

A M E N D E D

MONTGOMERY VILLAGE FOUNDATION, INC.

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B Y - L A W S

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ARTICLE I

Definitions

Section 1. The following words when used in these By-laws (unless the context shall prohibit) shall have the following meanings:

(a) "Montgomery Village" shall mean and refer to all properties shown on the Town Sector Plan identified and described in zoning application #E-327 approved by the Montgomery County Council on August 24, 1965, in resolution #5-2084, together with those adjacent properties as shown on said Town Sector Plan and any additions or deletions to any of the aforementioned properties as may be designated by Developer.

(b) "Foundation" shall mean and refer to Montgomery Village Foundation, Inc., a non-stock, non-profit corporation organized and existing under the laws of the State of Maryland.

(c) "Homes Corporation" shall mean and refer to all homes corporations or similar organizations within Montgomery Village (other than Montgomery Village Foundation, Inc.) whose members are automatically Members of the Foundation as provided in any Declaration of Covenants, Conditions and Restrictions recorded in respect to certain of the properties within Montgomery Village.

(d) "Declaration of Covenants" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions (and all supplements thereto) applicable to Montgomery Village and recorded by the Developer in the land records for Montgomery

County, Maryland on the 15th day of August 1967, in Liber 3651 at Folio 402 and wherein the Foundation is granted or charged with property rights or obligations for the described area.

(e) "Common Properties" shall mean and refer to all land, improvements and other properties heretofore or hereafter owned by the Foundation.

(f) "Private Dwelling Unit" shall mean and refer to all living units excepting Multifamily Rental Units.

(g) "Multifamily Rental Unit" shall mean and refer to any living unit within a building or group of buildings containing two or more living units designed and operated for rental purposes.

(h) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Private Dwelling Unit or Multifamily Rental Unit situated within Montgomery Village which is subject to the Declaration of Covenants, but, notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any procedure in lieu of foreclosure.

(i) "Developer" shall mean and refer to Kettler Brothers, Inc. or such other construction company that undertakes to develop real estate in Montgomery Village under an agreement with the owners of the land.

(j) "Member" shall mean and refer to members of a Homes Corporation (or similar organization) or of the Foundation, as the context requires.

## ARTICLE II

### Office

Section 1. The Principal office of the Foundation shall be located 10120 Apple Ridge Road, Montgomery Village, Maryland 20886; mailing address to be 10120 Apple Ridge Rd., Montgomery Village, Maryland 20886.

## ARTICLE III

### Membership

Section 1. Every person or entity who is a record Owner of a fee or undivided fee interest in any Private Dwelling Unit or Multifamily Rental Unit within

Montgomery Village which is subject to the Declaration of Covenants shall automatically be a Member of the Foundation, provided that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member and provided further that no voting or other privileges and no assessments or charges hereinafter provided for shall be effective for any Private Dwelling Unit or Multifamily Rental Unit until such Unit has first been occupied; thereafter, all voting and other privileges and all assessments and charges shall be fully effective whether such Private Dwelling Unit or Multifamily Rental Unit be occupied or not.

Section 2. The rights of membership are subject to the payment of annual and special assessments or charges levied by the Foundation. The obligation for said assessments is imposed against each Owner of and becomes a lien upon the property against which such assessments are made as provided by Article VII of the Declaration of Covenants. Article VII provides in part that the maximum annual assessment payable to the Foundation shall be \$242.16 per Private Dwelling Unit and \$121.08 per Multifamily Rental Unit; in the case of any special assessment levied by the Foundation, such assessment in excess of \$50.00 per Private Dwelling Unit and in excess of \$25.00 per Multifamily Rental Unit for any assessments year shall require the assent of two-thirds (2/3) of the total votes of all Members of those voting upon written ballot which shall be sent to all Members at least thirty (30) days in advance of the canvass thereof, and such assessments in the amount of \$50.00 or less per Private Dwelling Unit and \$25.00 or less per Multifamily Rental Unit shall require the assent of two-thirds (2/3) of the total votes of all Members who are voting in person or by proxy or through a representative (as provided in Article IV, Section 3 of the Declaration of Covenants) at a meeting duly called for this purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 3. The membership rights of any person whose interest in Montgomery Village is subject to assessments or charges under Article III, Section 2 hereof, whether or not he be personally obligated to pay such assessments, may be suspended by action of the Board of Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the Common Properties and facilities, and the personal conduct of any person thereon, as provided in Article IX, Section 1 hereof, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

## ARTICLE IV

### Voting Rights

Section 1. The voting membership is:

Members shall be all those Owners as defined in Article III, Section 1 hereof. Members shall be entitled to:

(a) Two (2) votes for each Private Dwelling Unit; and

(b) One (1) vote for each Multifamily Rental Unit in which they hold the interests required for membership under Article III, Section 1 hereof. When more than one person holds such interest or interests in any Private Dwelling Unit or Multifamily Rental Unit, all such persons shall be Members, and the vote provided herein shall be exercised as they among themselves determine, but in no event shall more than the prescribed number of votes be cast with respect to any Private Dwelling Unit or Multifamily Rental Unit.

