

Lake Linganore Association, Inc. Bylaws
revised October 12, 2010

ARTICLE I: DEFINITIONS

Section 1. Ordinary Meanings When Not Defined Herein

Words which are not defined in the Covenants or herein shall have the ordinary meaning as defined in Webster's New International Dictionary, Unabridged, or where appropriate as defined in laws of the State of Maryland.

Section 2. Definitions and References to Covenants

All words and phrases herein which are defined in Article II of the Covenants shall have the same meaning as in the Covenants, except as modified in the following:

- Board: The Board of Directors elected by the Members, including appointments thereto under provisions of the Covenants and Bylaws.
- Charter: "The Articles of Incorporation of Lake Linganore Association" as recorded on February 13, 1969, Liber 20, Page 323.
- Common Properties: Those areas of land, buildings thereon, and streets not dedicated to and accepted by Frederick County shown on any recorded subdivision Plat within the Planned Unit Development known as Lake Linganore at Eaglehead and intended to be devoted to the common use and enjoyment of the owners of the existing development and so designated on the recorded Plats, including those designated areas to be "administered and maintained" by the Association, but excluding those identified as "outlots", "reserved", "Parcel C", "not included" or "reserved for future development".
- Covenants: The Declaration of Conditions, Covenants, Restrictions, Easements and Charges Affecting the Real Property Known as Lake Linganore at Eaglehead as recorded in the land records of Frederick County from time to time with variations in title and content, but all of which have in common a requirement that Owners as defined therein be Members of the Association.
- Developer: Persons, companies, or corporations subdividing undeveloped land into Lots, installing streets, utilities and other facilities, and selling Lots or undeveloped land.
- Development: The Development as referred to herein shall have the meaning given in Article I, Section I, of the Covenants, expanded, nevertheless to include all Plats recorded heretofore and to be recorded hereafter which are made subject to the Covenants which establish Common Properties to be owned, administered or maintained by the Association which require Owners to be Members of the Association.

- **General Manager:** The person who is highest ranking, full-time paid executive, appointed by the Board of Directors, given the responsibility for carrying out policies, rules, and procedures of the Association as set forth in the Charter, Covenants, and Bylaws and as directed by the Board.

- **Living Unit:** Any portion of a building situated in the Development designed and intended for use and occupancy as a residence by a single family, person or household, and separated from all other Living Units by solid floors without direct connection via stairways to other Living Units above or below; or by walls without openings, commonly called party walls; or by open space from the ground to the sky. To qualify as a Living Unit the enclosed space must contain a complete kitchen, bath, sleeping quarters and access to the outside without passing through any other part of any other Living Unit. Residential spaces within houses or accessory buildings on a Lot in the areas in the Development designated for single family homes shall not qualify as Living Units for purposes of membership under Article III, Section 1, of the Covenants. Condominium units within projects designed as rental apartments do qualify as Living Units under this section.

- **Lot:** Any plot of land identified as a discrete unit lot land within any subdivision Plat map of the Development recorded in the land records of the Circuit Court of Frederick County, Maryland with the exception of Common Properties as hereto defined.

- **Member in Good Standing:** An Owner who has paid, or is current with an approved payment plan for the annual and special assessments due the Association as provided in Article V of the Covenants, on all Lots and Living Units owned by the Member; that not more than twenty-five (25) dollars due the Association for delinquency charges and goods and services are in excess of thirty (30) days past due; and is not in violation of any requirement in Articles VI and VII of the Covenants.

- **Multifamily Structure:** Any building containing two or more Living Units on a Lot. It shall not include servants' quarters in a residence.

- **Plat:** Any map of subdivision of land within the Development which is recorded in the Plat records of the Circuit Court of Frederick County, Maryland.

- **Village:** A geographical area, part of Lake Linganore at Eaglehead Planned Unit Development, distinguishing from other areas by geographical features, and focus on a Village center or other unique feature, and containing a variety of housing types, densities and sizes.

ARTICLE II: MEMBERS

Section 1. Location of Members Meetings

All meetings of Members shall be held at the principal office of the Association in the State of Maryland or as may otherwise be designated by the Board of Directors, provided notice of the location is duly set forth in the notice of such membership meetings.

Section 2. Annual Meeting of Members

The annual meeting of the Members for the purpose of election of Directors and for the transaction of such other business may be brought before the meeting shall be held on the first Saturday of the month of May or at such other date as may be adopted by the Board of Directors. Any business of the Association may be transacted at an annual meeting without being specially designated in the notice, except such business as is specifically required by statute or by the Charter and the Covenants to be stated in the notice. Failure to hold an annual meeting at the designated time shall not, however, invalidate the corporate existence or affect otherwise valid corporate laws.

Section 3. Special Meeting

Special meetings of the Members may be called by the President, by a majority of the Board of Directors, or by written request of twenty (20) percent of the Members as provided by laws of the State of Maryland.

