

BY-LAWS
OF
VICTORIA'S GRANT HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION: The name of the Corporation is **VICTORIA'S GRANT HOMEOWNERS ASSOCIATION, INC.** , hereinafter referred to as the "Association".

The principal office of the Corporation shall be located at: 65 Duke Street, P. O. Box 587, Prince Frederick, Maryland 20678, but meetings of members and Directors may be held at such places within the State of Maryland as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

SECTION 1. "Association" shall mean and refer to **VICTORIA'S GRANT**

HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

SECTION 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 3. "Recreation Area" shall mean all real property (including the improvements thereto), owned by the Association for the common use and enjoyment of the Owners.

SECTION 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Recreation Area. The term shall include a condominium living unit situated upon said

Properties.

SECTION 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title, to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 6. "Declarant" shall mean and refer to Rodney Neal Gertz, as the subdivider of Victoria's Grant subdivision, his successors and assigns if such successors or assigns shall acquire more than one undeveloped Lot from the Declarant for the purpose of development.

SECTION 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions and any Supplementary Declaration of Covenants, Conditions and Restrictions, applicable to the properties recorded in the Land Records of St. Mary's County, Maryland.

SECTION 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

MEETING OF MEMBERS

SECTION 1. ANNUAL MEETINGS. The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association,

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and each subsequent regular annual meeting of the members shall be held on the same day of the same month each year thereafter, at the hour of seven o'clock p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of the members who are entitled to vote twenty-five percent (25%) of all

of the votes of the Class "A" membership.

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 such notice, postage prepaid, at least fifteen (15) days before such meeting, to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

SECTION 4. QUORUM. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members

entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

SECTION 5. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

SECTION 6. VOTING. At any meeting of the members of the Association, each Class "A" member present, either in person or by proxy, shall have the right to cast one vote for each Class "A" membership of which he appears the owner on the books of the Association and never more than one vote for the membership. The Class "B" membership shall have the right to cast any or all of its votes, so long as it still has such votes pursuant to the Declaration of Covenants, Conditions, and Restrictions. The vote of the majority of those present, either in person or by

proxy, shall decide any questions brought before the meeting, unless the question is one upon which a different vote is required by express provision of any applicable law of the State of Maryland or of the Articles of Incorporation or of these By Laws or of the Declaration of Covenants, Conditions and Restrictions.

SECTION 7. SUSPENSION OF VOTING PRIVILEGES. No member shall be eligible to vote or to be elected to the Board of Directors who is shown on the books of the Association to be more than thirty (30) days delinquent in the payment of any assessments due to the Association.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE:

SECTION 1. NUMBER. The affairs of this Association shall be managed by a Board of not less than three (3) nor more than nine (9) Directors.

SECTION 2. TERM OF OFFICE. At the first annual meeting the members shall elect one-third (1/3) of the Directors for a term of one (1) year, one-third (1/3) of the Directors for a term of two (2) years and one-third (1/3) of the Directors for a term of three (3) years; and at such annual meeting thereafter, the members shall elect three (3) Directors for a term of three (3) years. At the expiration of the initial term of office of each respective Director, his or her successor shall be elected and hold their first meeting.

SECTION 3. REMOVAL. Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his or her predecessor.

SECTION 4. COMPENSATION. No Director shall receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her

duties.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

SECTION 1. NOMINATION. Nomination for election of the Board of Directors shall 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 of Directors, and two (2) more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each Annual Meeting of the members, to serve from the

close of such Annual Meeting until the close of the next Annual Meeting and such appointment shall be announced at each Annual Meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members, including officers and employees of a corporation, or a partner in a partnership having an ownership interest in a Lot.

SECTION 2. ELECTION. Election to the Board of Directors shall be by secret written ballot. At such election, 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. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

SECTION 1. REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days notice to each Director. However, attendance by a Director at any such special meeting shall constitute a waiver of notice.

SECTION 3. 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 present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

SECTION 4. ACTION WITHOUT MEETING. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all the members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board.

