

BYLAWS
OF
MULBERRY STATION HOMEOWNERS' ASSOCIATION, INC.

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ARTICLE I

Name and Location

Section 1. **Name.** The name of the corporation is "MULBERRY STATION HOMEOWNERS' ASSOCIATION, INC.", hereinafter referred to as "the Association".

Section 2. **Principal Office.** The post office address of the principal office of the Association shall be 106 N. Washington Street, Suite 103, Easton, Maryland 21601, but meetings of Members and directors may be held at such places within the State of Maryland as may be designated by the Board.

ARTICLE II

Definitions

Section 1. **Definitions.** Throughout these Bylaws, words and terms used herein shall have the meanings set forth in the Articles or in the Declaration.

Section 2. **"the Articles".** "the Articles" means the Articles of Incorporation of the Association.

Section 3. **"the Declaration".** "the Declaration" means the Declaration of Covenants, Conditions, and Restrictions for Mulberry Station dated August 31, 2000 and recorded by Lenfest at Mulberry Station, LLC., among the Land Records of Talbot County, Maryland in Liber 973, folio 947, as amended from time to time.

Section 4. **"Member".** "Member" and "Members" refer to those persons entitled to membership in the Association as provided in the Articles.

ARTICLE III

Liquidation Rights

In the event of any voluntary or involuntary dissolution of the Association under circumstances where the assets of the Association are not dedicated to a public agency or granted to a nonprofit corporation, association, trust or other organization as provided in the Articles, each Class A Member of the Association shall be entitled to receive out of the assets of the Association available for distribution to the Members an amount equal to that proportion of such assets which the number of Class A memberships held by such member bears to the total outstanding. For the purposes of this section only, in the event that, at the time of such dissolution, the Class B membership of the Association shall not yet have ceased and been converted to Class A Membership, a then Class B Member shall be deemed to be a Class A Member as to any Lot then owned by it. In the event that the Lot of any Owner shall be mortgaged, distributions in liquidation of the Association as prescribed by this section shall be made to the Owner and his mortgagee(s), as their interests may appear.

ARTICLE IV

Meetings Of Members

Section 1. Annual Meetings. The initial annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter, at a date, time and place within Talbot County, Maryland selected by the Board.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President, by the Board of Directors, or upon written request of the Owners of at least one-fourth (1/4) of the Lots.

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, by mailing a copy of the notice, postage prepaid, not less than fifteen (15) nor more than sixty (60) days before the meeting, to each Member, addressed to the Member's address last appearing on the books of the Association, or supplied by the Member to the Association for the purpose of notice. The notice shall specify the place, day and hour of the meeting. In the case of a special meeting, the notice shall state the purpose of the meeting. In lieu of mailing a copy of the notice as prescribed above, the Secretary or person authorized to call the meeting may provide the requisite notice by causing a copy of the notice to be personally delivered to the member, hand delivered to the improvements on the Lot owned by any Member entitled to such notice, transmitted to the Member by electronic mail to any electronic mail address provided by the Member to the Association for purposes of notice, or transmitted to the Member by any other electronic means designated by the Member to the Association for purposes of notice.

Section 4. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed a waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting of which proper notice was not given is raised before the business is put to a vote.

Section 5. Quorum. Except as otherwise provided in the Articles or these Bylaws, the presence at a meeting of Members or proxies entitled to cast one-tenth (1/10) of the votes of each class of the Membership shall constitute a quorum for any action. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the 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 6. Roster of Membership. The Board shall maintain a current roster of the names and addresses (street, postal and/or electronic) of each Member to which written notice of meetings of the Members of the Association shall be delivered, mailed and/or transmitted. Each Member shall furnish the Board with his name and current mailing address.

Section 7. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Except with regard to proxies given by or to Class B Members, every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot, by a written notice of revocation received by the Secretary, by the death of the Member, or by the passage of one hundred eighty (180) days after the date of making as stated thereon, whichever occurs first.

Section 8. Conduct of Meeting. The President or, in his absence, the Treasurer, shall preside over all meetings of the Members and shall count all votes taken thereat. The Secretary or, in his absence, such person as shall be designated by the presider, shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted by the meeting as well as a record of all transactions occurring thereat. The most recently published edition of Roberts Rules of Order shall govern the conduct of all meetings of the Members when not in conflict with the Articles or these Bylaws.