Section 4. Notice of Meetings

It shall be the duty of the Secretary at least fourteen (14) days prior to the date of every membership meeting to give each Member entitled to vote at such meeting -- by mail, by presentation in person, or by leaving at the Member's residence or usual place of business -- written or printed notice stating the time and place of the meeting and, in case of a special meeting, the purposes or purpose for which the meeting is called. If mailed, such notice shall be deemed to be given when deposited in the United States Mail addressed to the Member at his post office address as it appears in the records of the Association, with first-class postage thereon prepaid.

Section 5. Quorum

Any meeting of Members for which a quorum is not specified by the Declaration of Covenants or Articles of Incorporation the presence in person or by proxy of members entitle to cast twenty (20) percent of the votes thereat shall constitute a quorum.

In establishing a quorum for the holding of the meeting, if the number of Members present is insufficient, another meeting may be called as authorized by the Annotate Code of Maryland, Corporate and Association Article, Section 5-206. By a majority vote, the Members present, either in person or by proxy, may call for an additional meeting by giving fifteen (15) days notice of the time, place and purpose of the additional meeting. That notice will be published in the major newspaper that will be published daily and widely distributed in Frederick County. At the additional meeting, the Members present, either in person or by proxy, shall constitute a quorum and may approve or authorize the proposed action or any other action which could have been taken at the original meeting, if a sufficient number of members had been present.

Section 6. Chairman

The President of the Association or, in his/her absence, the Vice-President, shall call meetings of the Members to order and shall act as chairman of such meeting. In the absence of both the President and Vice-President, a chairman shall be chosen by the Members present.

Section 7. Secretary

The Secretary of the Association shall act as secretary at all meetings of the Members, but in the absence of the Secretary from the meeting of the Members, the presiding officer may appoint a person to act as secretary of the meeting.

Section 8. Voting

Members as defined in the Articles of Incorporation shall be entitled to one vote for each Lot in which they hold the interest required for membership. A Member may appoint any other member or a designated proxy holder as his/her proxy. An official proxy issued by the Lake Linganore Association, Inc. Board of Directors must be in writing and be filed with the Secretary of the Association before the appointed time of each designated meeting. As an alternative to the official proxy, a proxy in writing in a form meeting the requirements of the laws of the State of Maryland and filed more than three (3) days prior to the membership meeting shall be acceptable provided it contains as a minimum:

- Name and signature of the Member giving the proxy, who shall be that person designated to vote on behalf of multiple owners, if any, of the Lot(s) or Living Unit(s);
- Identification of the Lot(s) or Living Unit(s) for which the proxy is given;
- Name of the person to whom the proxy is given;
- The limits, if any, of the matters on which the proxy holder is authorized to act or a statement that the proxy holder is authorized to act on all matters
- Termination date of the proxy or a statement that shall run until revoked in writing or until death of the Member;
- Date the proxy is given; and
- Notarized signature of the Member.

In the case of a corporate Member; the vote may be cast by the President or Vice-President of the corporation or such other officers as may be designated in writing by the President or a Vice-President of the corporation.

Section 9. Informal Action by Members

Any action required or permitted to be taken at any meeting of the Members must be taken without a meeting, if a consent in writing, setting forth such action, is signed by all the Members entitled to vote on the subject matter thereof and any other Members entitled to notice of a meeting of Members, but not to vote thereat, have waived in writing any right which they may have to dissent from such action, and such consent and waiver are filed with the records of the Association.

Section 10. Members in Good Standing

Members in Good Standing have the right to use all the amenities and facilities to receive all services of the Association accorded to all Members without discrimination, provided the rules and regulations applicable to all Members are followed.

Members not in Good Standing and persons in their household and their guests may be denied the use and enjoyment of any or all facilities and amenities of the Association with the exception

of roads, as may be set forth as policy adopted by the Board, subject to Section 12 of this Article. Upon restoration of Good Standing, these denials shall be removed forthwith.

Section 11. Infractions of Covenants

Members and persons in their households and their guests may be denied privileges or services and the use of Common Properties, amenities and facilities for infractions of the Covenants, rules, and procedures in accordance with uniform policies established by the Board.

Section 12. Member Rights and Privileges

Member rights as set forth in the Charter and Covenants may not and are not, by these Bylaws or otherwise abridged or amended in any way. There shall be no abridgment of any Member's right to vote on any matter in any election for any reason.

ARTICLE III: BOARD OF DIRECTORS

Section 1. Management

The business, property and affairs of the Association shall be managed and controlled by the Board of Directors, who shall at reasonable times, have access to the books of the Association.

Section 2. Number of Directors

The number of Directors shall be seven (7), but the number of Directors from time to time may be increased to a number not to exceed nine (9) or decreased to a number not less than three (3) by a vote of a majority of the Members at an annual or special meeting at which a quorum is present, and at that meeting the Members may elect the additional Directors by the same procedures and rules as stated in the Charter and Covenants for the election of Directors at a special meeting.

