

**AMENDED BYLAWS**  
**OF**  
**AVENEL COMMUNITY ASSOCIATION, INC.**

**ARTICLE I**  
**Name and Location**

The name of the corporation is AVENEL COMMUNITY ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 9501 Beman Woods Way, Potomac, Montgomery County, Maryland 20854, but meetings of members and Directors may be held at such places within the State of Maryland as may be designated by the Board of Directors.

**ARTICLE II**  
**Definitions**

The terms used in these Bylaws shall have the same meaning ascribed to them in the Declaration of Covenants, Conditions and Restrictions for the Avenel Community Association recorded among the Land Records of Montgomery County, Maryland, in Liber 7090 at Folio 456, as amended from time to time, unless a different meaning is clearly evident from the context used herein.

**ARTICLE III**  
**Meeting of Members**

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter or such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership; except that no special meetings shall be called except upon resolution of the Board of Directors prior to the first annual meeting of Members as herein provided for or to consider any matter which is substantially the same as a matter voted on at any special meeting of the Members held during the preceding twelve (12) months.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, to all

Members entitled to vote thereat at least seventy-two hours (72) hours (but not more than sixty (60) days) before such meeting by any of the following means: (i) personal delivery to a Member, (ii) personal delivery left at a Member's address as it last appears on the books of the Association, (iii) mail to a Member at the Member's address as it last appears on the books of the Association, (iv) transmittal to a Member by electronic transmission in the manner and subject to the conditions authorized by Section 11B-113.1 of the Maryland Homeowners Association Act, as amended from time to time, and (v) delivery by any other means allowed under applicable law. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. All meetings of the Members shall, to the extent practicable, be held at places and times convenient to the greatest numbers of Members. Notice of any annual or special meeting may be waived by any Member either prior to or after any such meeting. Attendance by any Member at any annual or special meeting, either in person or by proxy, shall be a waiver of notice of that Member of the time, place and purpose of that meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Voting. At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership which he owns on each question. Each of the Class B Members shall have the right to cast as many votes as are appurtenant to each Class B membership which he owns on each question. The vote of the Members representing fifty-one percent (51%) of the total of the votes of all of the memberships at the meeting, in person or by proxy, calculated as aforesaid, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or of the Articles of Incorporation, or of the Declaration or of these Bylaws, 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 person may be exercised by any of the co-owners present at any meeting unless any objection or protest by any other owner of such membership is noted at such meeting. In the event all of the co-owners of any membership who are present at any meeting of the Members are unable to agree on the manner in which the votes for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that 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 of the Association, prior to or during the meeting. Any such certificate shall remain valid until revoked or superseded in writing. The vote for any membership which is owned by a trust or partnership may be exercised by any trustee or partner thereof, as the case may be, and, unless any objection or protest by any other such trustee or partner is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Class A Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of

Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association. Furthermore, no Member shall be eligible to be elected to the Board of Directors if such Member has been found to be in violation of the Covenants, Architectural Guidelines or any Rules and Regulations of the Association and has failed to cure the violation within the requisite cure period provided. All election materials prepared with Association funds shall list candidates in alphabetical order and shall not suggest a preference among candidates. Any action required or permitted to be taken at any annual or special meeting of the Members shall be taken without a meeting if all of the Members shall individually or collectively consent in writing to such action and if such written consent or consents is filed with the minutes of the proceedings of the meeting. Members may submit a vote or proxy by electronic transmission if the electronic transmission in the manner and subject to the conditions authorized by Section 11B-113.2 of the Maryland Homeowners Association Act, as amended from time to time.

Section 6.      Intentionally Deleted.

Section 7.      Proxies. At all meetings of Members, each Member may vote in person, by electronic transmission as provided in Section 5 above, or by proxy. All proxies shall be in writing or submitted by electronic transmission as provided in Section 5 above, and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy. Any proxy must be in writing and must be filed with the Secretary in form approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of Maryland shall be satisfactory and approved as to form by the Board of Directors. Notwithstanding anything herein to the contrary, only a directed proxy may be utilized to vote for a member of the Board of Directors. A non-directed proxy may be counted toward a quorum and may vote on any matters of business other than the election of directors.

Section 8.      Rights of Mortgagees. Any institutional mortgagee of any Lot or Residential Unit who desires notice of the annual and special meetings of the Members shall notify the Secretary to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the Members 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 otherwise 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 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 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 upon request made in writing to the Secretary.

Section 9.      Open Meetings.

(a) All meetings of the Association shall be open to all Vacant Lot Owners and Owners or occupants of Residential Units of the Association or their agents as provided in Section 11B-111 of the Homeowners Association Act, as amended from time to time.

(b) Meetings of the Association, the Board of Directors or any committee of the Association, may be held in closed session for any of the purposes for which a closed session is authorized by Section 11B-111 of the Maryland Homeowners Association Act as amended from time to time.