Section 9. Voting. At every meeting of the Members, Class A Members shall have the right to cast one (1) vote for each Lot owned on each question. At such meetings, the Class B Members shall have the right to cast a total number of votes equal to one (1) more than three (3) times the aggregate number of all Class A members existing from time to time on each question, such votes to be exercised as provided in the Articles. The vote of the Members representing fifty-one percent (51%) of the total of the votes of the membership present 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 a law, the Articles, the Declaration, or these Bylaws, a different vote is required, in which case such express provision shall govern and control. Where the ownership of a Lot is in two or more persons and in the event of a dispute as to who can vote with respect to that Lot, the person who shall be entitled to cast the vote of the Members for that Lot shall be the person named in a certificate signed by all of the Owners of the Lot and filed with the Secretary. In the event all of the co-owners of any Lot who are present at any meeting of the Members are unable to agree on the manner in which the vote for such Lot shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question. In the event any Lot is owned by a corporation, then the vote for any such Lot shall be cast by a person designated in a certificate signed by the President or any Vice President of such corporation and attested by the Secretary or any Assistant Secretary of such corporation and filed with the Secretary of the Association. Any such certificate shall remain valid until revoked or superseded in writing. The vote for any membership which is owned by a trust, partnership or limited liability company may be exercised by any trustee, partner or authorized member thereof, as the case may be, and, unless any objection or protest by any other such trustee, partner or member is noted at such meeting, the presider at 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, 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.

Section 10. Requisite Approvals. Wherever the approval or disapproval of the Members is required by law, the Articles, the Declaration, or these Bylaws, such approval or disapproval shall be made by the requisite number of the persons who would be entitled to vote at a meeting of the Members. Whenever in the Articles, the Declaration, or these Bylaws, any action is required to be taken by a specified fraction or percentage of each class of the Members of the Association, then votes with respect to such action shall be required to be taken by separate votes of the classes and such action can only be authorized by affirmative votes by the specified fraction or percentage of the votes of the then outstanding Class A Members of the Association and the specified fraction or percentage of the votes of the then outstanding Class B Members of the Association. Whenever in these Bylaws any action is required to be taken by a specified fraction or percentage of both classes of the then Members of the Association or a specified fraction or percentage of the then Members of the Association, then such action shall be required to be taken by a specified percentage of the votes of the then outstanding cumulative membership of the Association.

Section 11. Votes by Mail. Action may be taken by the Members upon a stated proposal or for the election of directors without a meeting upon a vote of the Members by mail in accordance with such reasonable procedures therefor as the Board shall prescribe and under its supervision. Action also may be taken by the Members upon a stated proposal or for the election of directors without a meeting upon a vote of the Members by mail in accordance with such reasonable procedures therefor as the Board shall prescribe and under its supervision.

Section 12. Informal Action. Any action required or permitted to be taken at a meeting of the Members also may be taken without a meeting if a unanimous written consent which sets forth the action is signed by each voting Member and filed with the Association Minute Book.

Section 13. Rights of Mortgagees. Any institutional mortgagee of any Lot 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 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 presider 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.

ARTICLE V

Board Of Directors

Section 1. Number. Until the first meeting of the Association after the Class B membership shall cease and become converted to Class A membership, the number of directors, method of their selection, and term of their respective offices shall be as provided in the Articles. From and after the time of the first meeting of the Association which occurs after such time as the Class B membership shall cease and become converted to Class A membership, the affairs of the Association shall be managed and governed by a Board of Directors composed of five (5) members, all of whom shall be Members of the Association or employees, tenants, or immediate family members thereof. As used throughout these Bylaws, any reference to the ceasing and conversion of Class B membership to Class A membership shall be construed to refer to the first time such Class B membership shall cease and be converted, notwithstanding any subsequent revival of the Class B membership upon annexation of property as provided for in the Declaration.