Those elected at a meeting of Members to fill unexpired terms caused by death, resignation, or removal of Directors shall serve for the remainder of the term in office of the replaced Directors. Those elected under the provisions of this paragraph may hold office for not more than two (2) consecutive terms, one term of which shall be that remaining part for which they replaced another director.

Section 3. Election of Directors and Terms of Office

a) At each annual meeting of Members shall elect Directors. All Directors shall serve for terms of two (2) years, except that terms of office shall be established to provide that half the Board of Directors shall be elected each year and the other half the succeeding year. If the number of Directors being replaced upsets this balance, terms of office of those newly elected will be determined by designating those Directors receiving the least number of votes as each having a one-year term. A Director may resign at any time.

Candidates who run for election to the Board of Directors MUST submit the following:

- Name

- Address
- Lot number(s) owned

Candidates may submit, at their own option, the following:

- Occupation
- Occupational history
- Education
- A brief statement why the candidate is interested in serving

Candidates may also be asked to answer additional specific questions concerning issues which the Association is or may be facing. These questions, if any, will be provided by the current Election Committee and published at least ninety (90) days before the date of the annual meeting. To become a candidate for election to the Board of Directors, a Member must submit the required information listed above (name, address and lot number owned) to the board of Directors at least sixty (60) calendar days prior to the date of the annual meeting. This information, along with any optional information provided from the list above, will be published by the Association and distributed to all Members at least twenty (20) calendar days prior to the date of the annual meeting. Members who fail to submit the required information at least sixty (60) days prior to the annual meeting will not be considered candidates for election to the Board of Directors and will not be entitled to have their information published or distributed by the Association.

b) All candidates for the Board of Directors Shall meet the following requirements:

i) A candidate must be a Member in Good Standing with the Association, as defined in these Bylaws;

ii) A Current employee of the Association or a spouse of such current employee may not be a candidate for or a member of the Board of Directors;

iii) Spouses or members of the same family or different representatives of the same owner may not simultaneously serve on the Board of Directors.

iv) No person may serve more than two (2) consecutive elected terms on the Board of Directors.

c) For the purpose of this limitation on the length of consecutive service a partial term shall be counted as a full term, whether the Director is elected or appointed, unless the Director resigns or is removed within thirty (30) days after being elected or appointed, in which event this period of up to thirty (30) days will not be counted as a term. After having served two consecutive terms as defined above, a person may not stand in nomination for election as Director for a period of two (2) years following the term last served, nor shall that person be eligible for appointment to fill a vacancy on the Board; provided, however, that after remaining off the Board for two (2) or more years, the member may stand in nomination for election for another term as Director and will be eligible for appointment under Article II, Section 5.

Any member of the Board who fails to maintain, for more than sixty (60) days, the status of a Member in Good Standing will be removed from the Board. Any Director who fails to attend, without good cause as approved by the Board, seventy-five (75) percent or more of the Board meetings held during a six-month period may be removed from the Board of Directors after written notification by the Board.

d) Any member of the Board who violated Article 14 of the Articles of Incorporation of Lake Linganore Association, Inc. by participating in any fashion in an issue which would benefit private interest, shall, upon discovery of such participation, be subject to immediate removal from the Board by the affirmative vote of a majority of the remaining members of the Board.

Section 4. Removal

Any meeting of Members, duly called at which a quorum is present, the Members may, by the affirmative vote of the holders of a majority of the votes entitled to be cast thereon, remove any Director or Directors from office and, at the same meeting, may elect a successor or successors to fill any resulting vacancy for the unexpired terms of removed Directors.

Section 5. Vacancies

In the case of any vacancy in the Directors through death, resignation, disqualification or any cause, the remaining Directors will promptly, but United States Mail, or by publication in a newsletter distributed to all Members, notify the membership of the vacancy. Nominees for appointment to fill the vacancy will be given thirty (30) days from the date of the notice to submit their qualifications as outlined in Article II, Section 3. Appointments to fill vacancies on the Board of Directors will be by affirmative vote of the majority of the remaining Directors from the applications received. Appointments may not be for a period of more than twelve (12) months. If a vacancy occurs in a Director's first year, the second year of the vacated term will be subject to election at the annual meeting following the occurrence of the vacancy. The terms of all appointed Directors shall expire at the annual meeting.

Section 6. Place of Meeting

The Directors shall hold their meetings in Frederick County, Maryland and may have one or more offices in Lake Linganore at Eaglehead, Frederick County, Maryland as the Board from time to time may determine.

Section 7. Regular Meeting

After each meeting of the Members at which a Board of Directors shall have been elected, the Board of Directors so elected shall meet as soon as practicable for the purpose of organization and the transaction of other business, at such time as may be designated by the Members at such meeting; and in the event that no other time is designated by the Members, the Board of Directors shall meeting the hour following the close of such Members meeting on the day of such meeting, such meeting to be held at such place within Frederick County, Maryland as may be designated by the Members, or in default of such designation, at such places within Frederick County, Maryland as may be designated by the Board of Directors. No notice shall be required for any such meeting of the Board other than as hereinabove provided. Other regular meetings of the Board of Directors shall be held at least once monthly on such dates and at such places as

may be designated from time to time by the Board of Directors. All meetings shall be open to all Members except as provided under the laws of the State of Maryland.