The Developer shall be deemed to be a Member entitled to two (2) votes for each Private Dwelling Unit and one (1) vote for each Multifamily Rental Unit in which it holds the interests required for membership under Article III, Section 1 hereof.

Section 2. Members shall cast their votes in the Foundation through duly elected representatives or directly or by proxy or when required by any provision herein, by written ballot, all as more fully provided in Article XIV hereof.

## ARTICLE V

### Property Rights in the Common Properties

Section 1. Each Member shall be entitled to the use and enjoyment of the Common Properties as provided by deed of dedication and the Declaration of Covenants.

Section 2. Every Member may delegate his rights of enjoyment in the Common Properties to each of his tenants and to each member of his family who resides with him within Montgomery Village and to such other persons as may be permitted under duly adopted Rules and Regulations of this Foundation. Such Member shall notify the secretary of the Foundation in writing of the name of any such person and of the relationship of the Member to such person. The rights and privileges of such person are subject to suspension under Article III, Section 3 hereof, to the same extent as those of the Members.

## ARTICLE VI

### Foundation Purposes and Powers

Section 1. The Foundation has been organized for the purposes set forth within the paragraph designated "THIRD" of its Articles of Incorporation.

Section 2. Land added to the land located within Montgomery Village may be made only in accordance with the provisions of the Declaration of Covenants. Such additions of land when properly made under the applicable covenants, shall extend the jurisdiction, functions, duties and membership of this Foundation to such properties. Where the Declaration of Covenants requires that certain additions be approved by this Foundation, such approval must have the assent of two-thirds (2/3) of the total votes of all Members of those voting upon written ballot which shall be mailed or personally delivered to all Members at least thirty (30) days in advance of the canvass thereof. The balloting shall be done as provided in Article XIV hereof.

Section 3. Subject to the provisions of the Declaration of Covenants, and to the extent permitted by law, the Foundation may participate in mergers and consolidation with other non-profit corporations or similar organizations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the total votes of all Members of those voting upon written ballot which shall be mailed or personally delivered to all Members at least thirty (30) days in advance of the canvass thereof. The balloting shall be done as provided in Article XIV hereof.

Section 4. The Foundation shall have the power to mortgage its properties only to the extent authorized under the Declaration of Covenants.

The total debts of the Foundation, including the principal amount of such mortgages, outstanding at any time, shall not exceed the total of two (2) years' assessments or charges current at that time, provided that authority to exceed said maximum in any particular case may be given by an affirmative vote of two-thirds (2/3) of the total votes of all Members of those voting upon written ballot which shall be mailed or personally delivered to all Members at least thirty (30) days in advance of the canvass thereof. The balloting shall be done as provided in Article XIV hereof.

Section 5. The quorum required for any action governed by Sections 2, 3 and 4 of this Article shall be as follows:

A return at the first canvass of ballots representing sixty (60) percent of the total votes of all Members shall constitute a quorum. If the required quorum is not forthcoming at the first canvass, another canvass may be taken, subject to the notice requirements set forth in said Sections, and the required quorum at any such subsequent canvass shall be one-half (1/2) of the

required quorum at the preceding canvass, provided that no such subsequent canvass shall be taken more than sixty (60) days following the preceding canvass.

Section 6. The Foundation shall have power to dispose of its real properties only as authorized under the Declaration of Covenants or its Articles of Incorporation.

## ARTICLE VII

### Board of Directors

Section 1. The business and affairs of the Foundation shall be managed by a Board of nine (9) Directors who shall be residents of Montgomery Village or Members of the Foundation. The Members shall elect annually three (3) Directors, each for a term of three (3) years.

Section 2. A Board member shall be at least 18 years of age at the beginning of his/her first term.

Section 3. Vacancies in the Board of Directors shall be filled by a majority vote of the remaining Directors. Any such Director so elected shall hold office during the unexpired term of his predecessor.