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

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

(ii) A statement of the time, place and purpose of any closed meeting, the record of the vote of each member of a committee or the Board of Directors by which any meeting was closed, and the authority under this Section for closing any meeting shall be included in the minutes of the next meeting of the Board of Directors (or committee, if applicable) and such other records, if any, shall be maintained as provided by Section 11B-111 of the Maryland Homeowners Association Act, as amended from time to time.

#### ARTICLE IV

##### Board of Directors: Selection: Term of Office

Section 1. Number. The affairs of the Association shall be managed by a Board of Directors. The Board of Directors shall consist of an uneven number of not less than three (3) nor more than five (5) members who shall be elected by the Members of the Association. The number of Directors shall be determined by a vote of the Members at an annual meeting of Members and the number of Directors may be changed by a vote of the Members at any subsequent annual or special meeting of the Members; provided, however, that (a) the limitations of this Section shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 2. Term of Office. At the first annual meeting of the Members, the Members shall elect the Board of Directors and the term of office of the two (2) Directors receiving the greatest number of votes shall be fixed for two (2) years. The term of office of the other Director or Directors shall be fixed for one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. In the alternative, the membership may, by resolution duly made and adopted at the first annual meeting of Members, or at any subsequent annual meeting, resolve to fix the term for each Director elected at any such meeting at one (1) year. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 3. Removal. After the first annual meeting of the Members, any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall

be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

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

## ARTICLE V

### Nomination and Election of Directors

Section 1. Nomination. Nomination for election to the Board of Directors may be made in any of the following manners:

(a) The Board of Directors may submit a call for Nominations to the Members in advance of the Notice of Annual Meeting and any eligible Member may submit a Nomination;

(b) Nominations may be made by a Nominating Committee appointed by the Board of Directors; and

(c) Nominations may be made from the floor at the annual meeting.

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

Section 2. Election. At the election for the Board of Directors, Members may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Proxies valid under Maryland law shall be valid for the purpose of such casting of votes so long as the vote is directed by the Member on the proxy. All election materials prepared with funds of the Association shall list candidates in alphabetical order and shall not suggest a preference among candidates. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

## ARTICLE VI

### Meetings of Directors

Section 1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods at such time and place as shall have been made known to all Members in accordance with the procedures established in Article III, Section 3, of these Bylaws. All such meetings shall be open to all Vacant Lot Owners and Owners or occupants of units of the Association and their agents and be held, to the extent practicable, at places and times convenient to the greatest number of Members. Meetings of the Board of Directors may be held in closed session to the same extent permitted in Article III, Section 9, of these Bylaws.

Section 2. Quorum. A majority of the number of Directors present in person or by telephone or other electronic means permitted by law, so long as all directors can hear each other at the same time, shall constitute a quorum for the transaction of business (presence shall include physical presence, telephonic or other electronic presence as permitted by law so long as all Directors can hear each other at the same time). Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 3. Actions without a Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a unanimous consent which sets forth the action is (a) given in writing or by electronic transmission by each Director; (b) filed with the minutes at the meetings of the Board of Directors; and (c) is to discuss and vote on a closed meeting subject (as provided in Article III, Section a above) or is otherwise necessary as provided by Maryland law.

Section 4. Fidelity Insurance. The Board of Directors shall purchase and keep in place fidelity insurance in at least the minimum requirements provided by Section 11B-111.6 of the Maryland Homeowners Association Act, as amended from time to time or other Maryland law. The fidelity insurance shall provide for the indemnification of the Association against loss resulting from acts or omissions arising from fraud, dishonesty, or criminal acts by (i) any officer, director, managing agent or other agent or employee charged with the operation or maintenance of the Association who controls or disburses funds; (ii) any management company employing a management agent or other employee charged with the operation or maintenance of the Association who controls or disburses funds. The premiums on such bonds or insurance shall be paid by the Association.

## ARTICLE VII

### Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules governing the use of the Common Area and improvements thereto, and the personal conduct of the Members and Vacant Lot Owners and their invitees thereon; adopt and publish procedures for the enforcement of the Association's Declaration, Architectural Guidelines, Protective Land Use Standards and Rules and Regulations and to establish remedies, including the levying of fines, collectible in the same manner as assessments, for the infraction thereof; and adopt such other resolutions or procedures as may be appropriate for the operations of the Association and the performance of the Board of Directors' powers and duties;

(b) suspend the voting rights and right to use of the Common Area of a Member during any period in which such Member shall be in default in the payment of any assessment against his Lot levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed thirty (30) days for infraction of published rules;

(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 Bylaws, the Articles of Incorporation, or the Declaration;

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

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

(f) borrow money for the purpose of (i) improving the Common Area in a manner designed to promote the enjoyment and welfare of the Members and in aid thereof to mortgage any of the Common Area, or (ii) for such other purposes deemed desirable by the Board of Directors; provided, however, that the consent of a majority of each class of the Members is obtained; and

(g) take any and all actions reasonably necessary for the Board of Directors to fulfill its duties and the Association's functions as set forth in the Declaration and Protective Land Use Standards, including, but not limited to taking appropriate enforcement action as provided in the Declaration and the Protective Land Use Standards. In the event enforcement action is pursued, the Association shall be entitled to recover costs and legal fees incurred in pursuing such action and may collect such costs and fees in the same manner as assessments.