All meetings of the Board of Directors and of Members shall be announced on the Association telephone information line or in the newsletter published by the Association, provided, however, that this notice may be waived in emergency situations. The Members shall be informed by publication in the next succeeding newsletter, which shall be mailed to all Members after such emergency or special meeting, of the results of the meeting, its purpose, and the reason for it being held on an emergency basis.

Section 8. Special Meetings

Special meetings of the Board of Directors shall be held whenever called by the Directors or President or at the request of any two Directors for the time being in office.

Section 9. Notice

The Secretary shall give notice of each special or emergency meeting of the Board of Directors by mailing the notice at least three (3) days before the meeting or by telephone, electronic mail, or facsimile notice to each of the Directors at least three (3) days before the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. At any meeting at which every Director shall be present, even though without any notice, any business may be transacted.

Section 10. Quorum

A majority of the Directors shall constitute a quorum for the transaction of business but if at any meeting of the Board there be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

Section 11. Order of Business

At any meeting of the Board of Directors, business shall be transacted in such order as the Board of Directors may from time to time determine.

Section 12. Election of Officers

At the first meeting of the Board of Directors in each year, as soon as possible after the annual meeting at which Directors are elected by the Members, the Board of Directors, with a quorum of Directors present, shall elect a President, Vice-President, Secretary and Treasurer.

Section 13. Directors Holding Over

Failure of the Members to elect Directors to replace those whose terms have expired, or to fill vacancies on the Board, shall not cause the Board to cease functioning. The existing Board of Directors holding over shall continue in office with the full authority to manage the business and affairs of the Association until such time as a new Board of Directors is elected.

Section 14. Informal Action by Directors

Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken by means of a conference telephone call without Directors physically convening if a written consent to such action is signed by all members of the Board or

of such committee, as the case may be, and such written consent is filed with the minutes or proceedings of the Board or committee.

Section 15. Business Conducted

The business of the Association shall be conducted by the Board of Directors; provided, however, that the President of the Association may appoint committees to assist the Board of Directors, but committee findings and actions shall have no effect unless ratified by the Board of Directors in an open meeting.

Section 16. Complaints

The Board of Directors shall direct the management to handle all complaints and assist in the settlement of complaints; provided, however, that no complaint shall be valid or acted upon unless in writing and signed by the complainant.

ARTICLE IV: OFFICERS

Section 1. Executive Officers

The executive officers of the corporation shall be President, Vice Presidents, Secretary and Treasurer, all of whom shall be elected by the Board of Directors and serve for one year and until their successors are elected.

Section 2. Other Officers

The Board of Directors may elect or appoint such other officers as they may deem necessary, who shall have the authority and shall perform such duties as from time to time may be prescribed by the Board of Directors.

Section 3. Number of Offices Held by One Person

Any two or more offices, except those of President and Vice-President, may be held by the same person but no person shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law, the Articles of Incorporation or by these Bylaws to be executed, acknowledged or verified by two or more officers.

Section 4. Vacancies

The Board of Directors may fill a vacancy occurring in any office.

Section 5. Removal of Officers

Any officer or agent may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contractual rights, if any, of the person removed.

Section 6. Powers and Duties of the President

The President shall preside at all meetings of the Members and of the Board of Directors. He/She shall be the Chief Executive Officer of the Association and shall have the general

direction of the affairs of the Association and of the other officers thereof and shall do and perform such other duties as from time to time may be assigned by the Board of Directors. The President may, on his/her sole initiative, call a special meeting as provided in Article I, Section 3.

Section 7. Powers and Duties of the Vice-President

The Vice-President shall have the powers and duties of the President in the absence of the President, and in addition shall have such powers and perform such duties as may be assigned to him by the President or Board of Directors. Other Vice-Presidents, if any, shall have such powers and perform such duties as may be assigned to them by the President or by the Board or Directors

Section 8. Powers and Duties of the Secretary

The Secretary shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose; shall attend to the giving and serving of all notices of the Association; shall have charge of the minutes books and such other books and papers as the Board of Directors may direct; shall execute such documents as may require the signature of the Secretary; and shall call meetings and perform other duties prescribed in the Bylaws and the laws of the State of Maryland.

Section 9. Powers and Duties of the Treasurer

The Treasurer has the authority to oversee the custody of all funds and securities of the Association; will serve as sponsor of the Budget and Finance Committee and will work with the General Manager/Controller of the Association on financial matters and general fiscal status of the Association.

The Board of Directors will hold ultimate authority over all financial matters.

Section 10. Bonding of the Treasurer

The Treasurer shall be bonded and shall provide a financial report at each regular meeting of the Board of Directors and of the membership at least annually.