## ARTICLE VIII

### Nomination and Election of Directors

Section 1. Nominations for election to the Board of Directors shall be made by a Nominating Committee which shall be one of the standing committees of the Foundation. The Nominating Committee shall consist of a chairperson, who shall be a member of the Board of Directors, and two (2) or more Members of the Foundation. The members of the Nominating Committee shall be appointed by the Board of Directors at least sixty (60) days prior to each annual meeting of the Members to serve until their successors are appointed.

Section 2. The Nominating Committee may make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled and such nominations may be made from among Members of the Foundation or residents of Montgomery Village.

Section 3. All elections to the Board of Directors shall be made by secret written ballot which shall: (a) describe the vacancies to be filled; (b) set forth the names of those nominated by the Nominating Committee for such vacancies; and (c) contain space for a write-in vote by the Members for each vacancy. Such ballots shall be prepared and mailed to the Members at least fifteen (15) days in advance of the date set forth therein for a return (which shall be a date not later than the day before the annual meeting or special meeting called for elections).

Section 4. The Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration of Covenants. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. An Election Committee which shall consist of five (5) members shall be appointed by the Board of Directors and shall be responsible for maintaining the safekeeping of the written ballots once collected by the Secretary or such other officer of the Foundation deemed responsible therefor and shall be required to follow such verification procedures as may be adopted by the Board of Directors regarding votes cast, genuineness of signatures, validity of proxies and such other matters as will insure a fair election.

## ARTICLE IX

### Powers and Duties of the Board of Directors

Section 1. The Board of Directors shall have power:

(a) To call special meetings of the Members whenever it deems necessary and in such other instances as provided in Article XIII, Section 2 hereof.

(b) To appoint and remove at pleasure all officers, agents and employees of the Foundation, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these By-laws shall be construed to prohibit the employment of any Member, officer or Director of the Foundation in any capacity whatsoever.

(c) To establish, levy and assess and collect the assessments or charges referred to in Article III, Section 2 hereof.

(d) To adopt and publish rules and regulations governing the use of the Common Properties and facilities and the personal conduct of the Members and their guests thereon and to establish penalties for any violation thereof.

(e) To exercise for the Foundation all powers, duties and authority vested in or delegated to this Foundation, except those reserved to the Members.

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

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

(a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the total voting membership.

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

(c) To prepare a roster of all properties within Montgomery Village and assessments or charges applicable thereto which shall be kept in the office of the Foundation.

(d) To adopt an annual budget and fix the amount of the assessment or charges against each Private Dwelling Unit or Multifamily Rental Unit for each assessment period at least thirty (30) days in advance of such date or period and, at the same time, send written notice of each assessment or charge to every Owner subject thereto, all as otherwise more fully provided herein and in the Declaration of Covenants.

(e) To issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment or charge has been paid. A reasonable charge may be made by the Board for the issuance of the certificate. Such certificate shall be conclusive evidence of any assessment or charge therein stated to have been paid.

(f) To procure and maintain adequate liability insurance covering the Foundation, its Directors, officers, agents and employees and to procure and maintain adequate hazard insurance on such of the Foundation's real and personal properties as deemed appropriate by the Board.

(g) To provide for the maintenance of all Common Properties and facilities.

Section 3. The Board of Directors shall adopt standards of conduct which in its discretion may include, but are not limited to, standards on conflict of interest, receipt of personal benefits, fiduciary responsibility and the performance of duties as board members and members of committees. It shall be the duty of each member of the Board of Directors to adhere to the standards of conduct. A member of the Board of Directors may be subject to recall or other lesser sanctions for failure to perform his/her duties and assignments, conduct detrimental to the best interests of the corporation, or other violations of the standards of conduct.

(a) Upon written notification by a Member, resident, Foundation employee, or Board member, alleging that a member of the Board of Directors has engaged in actions which violate the standards of conduct, the Board shall determine whether sufficient cause exists to initiate further review.

(b) If the Board determines that sufficient cause does exist, a committee composed of seven (7) voting members, chosen by lottery, and an MVF Board member appointed by the Board, who shall be a non-voting liaison to the committee, shall review the allegations, determine whether the alleged improper action violated the standards of conduct and, if so, impose an appropriate sanction which shall be one of the following: public reprimand, suspension of voting privileges not to exceed three meetings, or initiation of a recall action. The decision of the committee shall be final and the sanction shall be implemented promptly. The committee shall be chosen by lottery on an ad hoc basis as follows:

(1) There will be two lotteries to select seven (7) members: one lottery will select five (5) members from the homes corporations, and one lottery will select two (2) members from the condominiums and apartments. If an entity chosen in the lottery has a duly elected MVF Representative, the committee member shall be that person.