SECTION 5. OPEN MEETINGS. Subject to the provisions of Section 6 below, all meetings of the Homeowners Association, including meetings of the Board of

Directors or other governing body of the Homeowners Association, shall be open to all members of the Homeowners Association or their agents.

SECTION 6. CLOSED MEETINGS. A meeting of the Board of Directors or other governing body of the Homeowners Association or a committee of the Homeowners Association may be held in closed session only for the following purposes:

- (A) Discussion of matters pertaining to employees and personnel;
- (B) Protection of the privacy or reputation of individuals in matters not related to the Homeowners Association's business;
- (C) Consultation with legal counsel;
- (D) Consultation with staff personnel, consultants, attorneys, or other persons in connection with pending or potential litigation;
- (E) Investigative proceedings concerning possible or actual criminal misconduct;
- (F) Consideration of the terms or conditions of a business transaction in the negotiation stage if the disclosure could adversely affect the economic interests in the Homeowners Association;

(G) Compliance with a specific constitutional, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or

(H) On an individual recorded affirmative vote of two-thirds (2/3) of the board or committee members present, some other exceptional reason so compelling as to override the general public policy in favor of open meetings.

If a meeting is held in closed session under this Section:

(i) An action may not be taken and a matter may not be discussed if it is not permitted by this Section; and

(ii) A statement of the time, place and purpose of a closed meeting, the record of the vote of each board or committee member by which the meeting was

closed, and the authority under this Section for closing a meeting shall be included in the minutes of the next meeting of the Board of Directors or the committee of the Homeowners Association.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

SECTION 1. POWERS. The Board of Directors shall have the power to:

(A) Adopt and publish rules and regulations governing the use of the Recreation Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(B) Suspend the voting rights and right to use of the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(C) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

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

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

(F) Call a special meeting of the members whenever it deems the same to be necessary or whenever requested in writing so to do by at least twenty-five percent (25%) of a Class "A" membership;

(G) Elect and remove at pleasure all officers of the Association, reimburse them for expenses incurred in the performance of their duties, and

require of them such security or fidelity bond as it may deem necessary or expedient;

(H) Engage and remove at pleasure all agents and employees of the Association upon such terms as the Board of Directors may determine;

(I) Establish, levy and collect the assessments referred to in Section 2(C) of this Article VII of these By-Laws.

SECTION 2. DUTIES. It shall be the duty of the Board of Directors to:

(A) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of

the members, or at any special meeting where such statement is required in writing by twenty-five percent (25%) of the Class "A" members who are entitled to vote;

(B) Supervise all officers, agents and employees of this Association, and see that their duties are properly performed;

(C) As more fully provided in the Declaration, to:

(i) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(ii) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(iii) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the owner personally obligated to pay the same.

(D) Issue, or cause an appropriate office to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(E) Procure and maintain adequate liability and hazard insurance on property owned by the Association;

(F) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(G) Cause the Common Area to be appropriately maintained;

(H) Cause the exterior of the dwellings to be appropriately maintained.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

SECTION 1. ENUMERATION OF OFFICERS. The officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

SECTION 2. ELECTION OF OFFICERS. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

SECTION 3. TERM. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

SECTION 4. SPECIAL APPOINTMENTS. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time determine, but for no longer than one (1) year without reappointment.

SECTION 5. RESIGNATION AND REMOVAL. Any officer may be removed from office with or without cause by a majority vote of the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice

or at any later time specified therein. The acceptance of such resignation shall not be necessary to make it effective.

SECTION 6. VACANCIES. A vacancy in any office shall be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

SECTION 7. MULTIPLE OFFICERS. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

SECTION 8. DUTIES. The duties of the officers are as follows:

President

(A) The President shall preside at all meetings of the Board of Directors; shall see that the orders and resolutions of the Board are carried out; shall sign all

leases, mortgages, deeds, contracts, notes, and other written instruments and shall co-sign all checks and promissory notes, and shall have all the general powers and duties which are usually vested in the office of President of a corporation.

