

**BY-LAWS
OF
AVONDALE RUN HOMEOWNER'S ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is AVONDALE RUN HOMEOWNER'S ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at Suite 200, 124 Slade Avenue, Baltimore, Maryland 21208, but meetings of members and directors may be held at such places within Carroll County, Maryland, as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

Section 1. "Association" shall mean and refer to Avondale Run Homeowners Association, Inc., a Maryland corporation, its successors and assigns.

Section 2. "Declaration" shall mean and refer to the "Avondale Run Homeowner's Association, Inc. Declaration of Covenants, Conditions and Restrictions" applicable to the Property recorded among the land records of Carroll County, Maryland.

Section 3. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 4. All other capitalized terms used herein and not elsewhere defined shall have the meaning ascribed to them in the Declaration.

**ARTICLE III
MEETING OF MEMBERS**

Section 1. Annual Meetings. The first meeting of the Members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter at the hour of 7:30 pm. If the day for the annual meeting of the Members is a Saturday, Sunday or legal holiday, the meeting will be held at the same hour on the first day thereafter which is not a Saturday, Sunday or 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 the receipt by the President or the Board of Directors of a written request for a special meeting by Members holding at least 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 delivering in person or mailing a copy of such notice, postage prepaid, at least twenty (20) days

but not more than ninety (90) 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 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 ten percent (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 in person or by proxy.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies (other than the proxy given by each builder to the Declarant or Avondale/Fenby pursuant to the provisions of the Declaration) shall be revocable and shall automatically cease upon conveyance by the Member of the title to his Lot.

ARTICLE IV BOARD OF DIRECTORS SELECTION, TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be initially managed by a Board of three (3) Directors who need not be members of the Association. A majority of the entire Board of Directors is authorized to increase the number of Directors to a maximum of nine (9).

Section 2. Term of Office. Directors shall be elected at the annual meeting of Members in accordance with the Articles of Incorporation.

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

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

ARTICLE V NOMINATION AND SELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made by Members from the floor at the annual meeting at which the election is to be held for which such nominations are made. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each 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.

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, for 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.

ARTICLE VI MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such date, place and time as may be fixed from time to time by resolution of the Board. The initial meeting of the Board of Directors, if not sooner held, shall be held within ten (10) days after the first annual meeting of the Members. If such date falls on 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.

Section 3. Quorum. The presence at such date and time and place of majority of the number of Directors shall constitute a quorum for the transaction of business. Every act done or decision 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, unless a higher percentage is specifically required by these By-Laws or by the Declaration or Articles of Incorporation.

Section 4. Open Meetings. Except as provided in Section 5, all meetings of the Board and of any committee of the Board shall be open to all Members, but Members other than Directors may not participate in any discussion of deliberation unless expressly so authorized by a majority of a quorum of the Board.

Section 5. Closed Session. The Board or any committee of the Board may, with approval of a majority of a quorum, convene in closed session for the following purposes:

- (i) Discussion of a matter pertaining to employees and personnel;
- (ii) Protection of the privacy or reputation of individuals in matters not related to the Association's business;
- (iii) Consultation with staff personnel, consultants, attorneys, or other persons in connection with pending or potential litigation;
- (iv) Investigate proceedings concerning possible or actual criminal misconduct;
- (v) Consideration of the terms or conditions of a business transaction in the negotiation stage if the disclosure could adversely affect the economic interests of the Association;

- (vi) Compliance with a specific constitutional, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosures; or
- (vii) On an individually recorded affirmative vote of two-thirds of the Board of Directors or committee members present, some other exceptional reason so compelling as to override the general public policy in favor of open meetings.

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

- (a) An action may not be taken and a matter may not be discussed if it is not permitted by enumerated clauses (i) through (vii) of subsection (a) this Section; and
- (b) A statement of the time, place and purpose of the closed meeting, the record of the vote of each Director 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, as the case may be.

Section 6. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the section so taken, shall be signed by all of the Directors, and such consent shall have the same force and effect as a unanimous vote.

ARTICLE VII POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. Except as may be otherwise provided in the Declaration, the Board of Directors shall have the power to:

- (a) adopt and publish rules and regulations to the extent and in accordance with Article XIII of the Declaration;
- (b) suspend the voting rights 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 as provided in Section 3 for a period not to exceed sixty (60) days for violation of the Declaration or rules and regulations or, in lieu of, the Board of Directors may impose a fine for such violation after notice and hearing as provided in Section 3;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Membership by other provisions of these By-Laws, the Articles of Incorporation, the Declaration or applicable law;
- (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 prescribe their duties;
- (f) contract with any person for the performance of the Board's various duties and functions, including, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, apartments or neighborhood, homeowners or resident's associations, both within and without the Property;
- (g) designate, hire and dismiss personnel necessary for its maintenance, operation, repair and replacement of the Association, its property, and the Common Areas 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;
- (h) collect the Annual Assessments, deposit the proceeds thereof in a financial institution which it shall approve, and use the proceeds to administer the Association;
- (i) make or contract for the making of repairs, additions and improvements to or alterations to the Common Areas in accordance with the other provisions of the Declaration and these By-Laws including those required after damage or destruction by fire and other casualty;
- (j) enforce by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it and bring any proceedings which may be instituted on behalf of or against the Members concerning the Association; and
- (k) keep books with detailed accounts of the receipts and expenditures affecting the Association and its administrations specifying the maintenance and repair expenses and any other expenses incurred, all in accordance with generally accepted accounting practices.