Section 2. Term of Office. From and after the time of the first meeting of the Association which occurs after such time as the Class B membership shall cease and become converted to Class A membership, the term of office of each director shall be for two years and until the next meeting of the Board after his successor is elected and qualified; provided, however, that at such first meeting after such time as the Class B membership shall cease and be converted to Class A membership, a new election for all positions on the Board shall be held and those nominees receiving the three highest vote totals shall be elected to two year terms of office and those receiving the next two highest vote totals shall be elected to one year terms of office. Annual elections shall thereafter be held for only those directorships as for which terms shall expire in the year of the election.

Section 3. Nomination. Nomination of directors for election to the Board shall initially be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more other persons. The Nominating Committee shall be appointed by the President of the Association prior to each annual meeting of the Members, to serve until the close of the annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall, in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 4. Election. Except as provided in the Articles, election to the Board shall be by written ballot at the annual meeting of the Members of the Association. At the election each Member or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. Removal. From and after such time as the Class B membership shall cease and become converted to Class A membership, 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, pursuant to these Bylaws, 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 6. Compensation. No director shall receive compensation for any service he may render to the Association, as such. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 7. Regular Meetings. Regular meetings of the Board shall be held at least quarterly at such place and hour as may be fixed from time to time by resolution of the Board, without the necessity of further notice.

Section 8. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any three directors, after not less than three (3) days' notice to each director given personally or by mail, telephone, or by electronic mail to any electronic mail address provided by the director to the Association for purposes of notice, or transmitted to the director by any other electronic means designated by the director to the Association for purposes of notice.

Section 9. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed to have been given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 10. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 11. Action without Meeting. Any action of the Board required or permitted to be taken at any meeting may be taken without a meeting if a unanimous written consent which sets forth the action is signed by each director and filed with the Board's minutes of its proceedings.

Section 12. Powers. The Board shall have all the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law, by the Declaration, by the Articles, or these Bylaws directed to be exercised and done by the Members. The powers and duties of the Board shall include, but shall not be limited (subject at all times to the provisions of the Declaration, the Articles, and the other provisions of these Bylaws) to the following:

(a) provide for the care, upkeep, control and surveillance of the Common Areas, community facilities and services, and all other property of the Association, in a manner consistent with law and the provisions of these Bylaws, the Articles and the Declaration; and

(b) make assessments against Owners to defray the costs and expenses of the Association, establish the means and methods of collecting such assessments from the Owners, and establish the periods of the installment payments of the annual assessment for common expenses (unless otherwise determined by the Board, the annual assessments against each Owner for his proportionate share of the expenses of the Association shall be payable in one annual installments, each such installment to be due and payable in advance on the first day of each calendar year); and

(c) collect the assessments against the Owners, depositing the proceeds thereof in a depository which it shall approve, and use the proceeds to carry out the administration of the Association and its powers and duties hereunder; and

(d) adopt, publish and enforce Rules and Regulations governing (i) use of the Common Areas, including any improvement and amenities located thereon; (ii) additions, alterations, and improvements on or to the Lots; (iii) reasonable interpretation and construction of the provisions of the Declaration, the Articles, and these Bylaws; and (iv) such other matters as are specified as the subjects for such Rules and Regulations in the Declaration, the Articles or these Bylaws; and

(e) suspend the voting rights, and the right of use of any recreational facilities located on any Common Areas during any period in which the Member is in default in the payment of any assessment levied by the Association; these rights may also be suspended for a period not to exceed sixty (60) days for any infraction of published Rules and Regulations; and

(f) designate, hire and dismiss the personnel necessary for the maintenance, operation, repair and replacement of the Common Areas, and providing services for the Association, and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be the property of the Association; and

(g) open depository accounts on behalf of the Association and designate signatories required therefor; and

(h) make contracts and guarantees, incur liabilities and borrow money and sell, mortgage, lease, pledge, exchange, convey, transfer, grant easements, rights-of-way, licenses, and other rights of use in, and otherwise dispose of, all or any part of the Common Areas and community facilities; and

(i) repair, restore or reconstruct all or any part of the Common Areas and community facilities after any casualty loss in a manner consistent with law and the provisions of these Bylaws, the Articles, and the Declaration; and

