

BY-LAWS OF THE WOODLAND HILLS HOME OWNERS ASSOCIATION, INC.

ARTICLE I

Name of Corporation and Terms

Section 1. Name of Corporation. The name of the corporation is WOODLAND HILLS HOME OWNERS ASSOCIATION, INC. (hereafter referred to as "Association").

Section 2. Terms. Words used in these By-Laws, and not defined specifically herein, shall have the meanings given to them in the United States Code, the Maryland Code, or county and city ordinances, or in the Declaration of Covenants, Conditions and Restrictions of Woodland Hills which is recorded among the Montgomery County, Maryland records ("the Declaration"), or in the Articles of Incorporation of the Association. Any term not specifically defined herein, in the Codes or ordinances, the Articles, or in the Declaration shall have its usual and customary meaning. In all cases references to either gender or usage of a single-gender pronoun shall be deemed to include the opposite gender, unless the context requires otherwise.

ARTICLE II

Offices

Section 1. The principal office of the Association in Maryland shall be the office of any attorney or agent duly empowered to act for the Board in the State of Maryland.

Section 2. The Association shall have and continuously maintain in Maryland a registered agent whose post office address shall be within the State of Maryland. The registered agent may be changed from time to time by the directors.

ARTICLE III

Members

Section 1. Membership in the Association.

The members of the Association shall be every Owner of a unit; however, any person or entity who holds title merely as security for the performance of an obligation shall not be a member of the Association.

Section 2. Membership Voting Interests. All Owners, by the terms of any covenant running with their Unit or with the Land on which their Unit is situated, are required to be members of the Association. Members and their immediate families residing in their Unit shall have the right to use the Common Areas and Recreation Facilities and one vote per Unit owned. When more than one person holds an interest in any Unit, all such persons shall be members. The vote for such Unit shall be exercised by such persons as they themselves determine, but in no event shall more than one vote be allowed with respect to any Unit.

Section 3. Voting Rights in the Association. The members of the Association shall be entitled to vote for the election and removal of directors and upon such other matters with respect to which the members

are entitled to vote under the Articles, these By-Laws, or applicable law under the provisions of Maryland Annotated Code, Corporation & Association Article, Title 5, Subtitle 2 (1975), as amended. Members may have additional rights and obligations as set forth in rules and regulations adopted by the Association. A member's right to vote may be suspended or revoked for failure to pay assessments or for violations of the rules and regulations adopted by the Association.

Section 4. Proxies. Each member entitled to vote may vote in person or by proxy at all meetings of the Association. Each proxy shall be executed in writing by the member or by his duly authorized attorney-in-fact and filed with the Secretary prior to any vote of the members during such meetings. No proxy shall extend beyond the date of the meeting for which it is given unless such meeting is adjourned to a subsequent date, and no proxy shall be valid after eleven (11) months from the date of its execution.

ARTICLE IV

Meetings of Members

Section 1. Annual Meeting. The annual meeting of the members shall be held within 30 days of the 1st day of June of each year. Such annual meeting shall be held for the purpose of electing directors, and for the transaction of such other business as may come before the meeting. If the election of directors shall not be held on the day designated as set forth herein for the annual meeting or at any adjournment thereof, or pursuant to Section 5 of this Article, the Board of Directors shall cause the election to be held at a special meeting of the members held as soon thereafter as may be convenient.

Section 2. Special Meetings. Special meetings of the members may be called by the President, by the Board of Directors, or upon written request of the members of the Association holding in the aggregate not less than one-fifth (1/5) of the votes.

Section 3. Place of Meeting. All meetings must be held in a location within Montgomery County, Maryland.

Section 4. Notice of Meetings. Written notice stating the place, day, and hour of meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed or delivered personally or by mail, by or at the direction of the President or the Secretary or the person calling the meeting, to each member of the Association at his address as shown on the records of the Association. A member may, in writing signed by him, waive notice of any meeting before or after the date of the meeting stated therein. Notices of Annual and Special Meetings shall be mailed or delivered at least 15 days prior to the designated meeting date.