(2) If a person selected for the committee is unable or unwilling to serve in this capacity, then a substitute will be selected by lottery from among the remaining participants in the lottery until the committee is filled.

(3) The Board may adopt procedures consistent with the above provisions to implement the lottery so long as those procedures do not defeat the intention that the voting members of the committee be selected by lottery and not be otherwise appointed.

(c) If the Board of Directors does not find sufficient cause to initiate a review, a petition signed by individual Members entitled to cast 1/10 of the total votes of all Members shall compel the Board to initiate such a review and the committee shall be constituted as outlined above.

(d) If the committee recommends recall, the Board will call a special meeting of the Members. The presence at any meeting of Members or of proxies entitled to cast, one-tenth (1/10) of the total votes of all Members shall constitute a quorum. When a quorum is present, a majority of the votes cast by all Members present in person or by proxy shall decide whether the Board member is removed. Voting on the issue of removal shall not be by representative.

## ARTICLE X

### Directors' Meetings

Section 1. A regular meeting of the Board of Directors shall be held at least bi-monthly at such time and place as determined by the Board.

Section 2. Notice of such regular meeting is hereby dispensed with. If the day for the regular meeting shall fall upon a legal holiday, the meeting shall be held at the same hour of the first day following which is not a Saturday, Sunday or legal holiday, and no notice thereof need be given.

Section 3. Special meetings of the Board of Directors shall be held when called by the president or vice-president of the Foundation or by any two (2) Directors after not less than three (3) days' notice in writing to all Directors which shall be delivered personally or mailed to the Directors at their addresses appearing on the Foundation's records. Notice by mail shall be deemed given at time of mailing.

Section 4. A majority of the Board of Directors shall constitute a quorum thereof and the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 5. The Board of Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

## ARTICLE XI

### Officers and Their Duties

Section 1. The officers shall be a president, a vice-president, an executive vice-president, a secretary, a treasurer and such other officers as the Board may deem appropriate to create by resolution. The President and Vice President shall be members of the Board of Directors.

Section 2. The officers shall be chosen by majority vote of the Directors.

Section 3. All officers shall hold office for such terms as designated by the Board of Directors and may be relieved of office at any time as may be determined by the Board.

Section 4. The president shall be the chief executive officer of the Foundation, shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and shall sign such documents as determined by resolution of the Board of Directors.

Section 5. The vice-president shall perform all the duties of the president in his/her absence.

Section 6. The executive vice-president shall be a full time officer-employee of the Foundation in charge of day-to-day operations under the specific direction of the president and Board of Directors.

Section 7. The secretary shall be, ex officio, the secretary of the Board of Directors, and shall record the votes and keep the minutes of all proceedings of the Board in a book to be kept for that purpose. The secretary shall sign all certificates of membership, keep the records of the Foundation and shall record in an appropriate book the names of all Members of the Foundation together with their addresses as registered by such Members (see Article XIII, Section 3 hereof).

Section 8. The treasurer shall oversee all accounting and treasury functions of the Foundation including the application and implementation of accounting policies and procedures to properly safeguard the assets of the Montgomery Village Foundation.

Section 9. The treasurer shall make the investment decisions in accordance with the investment policies of the Montgomery Village Foundation. The treasurer shall present the annual audited financial statement and budget to the membership at the annual meeting.

Section 10. In addition to those specific duties listed above in this Article, each officer shall perform such other duties as the Board of Directors may, by resolution, determine to be appropriate.

## ARTICLE XII

### Committees

Section 1. The standing committees of the Foundation shall be:

The Nominating Committee  
The Recreation Committee  
The Architectural Review Board  
The Communications Committee  
The Audit Committee  
The Election Committee  
The Personnel Committee

Unless otherwise provided herein, each committee shall consist of a chairperson and two (2) or more members and shall include a member of the Board of Directors for Board contact. The committee shall be appointed by the Board of Directors at its first meeting following each annual meeting of the Members and members of the committee shall serve until their successors are appointed. The Board of Directors may appoint such other committees as it deems desirable.

Section 2. The Nominating Committee shall have the duties and functions described in Article VIII hereof.

Section 3. The Recreation Committee shall advise the Board of Directors on all matters pertaining to the recreational programs and activities and parks of the Foundation.

