. Fee-Shifting. If the Association is a named party in any legal proceeding brought by or against a Member, or if an Association official whom the Association is obligated to indemnify is a named party in any legal proceeding brought by a Member, the Association will be entitled to recover its costs in the proceeding, including reasonable attorneys' fees, investigative fees, and expert witness fees.

Section 12.6. Amendments. Acting on the affirmative recommendation of the Board of Directors, a majority of the Members may amend these Bylaws at the annual meeting of the Members or at any special meeting called for that purpose. A description of any proposed amendment must accompany the notice of the meeting.

Section 12.7. Interpretation. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles will control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration will control. Whenever the context so requires, the use of the singular number includes the plural number and vice versa, and the use of any one gender includes each other gender. The Table of Contents and the Article and Section headings are for convenience of reference only and do not limit or otherwise affect the meaning of any provision of these Bylaws.

[End of Bylaws]