(j) make any addition, alterations or improvements to the Common Areas; provided, however, that if any such addition, alteration or improvements shall require an expense of Association funds in excess of Ten Thousand Hundred Dollars (\$10,000.00), such addition, alteration or improvement shall only be authorized if approved by the affirmative vote of a majority of each class of the Members; and

(k) enforce by legal means the provisions of the Declaration, the Articles, these Bylaws and the Rules and Regulations adopted by it, and bring any proceedings which may be instituted on behalf of the Association; and

(l) as provided in the Declaration, employ a Management Agent, independent contractors, or other employees or contractors as it may deem necessary, and to prescribe their duties; and

(m) cause all officers or employees having fiscal responsibilities to be bonded, as required by the Declaration and as it may deem appropriate; and

(n) purchase such policies of insurance as shall be required by the Declaration or as may from time to time be considered appropriate by the Board including, without limitation, casualty insurance, public liability insurance, workmen's compensation insurance to the extent necessary to comply with any applicable law, so-called "legal expense indemnity insurance" affording protection for the officers and directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim or cause of action to which any such officer or director shall have been made a party by reason of his or her service as such, fidelity coverage and the like; and

(o) purchase Lots and to lease, mortgage or convey the same, subject to the provisions of these Bylaws, the Articles and the Declaration; and

(p) enter into agreements whereby the Association acquires leaseholds, memberships and other possessory or use interests in real or personal property for the purpose of promoting the enjoyment, recreation or welfare of the Members and to declare expenses incurred in connection therewith to be common expenses of the Association; and

(q) if and as may be provided by the Declaration, exercise any and all rights of the Association to approve the plans and specifications for any construction or architectural change upon the Property and the Lots thereof or to appoint an architectural review committee and to delegate to such committee such approval rights; and

(r) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Members by other provisions of these Bylaws, the Articles, the Declaration, or applicable law.

Section 13. Duties. It shall be the duty of the Board to:

(a) keep 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 a statement is requested in writing by the holders of one-fourth (1/4th) of the votes of the membership; and

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

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

(i) fix the amount of the annual maintenance assessment against each Lot not later than December 1st of the preceding year; and

(ii) send written notice of each annual maintenance assessment to every Owner subject thereto not later than December 1st of the preceding year and of each special assessment, at least thirty (30) days in advance of its due date; and

(iii) foreclose the lien against a Lot if the Owner thereof has not paid the assessment thereon within such time as the Board may determine, and/or bring an action at law against the Owner or other person personally obligated to pay the same; and

(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 the certificate states that an assessment has been paid, the certificate shall be conclusive evidence of payment with respect to any person relying on the certificate; and

(e) keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Common Areas and the administration of the Association specifying the maintenance and repair expenses of the Common Areas and any other common expenses incurred. All books and records shall be kept in accordance with good and accepted accounting practices, and the same shall be audited at least once a year by an outside auditor employed by the Board who shall not be a resident of the Property, or an Owner of a Lot therein. The cost of such audit shall be a common expense of the Association.

Section 14. Rights of Mortgagees. Any institutional mortgagee of any Lot who desires notice of the regular and special meetings of the Board 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 regular and special meetings of the Board 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 regular or special meeting of the Board 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 of the Board. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board and such representative may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members of the Board present at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board upon request made in writing to the Secretary.

ARTICLE VI

Officers and Their Duties

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board. Prior to the lapse of all of the Class B memberships as provided in the Articles, the officers of the Association need not be Members of the Association. Thereafter, except for the President and the Vice President, the officers of the Association need not be Members of the Association.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board and thereafter at the first meeting of the Board following each annual meeting of the Members.

Section 3. Term. The officers of this Association herein specified shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise be 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 by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of the notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of the 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 the vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. **Multiple Offices.** The President and the Treasurer shall not be the same person. The Secretary and the Treasurer may be the same person.

Section 8. **Duties.** The duties of the officers are as follows:

President

The President shall preside at all meetings of the Members and of the Board and see that orders and resolutions of the Board are carried out. The President shall have authority to sign all leases, mortgages, deeds and other written instruments.

Vice President

The Vice President shall act in the place and stead of the President in the event of the President's absence, or inability or refusal to act, and shall have such other duties as may be delegated to him from time to time by the Board or the President.