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

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any Special Meeting when such statement is requested in writing by Members holding at least twenty-five percent (25%) of the total number of votes held by the Class A Membership.
- (b) supervise all officers, agents and employees of the Association and to see that their duties are properly performed.
- (c) as is more fully provided in the Declaration:
 - (i) prepare an annual budget and fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of each assessment year;
 - (ii) send written notice of each Annual Assessment to every Owner subject thereto at least thirty (30) days in advance of each assessment year; and
 - (iii) send a Notice of Lien to the Owner of each Lot for which any Assessment is not paid within thirty (30) days after the due date and if not thereafter paid, file a Statement of Lien against such Lot or bring an action of law

against the Owner of such Lot personally obligated to pay the same, all, in accordance with the provisions of the Declaration;

- (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 established by the Board for the issuance of these certificates in accordance with the provisions of the Declaration;
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association, such insurance to be in amounts not less than those specified in the Declaration;
- (f) cause all officers, agents or employees of the Association having fiscal responsibilities to be bonded as the Board may deem appropriate; and
- (g) cause the Common Areas to be operated and maintained in the manner required by the Declaration.

Section 3. Hearing Procedure. The Board of Directors shall not impose a fine, suspend voting, or infringe upon any other rights of a Member or other occupant for violations of the rules and regulations or Articles VIII or IX of the Declaration unless and until the following procedure is followed:

- (a) Demand. Written demand to cease and desist from an alleged violation shall be given to the alleged violator specifying:
 - (i) the alleged violation;
 - (ii) the action required to abate the violation; and
 - (iii) a time period of 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. Any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty of the same rule is subsequently violated, the Board of Directors shall give the alleged violator written notice that a hearing will be held by the Board of Directors. 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 or witness on his or her behalf; and
 - (iv) the proposed sanction to be imposed.
- (c) Hearing. The hearing shall be held at the time and place stated in the notice given to the alleged violator and the alleged violator shall be given a reasonable opportunity to be heard and to produce any statement, evidence or witness on his or her behalf. Prior to the effectiveness of any sanctions

hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the Board of Directors. 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.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be the President, who shall at all times be a member of the Board of Directors, the Vice-President, the Secretary, the 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. Each officer shall hold office for a term of 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 such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

Section 7. Multiple Offices. The offices of President and Vice President may not be held simultaneously by the same person. Otherwise, a person may simultaneously hold more than one office.

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

- (a) President: The President shall preside at all meetings of the Board, see that all orders and resolutions of the Board are carried out; sign on behalf of the Association all Leases, mortgages, deeds and other written instructions and co-sign all checks and promissory notes.

- (b) Vice-President: 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/her by the Board.
- (c) Secretary: The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Membership, keep the appropriate seal of the Association (if any) and affix it on all papers requiring said seal, serve notice of meetings of the Board and of the Membership, 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.
- (d) Treasurer: The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, shall sign all checks and promissory notes of the Association, keep proper books of account. Cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year, and shall prepare an annual budget and 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.

**ARTICLE IX
INDEMNIFICATION OF OFFICERS AND DIRECTORS**

Each officer and Director of the Association, in consideration of his/her services as such, shall be indemnified by the Association to the extent permitted by law against expenses and liabilities reasonably incurred by him/her in connection with the defense of any action, suit or proceeding, civil or criminal, to which he/she may be 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 may be entitled by law or agreement or vote of the Members or otherwise.

**ARTICLE X
COMMITTEES**

There is hereby established an Architectural Committee for the purpose of carrying out the responsibilities delegated to it under Article VIII of the Declaration. Initially, the Architectural Committee shall consist of three (3) persons, all of whom, until the expiration of the Development Period, may be appointed or removed only by the Declarant. Thereafter, the members of the Architectural Committee shall be appointed and removed by the Board of Directors, and the Board of Directors shall have the power to increase the numbers of members of the Architectural Committee to not more than seven (7) members. The Board of Directors shall appoint the members of the Nominating Committee as provided in these By-Laws. In addition, the Board of Directors shall appoint such other committees as it deems appropriate in carrying out the purposes of the Association.

**ARTICLE XI
BOOKS AND RECORDS**

Section 1. The books, records and papers of the Association, at all times during normal business hours and after reasonable notice, shall be subject to inspection and copying by any Member or any Mortgagee and their duly authorized agents and attorneys.

Section 2. Notwithstanding the foregoing, books and records kept by or on behalf of the Association may be withheld from public inspection to the extent such books and records concern:

- (a) Personnel records;
- (b) An individual's medical records;
- (c) Records relating to business transactions that are currently in negotiation; or
- (d) The written advice of legal counsel.

Section 3. The Association may impose a reasonable charge upon a person desiring to copy any books and records.

**ARTICLE XII
ASSESSMENTS**

As more fully provided in the Declaration, each Member is obligated to pay to the Association Annual and Special Assessments. 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/her Lot.

**ARTICLE XIII
CORPORATE SEAL**

The Association shall not have a seal.

**ARTICLE XIV
AMENDMENTS**

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 Mortgage Agencies shall have the right to veto amendments while there is class B membership.

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 XV
FISCAL YEAR**

The fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we being all of the Directors of the Avondale Run Homeowners Association, Inc., have hereunto set our hands this 27th day of May, 1988.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of the Avondale Run Homeowners Association, Inc., a Maryland corporation; and,

THAT the foregoing By-Laws constitute the original By-Laws of said Association and duly adopted by the Board of Directors thereof on the 27th day of May, 1988.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 27th day of May 1988.