Section 4. The Architectural Review Board shall have the duties and functions described for such committee in the Declaration of Covenants. Additionally, it shall watch for any proposals, programs or activities which may adversely affect the residential value of any properties within Montgomery Village and shall advise the Board of Directors thereof and suggest what action, if any, the Foundation should take on such matters.

Section 5. The Communications Committee shall advise the Board of Directors regarding Board responsibility to inform the Members of all activities and functions of the Foundation and on all matters pertaining to the Foundation communications program.

Section 6. The Audit Committee shall advise the Board of Directors

regarding the financial affairs of the Foundation. In addition, it shall review and recommend for approval the annual budget and annual audited financial statements, and recommend an accounting firm to perform the annual audit of the Foundation's books, accounts and records. The treasurer shall be an ex officio member of the Audit committee.

Section 7. The Election Committee shall have the responsibility for administering the Montgomery Village Foundation Board of Directors election in a fair and impartial manner as further specified in Article VIII hereof.

Section 8. The Personnel Committee shall advise the Board of Directors on policies and issues related to the employees of Montgomery Village Foundation, including salary ranges, job classification and salary increase guidelines for budget preparation. The committee shall consist of three members: the president, vice-president and immediate past president of Montgomery Village Foundation. If the immediate past president is no longer a member of the Board of Directors, the president shall select another director as the third committee member.

Section 9. With the exception of the Nominating Committee and the Architectural Review Board (only as to those functions that are governed by the Declaration of Covenants), each committee shall have power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties and functions.

Section 10. It shall be the duty of each committee to receive suggestions from Members on any matter involving Foundation functions, duties and activities within its field of responsibility. It shall handle such suggestions as it deems appropriate or refer them to such other committee, officer or Director of the Foundation as is further concerned with the matter presented.

Section 11. In addition to those specific duties listed above in this Article, each committee shall perform such other duties as the Board of Directors may, by resolution, determine to be appropriate.

## ARTICLE XIII

### Meetings of Members

Section 1. There shall be an annual meeting of the Members held at such time and place within Montgomery County, Maryland, as determined by the Board of Directors.

Section 2. Special meetings of the Members may be called for any

purpose at any time by the president or vice-president or by any two or more members of the Board of Directors, or upon written request of the Members or representatives who have a right to vote one-fourth (1/4) of the total votes of all Members.

Section 3. Notice of any meetings, regular or special, shall be given to the Members or representatives by, or at the directions of, the secretary. Notice may be given to a Member or his/her representative either personally, or by sending a copy of the notice through the mail, postage prepaid, to his/her address appearing on the books of the Foundation. Each Member or representative shall register his/her address with the secretary, and notices of meetings shall be mailed to him/her at such address. Notice of any meeting, regular or special, shall set forth the general nature of the business to be transacted and shall be mailed or personally delivered not less than fifteen (15) days in advance of the meeting unless such other notice requirements be set forth in the Articles of Incorporation, Declaration of Covenants or these By-laws.

Section 4. Unless otherwise provided in these By-laws, the Articles of Incorporation or the Declaration of Covenants, the presence at any meeting of Members or representatives entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the total votes of all Members shall constitute a quorum for any action governed by these By-laws. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth in Section 3 of this Article, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. When a quorum is present at any meeting of Members, the vote of a majority of the votes of all Members present in person, by proxy or through a representative shall decide any question brought before such meeting, unless the question is one upon which by express provisions of the Declaration of Covenants, the Articles of Incorporation or elsewhere within these By-laws a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 6. At all meetings of Members, each Member who is not required to vote through a representative as provided in Article XIV hereof may vote in person or by proxy.

Section 7. All proxies shall be in writing and filed with the secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease and terminate upon sale or transfer by the Member of his home or other interest in Montgomery Village.

## ARTICLE XIV

### Voting Through Representatives: Written Ballot in Special Cases

Section 1. Except as provided in Section 3 of this Article, Members entitled to vote in a Homes Corporation shall be represented at the regular and special meetings of the Foundation by duly elected representatives as follows:

(a) The Members of each Homes Corporation shall nominate and elect one (1) representative and one (1) alternate at the annual election of Directors pursuant to the same procedure as is prescribed for the election of Directors of such Homes Corporation under its Articles and By-laws.

(b) When a vote is called by the Foundation on any matter other than those governed by Section 3 hereof, each representative or his alternate shall cast as one (1) block all of the votes of the Members who were entitled to vote for or against his election in the Homes Corporation.