Secretary

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses; and perform such other duties as required by the Board.

Treasurer

The Treasurer shall receive and deposit in appropriate depository accounts all monies of the Association and disburse these funds as directed by resolution of the Board; keep proper books of account; cause an annual audit of the Association books to be made at the completion of each fiscal year; and prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting, and deliver a copy of each to the Members requesting the same.

Section 9. **Agreements, Contracts, Deeds, Checks, etc.** All agreements, contracts, checks, and other instruments of the Association requiring an expenditure or imposing an obligation of more than \$1,000.00 shall be executed by any two officers of the Association or by such other person or persons as may be designated by the Board. All agreements, contracts, checks or other instruments requiring an expenditure or imposing an obligation of less than \$1,000.00 may be executed by any one officer of the Association or by such other person or persons as may be designated by the Board.

Section 10. **Compensation of Officers.** No officer shall receive any compensation from the Association for acting as such.

ARTICLE VII

Committees

The Board shall appoint such committees as deemed appropriate in carrying out the purposes of the Association.

ARTICLE VIII

Fines; Due Process

Section 1. **Fines.** The Board shall have the express power to impose a fine of not more than \$250.00 for each initial violation or \$500.00 for each repeated violation by an Owner or a tenant, guest, or member of the family of an Owner, of the Declaration, or the Rules and Regulations. Fines for violations by a member of an Owner's family or his tenants or guests shall be imposed on such Owner; and, for the purposes of this section, each day any such violation continues shall be deemed to be a separate such violation. Any fine imposed by the Board for a violation of the Declaration or the Rules and Regulations shall be a lien levied against the Owner's Lot as of the day of the imposition of the fine, and may be foreclosed in the manner provided for the foreclosure of liens for maintenance assessments. Any such lien for the payment of a fine shall be subject to the provisions of Section 16 of Article XII of the Declaration as if such lien were a lien for a maintenance assessments.

Section 2. **Hearing Procedure.** The Board shall not impose a fine, suspend voting, or infringe upon any other rights of a Member or other resident of the Property for violations of the Declaration or the Rules and Regulations unless and until the following procedure is followed:

(a) **Demand.** Written demand to cease and desist from an alleged violation shall be provided to the alleged violator specifying:

- (i) the alleged violation;
- (ii) the action required to abate the violation; and
- (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction after notice and hearing if the violation is not continuing.

(b) **Notice.** At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall provide the violator, by hand-delivery first class mail, with written notice of a hearing to be held by the Board in executive session. The notice shall contain:

- (i) the nature of the alleged violation;
- (ii) the time and place of the hearing, which time shall not be less than ten (10) days from the giving of the notice;
- (iii) an invitation to attend the hearing and produce any statement, evidence, and witness on his or her behalf; and
- (iv) the proposed sanction to be imposed.

(c) **Hearing.** The hearing shall be held by the Board pursuant to this notice. The alleged violator shall have the right to be present at this hearing and to present evidence. The hearing shall be held in executive session and shall afford the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed

adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) **Corrective Action by the Association.** Notwithstanding the other provisions of this Section 2, actions by the Declarant, the Board, the Association, or any of the Association's officers, agents, employees, or managers pursuant to rights reserved, granted, or established in the Declaration, including, without limitation, the right to cure any condition which may increase the possibility of fire or other hazard and to abate any violation of any provision of the Declaration or any of the duly adopted Rules and Regulations of the Association shall not be deemed to be an infringement upon any rights of a Member.