Section 11. Duties and Powers of the Board of Directors

Without prejudice to the general powers of the Board of Directors set forth in Article X of the Declaration of Conditions, Covenants, Restrictions, Easements and Charges Affecting the Real Property Known as Lake Linganore at Eaglehead, the Directors shall have the power:

- a) To exercise all powers vested in the Board under the Declarations names above and the Bylaws; to make and enforce Rules, Regulations and Guidelines necessary for conducting the affairs of the Association, which include the rules of any committee and to comply with the laws of the State of Maryland, and those of Frederick County, Maryland as they pertain to and affect the Association.

- b) To appoint and remove all officers of the Association, the Development Manager of the Association, if any, and other Association employees; prescribe any powers and duties for such persons that are consistent with law, the Covenants and these Bylaws; and to establish their compensation.

c) To appoint such agents and employ such other employees, including attorneys, property management personnel and accountants; as it sees fit to assist in the operation of the Association and to fix their duties and establish their compensation.

(d) To adopt and establish rules, regulations and guidelines (specifically including ECC Guidelines) governing Owners, Members, tenants and guests, as to the following:

- a. The use of the common areas, common facilities, amenities and the private roads of the Association and the conduct of the Owners, Members, tenants and their guests thereon. Such rules, regulations and guidelines may contain reasonable variations and distinctions as between Owners and tenants and as between Members in Good Standing and those not in Good Standing.
- b. The design, construction, maintenance, repair and architectural control of the lots and the improvements thereon (specifically including, but not limited to, excavation, landscaping and grading and drainage), all in accordance with and as anticipated by Articles VI, VII, VIII and IX of the Declaration.
 - i. Such rules and regulations and guidelines governing architectural control may authorize the ECC or the Board of Directors, as applicable, to require a deposit to be made by or on behalf of an Owner that submits application for approval of new construction, excavation and grading, and/or the construction of an addition, alteration or improvement to a lot to protect against damages that may be caused to the common areas and facilities owned by the Association and/or to protect against the unauthorized removal of trees and to utilize such deposit to take necessary corrective action after reasonable notice and opportunity to be heard (except in the event of a bona fide emergency in which case action may be immediate) in the event of such damages or unauthorized tree removal.
 - ii. The ECC or the Board of Directors, as applicable, shall be further authorized to require an Owner and/or his contractor to execute a contract regarding such deposit and addressing any required conditions consistent with the design, construction, maintenance, repair and architectural control guidelines.
 - iii. The ECC or the Board of Directors, as applicable, may adopt guidelines related to and charge extension fees payable by an Owner for requested extensions to the one year construction limitation provided in Article VII, Section 1 of the Declaration.

- iv. The ECC or the Board of Directors or such other designated committee, as applicable, or its designated committee shall be authorized to charge reasonable road maintenance impact fees for Owners as a condition of approval of a new construction or modification application to protect the private roads of the Association and to adopt rules, regulations and guidelines to implement the same.
- c. Enforcement procedures for enforcement of the Declaration, these Bylaws and rules, regulations and guidelines adopted pursuant to this provision. Such rules and regulations regarding enforcement shall prescribe applicable procedures and possible penalties and remedies for non-compliance and/or violations. Such rules and regulations may provide for any or all of the following:
- i. The ECC or the Board of Directors, as applicable, shall be authorized, after reasonable notice, to impose charges upon an Owner for damages that may be caused to the Association's common property as a result of development, construction or modification performed to a Lot over and above deposits and such charges shall be collectible in the same manner as an assessment as provided in Article V of the Declaration.
 - ii. The Board of Directors, or its designated committee, as applicable, shall be authorized to enter a lot and take necessary action to correct maintenance violations as outlined in Article VII of the Declaration and the rules and regulations regarding the same adopted as provided herein, after reasonable notice and opportunity to be heard (except in the event of a bona fide emergency, in which case action may be immediate) and to charge the Owner for such corrective action and collect the same in the same manner as an assessment as provided in Article V of the Declaration.
 - iii. The Board of Directors, or its designated committee, as applicable, shall be authorized, after reasonable notice and opportunity for hearing, to impose monetary penalties for violations of the Declaration, these Bylaws and rules, regulations and guidelines adopted pursuant to this provision, and to collect the same in the same manner as an assessment as provided in Article V of the Declaration.
 - iv. The Board of Directors, or its designated committee, as applicable, shall be authorized, after reasonable notice and opportunity for hearing, to suspend rights to use the common areas, facilities and amenities of the Association for a period up

to 90 days as outlined in Article IV of the Declaration, for violations of the Declaration, these Bylaws and rules, regulations and guidelines adopted pursuant to this provision.