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

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

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

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment (including, without limitation, General Assessments, Parcel Assessments and Lawn Maintenance Assessments provided in the Declaration) against each Lot and/or Residential Unit at least thirty (30) days in advance of each annual assessment period;

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

(3) foreclose the lien, in accordance with the Maryland Contract Lien Act, against any property for which assessments are not paid within sixty (60) days after due date

or to bring an action at law against the Owner or Vacant Lot 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 the Area of Common Responsibility and other property owned or leased by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded or insured, as it may deem appropriate and as required by Maryland law;

(g) cause the Area of Common Responsibility and all improvements thereto to be maintained;

(h) maintain and keep in good order the Lawn and Garden Areas; and

(i) otherwise perform or cause to be performed the functions and obligations of the Board and the Association as provided for in the Declaration and Articles of Incorporation and these Bylaws, including collection of assessments payable pursuant to any cross easement or other similar agreement and periodically employing an insurance consultant if the Board of Directors deems it necessary to do so in order to analyze the insurance requirements of the Association.

Section 3. Management Agent. The Board of Directors may employ for the Association a management agent or manager (the "Management Agent") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. Any management agreement entered into by the Association shall provide, inter alia, that such agreement may be terminated for cause by either party upon not more than ninety (90) days' written notice thereof to the Management Agent. The term of any such management agreement shall not exceed one year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one-year periods.

## ARTICLE VIII

### Officers and Their Duties

Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be Members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to be elected by the Board of Directors.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members; provided that



the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until his successor is duly elected and qualified, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

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

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

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

Section 7. Multiple Offices. The offices of Secretary and Assistant Secretary, Treasurer and Vice President may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the Declaration, the Articles of Incorporation or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article and except as otherwise provided in this Section 7.

Section 8. Duties. The duties of the officers are as follows (any of which may be delegated, in whole or in part, by the Board of Directors to the Management Agent in accordance with Article VII, Section 3 hereof):

#### President

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

#### Vice President

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

### Secretary

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

### Treasurer

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

## ARTICLE IX

### Liability and Indemnification of Officers and Directors - Interested Directors

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

threatened, pending or completed action, suit or proceeding by reason of service in that capacity, with indemnification to the extent permitted in Section 2-418(b) of Title 2, Corporations and Associations Article, Annotated Code of Maryland, as from time to time amended or superseded. Indemnification under this Article may not be made by the Association unless authorized in the specific case after a determination has been made that indemnification is permissible because the person who is or was an officer, Director, committee member or staff member of the Association has met the standard of conduct set forth in this Article. Such determination shall be made in the manner provided in Section 2-418(e) of Title 2, Corporations and Associations Article, Annotated Code of Maryland, as from time to time amended or superseded. Reasonable expenses incurred by any person who is or was an officer, Director, committee member or staff member of the Association and who is a party to any threatened, pending or completed action, suit or proceeding by reason of service in that capacity, may be paid or reimbursed by the Association in advance of the final disposition of that proceeding, after a determination that the fact then known to those making the determination would not preclude indemnification under this Article, upon receipt by the Association of:

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

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

Determination and authorization of payments under this Article shall be in the manner specified in Section 2-418(e) of Title 2, Corporations and Associations Article, Annotated Code of Maryland, as from time to time amended or superseded. The officers, Directors, committee members or staff members of the Association shall not be liable to the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers, Directors, committee members and staff members 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, Directors, committee members or staff members may also be Class A Members of the Association, and the Association shall indemnify and forever hold each such officer, Director, committee member or staff member free and harmless against any and all liability to others on account of any such contract or commitment, except as aforesaid. The provisions of this Article do not limit the power of the Association to pay or reimburse expenses incurred by any person who is an officer, Director, committee member, or staff member of the Association in connection with an appearance as a witness in any proceeding by reason of service in that capacity, or otherwise involving the Association, when that person has not been made a named defendant or respondent in the proceeding. Any right to indemnification provided for in this Article shall be in addition to, and not exclusive of, any other rights to which any person who is or was an officer, Director, committee member or staff member of the Association may be entitled by law, or otherwise. The Association may purchase and maintain insurance on behalf of any person who is or was an officer, Director, committee member or staff member of the Association against

any liability asserted against and incurred by such person in any such capacity or arising out of such person's position, whether or not the Association would have the power to indemnify against such liability pursuant to the provisions of this Article, or otherwise. Any indemnification of, or advance of expenses to, any person in accordance with the provisions of this Article, if arising out of a proceeding by or in the right of the Association, shall be reported in writing to the Members of the Association with notice of the next annual meeting of Members of the Association or prior to the next annual meeting of Members.