ARTICLE IX

Bank Accounts; Loans

Section 1. Bank Accounts. Such officers or agents of the Association as from time to time shall be designated by the Board shall have authority to deposit any funds of the Association in such depositories, banks or trust companies as shall from time to time be designated by the Board and such officers or agents as from time to time shall be authorized by the Board may withdraw any or all of the funds of the Association so deposited in any such depositories, bank or trust company, upon checks, drafts or other instruments or orders for the payment of money, drawn against the account or in the name or behalf of this Association, and made or signed by such officers or agents; and each bank or trust company with which funds of the Association are so deposited is authorized to accept, honor, cash and pay, without limit as to amount, all checks, drafts or other instruments or orders for the payment of money, when drawn, made or signed by officers or agents so designated by the Board until written notice of the revocation of the authority of such officers or agents by the Board shall have been received by such depository, bank or trust company. There shall from time to time be certified to the banks or trust companies in which funds of the Association are deposited, the signature of the officers or agents of the Association so authorized to draw against the same. In the event that the Board shall fail to designate the persons by whom checks, drafts and other instruments or orders for the payment of money shall be signed, as hereinabove provided in this section, all of such checks, drafts and other instruments or orders for the payment of money shall be signed by the President and countersigned by the Secretary or Treasurer of the Association.

Section 2. Loans. Such officers or agents of the Association as from time to time shall be designated by the Board shall have authority to effect loans, advances or other forms of credit at any time or times for the Association from such banks, trust companies, institutions, corporations, firms or persons as the Board shall from time to time designate, and as security for the repayment of such loans, advances, or other forms of credit to assign, transfer, endorse and deliver, either originally or in addition or substitution, any or all stocks, bonds, rights and interests of any kind in or to stocks or bonds, certificates of such rights or interests, deposits, accounts, documents covering merchandise, bills and accounts receivable and other commercial paper and evidences of debt at any time held by the Association for such loans, advances or other forms of credit to make, execute and deliver one or more notes, acceptances or written obligations of the Association on such terms, and with such provisions as to the security or sale or disposition thereof as such officers or agents shall deem proper; and also to sell to, or discount or rediscount with, such banks, trust companies, institutions, corporations, firms or persons any and all commercial paper, bills receivable, acceptances and other instruments and evidences of debt at any time held by the Association, and to that end to endorse, transfer and deliver the same. There shall from time to time be certified to each bank, trust company, institution, corporation, firm or person so designated the signatures of the officers or agents so authorized; and each such bank, trust company, institution, corporation, firm or person is authorized to reply upon such certification until written notice of the revocation by the Board of the authority of such officers or agents shall be delivered to such bank, trust company,

institution, corporation, firm or person.

ARTICLE X

Books and Records

The books, records and papers of the Association shall at all times, upon reasonable advance notice, and during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles, and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, or at such other location in Talbot County designated by the Board of Directors, where copies may be purchased at reasonable cost.

ARTICLE XI

Assessments

As more fully provided in the Declaration, each Owner is obligated to pay to the Association assessments which are secured by a continuing lien upon the Lot against which the assessment is made. If the assessment is not paid on the due date, the assessment shall bear interest from the date of delinquency at such legal rate as may be specified by the Board or, if the Board does not specify a rate, at the maximum rate of interest allowed by law for such delinquency, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot, and the interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment lien. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of his Lot.

ARTICLE XII

Amendments

Section 1. **Amendment.** These Bylaws may be amended by an affirmative vote of at least two-thirds (2/3) of the members of the Board of the Association.

Section 2. **Amendments by the Declarant.** Notwithstanding, and in addition to, any other provisions of these Bylaws, the Declarant shall have the right, to be exercised in its sole discretion without the consent of any other person, at any time and from time to time while it owns any Class B Membership, if so required by the FNMA, the FHLMC, the VA, the FHA or any other governmental or quasi-governmental agency, to amend, modify or add to the provisions of these Bylaws and the other documents and instruments relating to the Association or the Property as need therefor be made. Such right also is reserved to comply with the requirements of any lender or title insurance company, provided such amendments, modifications or additions made pursuant to the requirements of any lender or title insurance company do not adversely or materially affect the interest in the Property of the Owners or mortgagees of any Lots.

ARTICLE XIII

Miscellaneous

Section 1. **Fiscal Year.** The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation and end on December 31st of that year.

Section 2. Invalidity. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of these Bylaws, or the intent of any provisions thereof.

Section 4. Gender and Number. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender and the use of the singular shall be deemed to include the plural, whenever the context so requires.

Section 5. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles. 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, the provisions of the Articles shall control.

company/wtk/Lenfest Md/Mulberry Mews/Mulberry Mews (Station)/Bylaws 091300 Final