- v. The Board of Directors shall be authorized to initiate legal action to enforce the Declaration, these Bylaws and rules, regulations and guidelines adopted pursuant to this provision, as outlined in Article X of the Declaration. In the event of such legal action, the prevailing party shall be entitled to the recovery of costs and legal fees incurred.

e) To contract for and pay premiums for fire, casualty, liability and other insurance and bonds, including indemnity bonds, which may be required from time to time for the protection and benefit of the Association.

f) To contract and pay for management fees, maintenance, landscaping, utilities, materials, supplies, equipment and amenity repairs, for labor and service that may be required from time to time in relation to and in support of the Association properties.

g) To pay all taxes, special assessments and other assessments and charges which are or would become a lien on any portion of the common areas within the properties

h) To contract for and pay for, without special consent of the Members, construction or reconstruction of any portion or portions of the properties which have been damaged or destroyed and which the Association is responsible for rebuilding.

i) If and when the Board deems it appropriate, to delegate its duties and power hereunder the officers of the Association or to committees established by the Board except the Board cannot subrogate its responsibilities as otherwise expressed herein.

j) To establish assessments on the Members of the Association and to collect the same, in accordance with the Declaration, to collect dues, and to establish and collect reasonable use charges for any or all of the common facilities and amenities as the Board may deem necessary or desirable from time to time for the purpose of equitable allocating among the users of the cost of maintenance and operation thereof.

k) To perform all acts required of the Board under the heretofore named and listed Governing Documents.

l) To prepare budgets and maintain a full set of accounting books and records showing the financial condition of the affairs of the Association in a manner consistent with generally accepted accounting principles, and at no greater than annual intervals prepare an annual financial report, consistent with the generally accepted accounting principles, a copy of which shall be available to each Member of the Association.

m) To appoint such other committees as it deems necessary from time to time in connection with the affairs of the Association.

n) To fill vacancies on the Board of Directors or on any other committee except for a vacancy created by the removal of a Board member.

o) To open bank accounts and borrow money on behalf of the Association and designate the signatories to such bank accounts.

p) To bring and defend actions on behalf of more than one Member of the Association to protect interests of the Members of the Association, so long as the action is pertinent to the operation of the Association, and to assess the Members for the cost of such litigation in a way consistent with the Covenants.

q) Under the powers granted in the Articles of Incorporation of the Lake Linganore Association, Section THIRD, Paragraph j., namely, "And for this purpose... insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the residents of the Development"; and in Section THIRD, Paragraph b., "acquire, own, construct buildings or other structures upon and otherwise improve mortgage, lease or sell any real estate within the Development for the purpose of adding to or reducing the Common Properties or otherwise carrying out the objectives of the Association", the Board may grant easements in or upon, sell, exchange, lease or dedicate real property of the Association to any private person, firm, or association for fair market value paid to the Association in money, or for tangible or intangible property or rights received by the Association, provided however that such action shall be approved by the affirmative vote of a majority of all of the Board of Directors.

Section 12. Limitations of Powers of the Board of Directors

Without the vote of a majority of the votes entitles to be case in a properly called membership meeting, the Board of Directors shall NOT take any of the following actions:

a) Enter into a contract with a third party for the furnishing of goods or services to the common areas of the Association for a term longer than two (2) years. The restriction shall not apply to FHA- or VA-approved management contracts, public utility contracts where the rates charged for materials or services are regulated by government, the Maryland Public Services Commission or cable television system companies; provided, however, that the terms of the contract shall not exceed the shortest term for which the supplier will contract at the regulated or best rate, or prepaid casualty or liability insurance policies not to exceed three (3) years, provided the policies allow for short rate cancellation by the insured.

b) Incur aggregate expenditures for capital improvements to the common areas in any fiscal year in excess of twenty-five (25) percent of the budgeted gross expenses of the Association for that year. For purposes of this provision "capital improvements" shall not include maintenance, repairs or replacements of existing common areas, facilities and improvements that may become necessary from time to time. Additionally, the following expenses shall be excluded from this limitation:

1. Expenditures for the construction and/or installation of common area amenities and/or facilities that are funded, or partially funded, by individuals or entities other than the Association, specifically including the developer or its affiliates notwithstanding the manner in which the funds may be provided. Any additional funding of such projects by the Association shall be subject to the above limitations; and

2. Expenditures for the construction and installation of road and/or utility improvements for lots within the Association for which the Association will receive reasonable compensation; and

3. Expenditures for capital improvements identified in the Association's reserve budget and for which sufficient funds have been reserved.

c) Sell in any fiscal year any property, other than real property as set forth in Article III, Section 11 (s), of the Association having aggregate fair market value greater than ten (10) percent of the budgeted gross expenses of the Association for that year.

d) Pay compensation to members of the Board of Directors; provided, however, that the Board may cause a Board member, a Member, or officer to be reimbursed for expenses incurred in carrying on the business of the corporation, as by the authority of the Board.

e) Fill any vacancy on the Board of Directors created by the removal of a Board member.

f) Enter into a Lot for a non-emergency situation unless the owner is furnished with at least 24 hours notice, except in the case of an emergency which clearly affects the safety and/or health of a Member or person, or which may affect the property of a Member or a person or property of the Association.

g) Dedicate or transfer any part of the Common Property held by the Association to any public agency, authority, government, or utility company except as may be approved by the Members as set forth in the Covenants in Article IV, Section 3(c).