Section 2. Members whose votes are not represented as provided in Section 1 may be present in person or by proxy at any regular or special meeting of the Foundation and may cast their votes directly in person or by proxy.

Section 3. Notwithstanding any other provisions of this Article, whenever the vote of the Members is required to be taken by written ballot pursuant to these By-laws, the Articles of Incorporation or Declaration of Covenants, all Members shall vote in person or by proxy upon such written ballot. The mechanics of such balloting shall conform to the provisions of Article VIII hereof, provided that when a vote is on an issue, such issue shall be plainly stated upon the ballot or accompanying circular.

## ARTICLE XV

### General Provisions

Section 1. The fiscal year of the Foundation shall begin on January 1 and end on December 31 of every year, except that the first fiscal year shall begin on the date of incorporation, namely, March 17, 1966.

Section 2. The books, records and papers of the Foundation shall at all times, during reasonable business hours, be subject to the inspection of any Member.

Section 3. The Foundation shall have a seal in circular form having

inscribed within its circumference the full name of the Foundation, the year of its organization and the words "Corporate Seal, Maryland."

Section 4. Every person who acts as a Director or officer of the Foundation shall be indemnified by the Foundation for any judgment or award obtained against him as well as expenses actually and necessarily incurred by him, including legal fees if counsel not provided by the Foundation, in connection with the defense of any claim, action, suit or proceeding in which he is made a party by reason of his being or having been a Director or officer of the Foundation, except in relation to matters as to which he shall be adjudged or determined in such claim, action, suit or proceeding to have acted in bad faith and outside the scope of his authority or to have acted in a grossly negligent manner or with willful misconduct. In the event any such claim, action, suit or proceeding is instituted against a Director or officer of the Foundation, the Foundation shall have the right to enter into such settlement or compromise in regard thereto as may be deemed advisable by the Board of Directors.

The right of indemnification provided in this Article shall be in addition to any rights to which any such Director or officer may otherwise be entitled by contract or as a matter of law. Further, nothing herein contained shall be deemed to restrict the right of the Foundation to indemnify the Directors, officers or any agents or employees of the Foundation in such cases as it deems appropriate even though not specifically provided in this Article.

Section 5. As provided in Article IX hereof, the Foundation shall maintain a liability insurance policy with a company authorized to transact business in the State of Maryland. In the event said insurance policy provides a greater degree of protection to the Foundation's Directors, officers, agents and employees, for example, to the extent of covering acts of gross negligence and willful misconduct, nothing in Section 4 of this Article shall be construed as prohibiting such additional protection and indemnification to said Directors, officers, agents and employees, or of relieving the insurance company of the duty to provide the full normal coverage of its policy to said Directors, officers, agents and employees.

Section 6. In the case of any conflict between the Articles of Incorporation and these By-laws, the Articles shall control; and in the case of any conflict between the Articles of Incorporation, these By-laws and the Declaration of Covenants, the Declaration of Covenants shall control.

## ARTICLE XVI

### Amendments

Section 1. These By-laws may be altered, amended or repealed at a regular or special meeting of the Members, by a vote of a majority of a quorum (as provided in Article XIII, Section 4 hereof) of all Members present in person, through a representative or by proxy, provided that any different voting and/or quorum requirements specified for any action under any provision of these By-laws shall apply also to any amendment of such provisions; and provided further that any matter stated herein to be or which is in fact governed by the Articles of Incorporation or by the Declaration of Covenants may not be amended except as provided in such Articles of Incorporation or Declaration of Covenants.

## ARTICLE XVII

### Responsibility for Legal Fees and Costs

Section 1. When any Member fails to comply with any Covenants, Supplementary Covenants, By-laws, and/or any regulations and decisions adopted pursuant thereto, and the Foundation and/or Homes Corporation brings legal proceedings against such Member, which may include court action, arbitration, or other proceedings, and the Member is found to have violated any Covenants, Supplementary Covenants, By-laws, and/or any regulations or decision adopted pursuant thereto or any applicable statutes or laws, then such Member will be responsible for such reasonable legal fees and costs of the Foundation and/or Homes Corporation as may be determined by the court of other deciding authority. The court or other deciding authority may take into consideration the time and labor required by the attorney due to the nature of the case, the customary fee charged in such cases, and other relevant factors.

Amended July 22, 1971  
Amended, September 24, 1981  
Amended June 26, 1986  
Amended October 18, 1990  
Amended May 30, 1996