Vice President

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

Secretary

(C) The Secretary shall record the votes and keep the minutes of all

meetings and proceedings of the Board and of the members; keep the Corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(D) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as are directed from time to time by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business; shall sign all checks and drafts of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members. Funds must only be deposited in a federally insured financial institution.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In

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addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

ARTICLE X

BOOKS AND RECORDS

Subject to the provisions of the Maryland Homeowners Association Act, the books, records and papers of the Association shall at all times, upon notice, during reasonable business hours, be subject to inspection by any member. The

Declaration, the Articles of Incorporation and the By-Laws of the Association shall

Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

Books and records kept by or on behalf of the Homeowners Association may be withheld from public inspection to the extent that they concern:

- (i)** Personnel records;
- (ii)** An individual's medical records;
- (iii)** Records relating to business transactions that are currently in negotiation; or
- (iv)** The written advice of legal counsel.

The Homeowners Association may impose a reasonable charge upon a person desiring to review or copy the books and records.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made, upon compliance by the Association with the applicable law related to the establishment and enforcement of such liens. Any assessments which are not paid when due shall be deemed delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose the lien against the property, with interest, costs, and reasonable attorney's fees of any such action to be added to the amount of such assessment. No owner may waive

or otherwise escape liability for the assessments provided for herein by nonuse of the Recreation Area or abandonment of his or her Lot.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: VICTORIA'S GRANT HOMEOWNERS ASSOCIATION, INC. - Corporate Seal - Maryland 1996.

ARTICLE XIII

AMENDMENTS

SECTION 1. These Bylaws may be amended at a regular or special meeting of

SECTION 1. These By-Laws may be amended at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy, except that the Federal Housing Administration and/or the Veterans Administration shall have the right to veto amendments while Class "B" membership still exists.

SECTION 2. 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 Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV

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.

SECTION 2. AUDIT. At the close of each fiscal year, the books and records of the Association shall be reviewed by a Certified Public Accountant or other person acceptable to the Board of Directors, whose report will be prepared and certified in

accordance with the requirements of the Board. Based upon such report, the

accordance with the requirements of the board. based upon such report, the Association shall furnish its members with an annual financial statement including the income and disbursements of the Association.

SECTION 3. INDEMNIFICATION OF OFFICERS AND DIRECTORS. Each officer and director of the Association, in consideration of his services as such, shall be indemnified by the Association to the extent permitted by law against expenses and liabilities reasonably incurred by him or her in connection with the defense of any action, suit, or proceeding, civil or criminal, to which he may be a party by reason of being or having been a director or officer of the Association. The foregoing right of indemnification shall not be exclusive of any other rights to which the director or officer or person may be entitled by law, or agreement, or vote of the members, or

otherwise.

IN WITNESS WHEREOF, We, being all the Directors of **VICTORIA'S GRANT HOMEOWNERS ASSOCIATION, INC.**, have hereunto set our hands and seals this _____ day of _____, 1996.

Robert Dale Gertz (SEAL)
ROBERT DALE GERTZ

Rodney Neal Gertz (SEAL)
RODNEY NEAL GERTZ

Grace C. Anastasi (SEAL)
GRACE C. ANASTASI

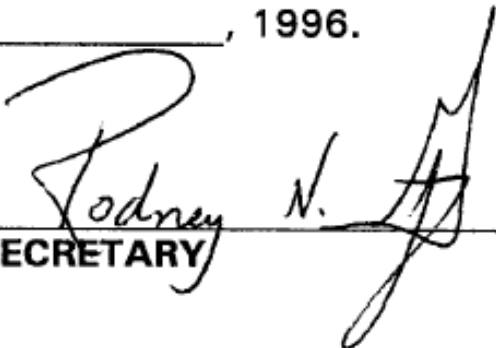
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of VICTORIA'S GRANT HOMEOWNERS ASSOCIATION, INC., a Maryland Corporation; and

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the ____ day of _____, 1996.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ____ day of _____, 1996.



SECRETARY