ARTICLE V: COMMITTEES

Section 1. Committees

The Board of Directors may appoint from among the Directors and Members of the Association such committees as the Board may determine. Each committee shall have such powers, duties, and duration as shall from time to time be prescribed by the Board. Each committee may, but need not, include one or more Directors. The Board may designate as chairman and secretary of the committee one of its own members. The President shall be a member ex-officio of each committee appointed by the Board of Directors.

Notwithstanding anything contained herein, a spouse of a current employee of the Association shall not be eligible to serve on the Finance Committee of the Association. Additionally, spouses or members of the same family or different representatives of the same owner may not simultaneously serve on the Finance Committee of the Association.

Section 2. Procedure and Review

A majority of the members of any committee may fix its rules of procedure. All actions by any committee shall be reported to the Board of Directors at a meeting succeeding such action and shall be subject to revisions alteration, and approval by the Board of Directors.

Section 3. Finance Committee

A Finance Committee composed of the Treasurer and at least two (2) other Members in Good Standing shall be appointed by the Board of Directors to prepare a proposed annual budget and membership assessment, which shall be presented for approval to the Board of Directors.

Section 4. Audit

A complete audit of all financial records of the Association shall be made at the end of each fiscal year by a licensed and bonded Certified Public Accountant (CPA) who is not a Member or employee of the Association. The CPA shall be appointed by the Board of Directors and shall be required to submit the completed audit report to Members of the Association within ninety (90) days after the close of the fiscal year. A copy of the audit report shall be available without cost to any Member upon request. A summary of the auditors report shall be published in a newspaper or newsletter mailed to every Member of the Association within sixty (60) days after completion of the audit.

ARTICLE VI: BOOKS, RECORDS AND STOCK LEDGER

Section 1. Books and Records

The Association shall keep correct and complete books and records of accounts and of its transaction and minutes of its Board of Directors and Member meetings.

Section 2. Annual Report

The President or the Vice-President of the Association shall cause to be prepared annually a full financial statement of the affairs of the Association showing, as of the last day of the fiscal year, all of the assets and liabilities; statement of income, expenses, cash receipts and disbursements for the preceding fiscal year; list of notes payable; summary of dues outstanding; and accounts receivable. The annual meeting of the Members a year-to-date financial report shall be presented.

Section 3. Certificates of Membership

The Board of Directors may provide for issuance of certificates evidencing membership in the Association which shall be in such form as may be determined by the Board of Directors. The name and address of each Member and date of issuance of the certificate shall be entered on the records of the Association. If any certificate becomes lost, mutilated or destroyed, a new

certificate may be issued therefore upon such terms and conditions as the Board of Directors may prescribe.

Section 4. Open Books and Records

With the exception of minutes of meetings, which by law, the Charter, or the Covenants are permitted to be held in closed session, not open to the Members or the general public, the books, records, and minutes of meetings of the Board of Directors shall be available for examination at any time by any Member of the Association during normal business hours; provided, however, that if the request is for information more than six (6) months old, or in the judgment of the General Manager, would require more than thirty (30) minutes of staff time, the request Member may be required to give two (2) days notice and a list of what is to be made available for his review. Up to five (5) sheets of copies will be supplied without charge in connection with any request, but if more than five (5) sheets are required, a reasonable fee per copy shall be charged.

With respect to all meetings held in closed or executive session, to which Members and the general public were excluded, a summary of the results and findings of all such meetings shall be made available to all Members in the same manner as are the detailed minutes of open meetings.

ARTICLE VII: MISCELLANEOUS

Section 1. Corporate Seal

The Board of Directors shall provide a suitable seal, containing the name of the Association, which seal shall be in the charge of the Secretary.

Section 2. Signature to Commercial Papers

All checks, drafts, bills or exchange and promissory notes shall be made, drawn and endorsed in the name of the Association in such a manner as the Board of Directors may, from time to time authorize.

Section 3. Fiscal Year

The fiscal year of the Association shall be determined by the Board of Directors and evidenced by resolution filed with the corporate records.

Section 4. Waiver of Notice

Whenever any notice of the time, place or purpose of any meeting of Members, Directors or committees is required to be given under the provisions of the laws of Maryland or under the provisions of the Articles of Incorporation or by these Bylaws, a wavier thereof in writing, signed by the person or persons entitled to such notice filed with the records of the meeting, whether before or after the holding thereof, or actual attendance at the meeting in person or by proxy, shall be deemed equivalent to the giving of such notice to such person.

Section 5. Rules of Order

The rules contained in the latest edition of Robert's Rules of Order Newly Revised shall govern the Association in all cases to which they are applicable and in which they are not inconsistent

with these Bylaws, and special rules of order the Association may adopt, and any Federal, State, or County Laws.