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

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

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

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

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

In implementing the requirements and standards outlined in this Article IX, the Board of Directors may adopt a Code of Conduct applicable to all Directors, officers and committees so as to comply with this provision.

## ARTICLE X

### Committees

The Board of Directors may appoint a New Construction Committee and/or a Modification Committee, as provided in the Declaration, and a Nominating Committee and Standards Committee, as provided in these Bylaws. In addition, the Board of Directors may appoint other committees including, but not limited to a Homeowners Advisory Committee, as deemed appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Article III, Sections 3 and 9, of these Bylaws.

## ARTICLE XI

### Insurance

Section 1.     Insurance. In addition to the insurance coverage required to be maintained by the Declaration, the Board of Directors of the Association may obtain and maintain, to the extent reasonably available, the following:

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

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

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

Section 2.     Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions to the extent reasonably available:

(a)     Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, or its authorized representative.

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

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

(d)     All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the Members of the Association

and their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

(e) All policies shall be written or reinsured with a company or companies licensed to do business in the State where the project is located and holding a general policyholder's rating of Class B or better and a current financial rating of Class VI or better in the current edition of Best's Insurance Reports.

## ARTICLE XII

### Books and Records/Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin at the date of recordation of the Declaration among the Land Records for Montgomery County, Maryland. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 2. Principal Office - Change of Same. The principal office of the Association shall be as set forth in Article II of the Articles of Incorporation of the Association. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

Section 3. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer, the Association's appointed financial manager, or their approved designee in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the Common Areas, Area of Common Responsibility and the improvements thereto, services required or provided with respect to the same and any other expenses incurred by the Association (including, but not limited to, maintenance expenses of the Lawn and Garden Area). The amount of any assessment or portion of any assessment, required for payment of any capital expenditure or reserves of the Association shall be credited upon the books of the Association to the "Paid-in-Surplus " account as a capital contribution by the Members.

Section 4. Auditing. Within the sole discretion of the Board of Directors until the lapse of the Class B memberships as provided for in the Declaration and Articles of Incorporation and annually thereafter, at the close of each fiscal year, the books and records of the Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, the Association shall furnish the Members and any mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Association, within ninety (90) days following the end of each fiscal year.

Section 5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and Vacant Lot Owners and their

duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Lot or Residential Unit and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice in accordance with the Maryland Homeowners Association Act, as amended from time to time. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member or Vacant Lot Owner at the principal office of the Association, where copies may be purchased at reasonable cost.

### ARTICLE XIII Assessments

As more fully provided in the Declaration, each Member and Vacant Lot Owner is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum rate permitted by law (or such lesser sum as VA or FHA shall specify if any Lot is insured by FHA or guaranteed by VA), and the Association may bring an action at law against the Owner or Vacant Lot Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner or Vacant Lot Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot or Residential Unit.

### ARTICLE XIV Corporate Seal

The Association shall have a seal in circular form having within its circumference the words: AVENEL COMMUNITY ASSOCIATION, INC., a Maryland corporation.

### ARTICLE XV Amendments

These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy.

### ARTICLE XVI Interpretation/Miscellaneous

Section 1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. All of the terms hereof, except where clearly repugnant to the context, shall have the same meaning as they are defined to have in the Declaration. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

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

Section 3. Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 4. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof.

Section 6. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.


#### CERTIFICATE

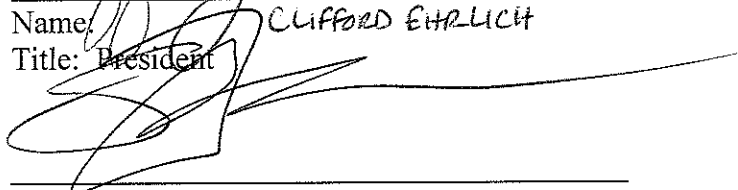
At a meeting of the Avenel Community Association held on November 15, 2012, upon providing Notice to the Owners in accordance with Article II, Section 3 of these Bylaws, amendment to this Bylaws was approved by more than a majority of the quorum present at the meeting in person or by proxy (86%) as required by Article XV of these Bylaws.

WITNESS:

---

---

  
Name: CLIFFORD EHRlich  
Title: President

  
Name: SCOTT BECKER  
Title: Secretary