Section 6. News Publication

a) A newsletter shall be published periodically, not less than six per year, and mailed to all members. This publication will announce the nominations and election of Lake Linganore Association Board of Directors and Committees, membership meetings, special programs and events, information pertaining to the use of all facilities and properties, and general information approved by the Board of Directors.

b) Each newsletter shall be consecutively identified by volume and issue number.

c) All record items of publication shall be maintained in the LLA office.

d) The Board of Directors shall approve the appointment of an editor for the newsletter, establish the dates of publication and approve its format, printing and mailing.

e) Each newsletter shall contain a summary of the latest monthly or annual report of the Association and a notice to the members interested in copies of minutes as to how the minutes may be acquired.

f) The newsletter shall timely publish all data required to be published therein by Article VI of the Bylaws, and all substantive actions by the Board of Directors in summary form.

g) The sale of advertising in the newsletters of the Association shall be dedicated to the costs of editing, publication, and distribution thereof.

Section 7. Insurance

a) The Board of Directors shall maintain at all times adequate fire and extended coverage insurance on all improvements belonging to the Association, and shall have at all times at adequate public liability policy covering all property owned by the Association.

b) The Association shall provide and pay for comprehensive liability insurance in the amount the Board shall determine, covering each member of the Board of Directors and such other employees who are designated by the Board. The liability shall protect those insured hereunder from any legal action against them in connection with or as a result of their lawful service to or for the Association, during or after their tenure on the Board or as an officer or employee.

Section 8. Recording of Board Meeting by Observers

a) Recording of any Board or membership meeting is permitted to be made by Members, their agents and employees, by any electronic or stenographic means as long as it does not interfere with the meeting.

b) Official minutes of the Board meeting shall be available after final approval by the Board.

Section 9. Examination of Files

a) The Association shall maintain a policy of conforming with Maryland Homeowners Association Act, Senate Bill #96, and amendments enacted thereto from time to time

b) All personnel files are confidential and not available for examination by the Members of the Association or the general public.

c) Documents and correspondence related to unconsummated negotiations and legal actions are available only to the Directors, lawyers retained by the Association, staff members authorized by the Board to have access, and others on a need-to-know basis as determined by the Board. After negotiations or legal actions have been concluded, the files shall be available for examination, unless sealed by the court, by any Member under the same rules and procedures as minutes of the Board of Directors; provided, however, that if legal counsel of the Association advises in writing that the files remain under seal and such advice is concurred in by a majority of the entire Board, the files shall remain under seal as confidential records for the length of time set by the Board in the action to keep them confidential.

d) Electronic recordings shall be made of all Association Board of Directors meetings, and they shall be retained for a period of one (1) year following the date of the meetings so recorded, after which, at the discretion of the General Manager, they may be destroyed.

e) The minutes of all meetings of the Board of Directors and of the Members shall be reduced to writing, shall be approved by the Board or the membership, as the case may be, at the next subsequent meeting thereof, respectively; and shall be kept as permanent records of the Association. One copy shall be maintained at the main office of the Association under lock and key. A duplicate copy shall be kept at the main office and be available for ready examination by the Members. The third copy shall be kept under lock and key t a different location removed from the main office of the Association, where documents would not be destroyed in the event of fire or other catastrophe at the main office, and kept available to copy if other copies are unavailable.

Section 10. Sale and/or Transfer of Pool Privileges

The Association may sell pool privileges to any individual upon such terms and conditions as determined by the Board of Directors. No other individual or entity may sell or transfer pool privileges to any third person. Any such purported sale or transfer is void and the Association may, in its sole discretion, suspend such pool privileges.

ARTICLE VIII: AMENDMENT OF BYLAWS

Section 1. Powers of Directors to Amend

The Board of Directors shall have power to make, amend and appeal the Bylaws of the Board, provided, however, that all changes conform to the Articles of Incorporation, i.e., Charter of the Association and to "The Declaration of Conditions, Covenants, Restrictions, Easements and

Charges Affecting the Real Property Known as Lake Linganore at Eaglehead", i.e., covenants as recorded, and the laws of the State of Maryland.

Section 2. Powers of Members to Amend

From time to time, the Members entitled to vote, as set forth in the Charter and the Covenants, may make, alter, amend and repeal any of the Bylaws of the Association, by a two-thirds (2/3) vote of a quorum at the annual meeting or at a special meeting called for the purpose, and all bylaws made by the Directors may be altered or repealed by such Members.

ARTICLE IX: LIABILITY

Section 1. Liability

Neither the Association, nor any officer, Director or other authorized person assumes any responsibility or liability for any personal injury or property damage occurring on Association property suffered by Members, their families, or their guests.

Section 2. Indemnification

Every Director, officer, employee of the Association and such others as specified in writing from time to time by the Board of Directors shall be indemnified by the Association against all expenses and liabilities including counsel fees, reasonably incurred or imposed upon them in connection with any proceeding to which they may be made a party, or in which they may become involved, by reason of being or having been a Director, officer, or employee of the Association or any settlement thereof, whether the person is a Director, officer or employee is adjudged guilty of willful misfeasance or malfeasance in the performance of duties, or engages in malicious actions. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which the indemnified may be entitled.