Section 5. Quorum and Manner of Voting. Members or proxies constituting 60% of the total votes entitled to be cast shall constitute a quorum at any meeting. If a quorum is not present at any meeting of the members, a majority of the members present may adjourn the meeting to another time without further notice. The act of a majority of the membership, in interest, present at a meeting at which a quorum is present shall be the act of the members, unless the act of a greater or lesser number is provided for by law, or in the Articles or these By-Laws.

Section 6. Conduct of Meetings. The directors may promulgate such regulations as they deem advisable for any meeting of the members, including proof of membership in the Association, evidence of right to vote, and the appointment of inspectors of votes. Such regulations shall be binding upon the Association and its members.

Section 7. Presiding Officer; Statement of Affairs; Order of Business.

(A) Meetings of the membership shall be presided over by the President of the Board, if any, or if he is not present (or if there is none), by the Vice-President, or, if he is not present, by such person who may have been chosen by the Board of Directors, or, if none of such persons is present, by a Chairman to be chosen by a majority of the membership entitled to vote at the meeting and who are present in person or represented by proxy. The Secretary of the Association, or, if he is not present, an Assistant Secretary, or, if he is not present, such person as may be chosen by the Board of Directors, shall act as secretary of meetings of the membership.

(B) For each annual meeting of the membership of the Association, the Treasurer of the Association shall prepare or cause to be prepared a full and correct statement of the financial affairs of the Association, including a balance sheet and a financial statement of operations for the preceding fiscal year, and such statement may include a summary of the condition of the assets of the Association. Such statement shall be submitted and filed by the Treasurer within twenty (20) days thereafter at the principal office of the Association.

(C) The following order of business for any annual meeting, unless otherwise ordered at the meeting, shall be observed as far as practicable and consistent with the purposes of the meeting:

1. Call of the meeting to order.
2. Presentation of proof of mailing of the notice of the meeting and, if the meeting is a special meeting, the call thereof.
3. Presentation of proxies.
4. Announcement that a quorum is present.
5. Reading and approval of the minutes of the previous meeting.
6. Reports, if any, of officers.
7. Submission of statement of affairs by Treasurer
8. Election of directors, if the meeting is an annual meeting or a meeting called for that purpose.
9. Miscellaneous business
10. Adjournment.

ARTICLE V

Directors

Section 1. General Powers. The affairs of the Association shall be managed by a Board of Directors, who must be members of the Association in good standing.

Section 2. Number and Tenure. The number of directors shall be five (5) and shall be chosen by a vote of the members at their annual meeting. At each annual meeting, the members shall elect directors, each for a term of two (2) years, and until they're respective successors are elected and qualified. Any vacancy occurring in the Board of Directors, if not previously filled, shall be filled by a vote of the members of the Association at a meeting of the members of the Association. Any director elected to fill a vacancy shall serve as such until the expiration of the term of the director whose position he was elected to fill or until his successor is elected and qualified. Election of directors may be conducted by mail ballot if the Board of Directors so determines.

Section 3. Meetings of the Directors.

(A) Annual Meeting: The Annual meeting of the Board of Directors shall be held annually immediately following the annual meeting of the members, or within 1 week of any such annual meeting of the members.

(B) Regular Meetings: The Board of Directors may provide by resolution the time and place for the holding of regular meetings of the Board, provided that such place is located within Montgomery County, Maryland.

(C) Special Meetings: Special meetings of the Board of Directors may be called by or at the request of the President or any two directors by giving notice thereof as provided in Section 4 of Article V. Such persons calling a special meeting of the Board of Directors may fix any location within Montgomery County, Maryland as the place for holding such special meeting.

Section 4. Notice. When notice of any meeting of the Board of Directors is required, such notice shall be given at least two days prior to such meeting by written notice delivered personally or electronic means, or if sent by mail to each director at his address as shown on the records of the Association then at least five days prior to such meeting. If mailed, such notice shall be deemed to be given when deposited, postage prepaid, in the United States mail in a sealed envelope properly addressed. Any director may waive notice of any meeting before or after the time of the meeting stated therein, and attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law.

Section 5. Quorums. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board but if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting without further notice.

Section 6. Manner of Acting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 7. Compensation. Directors shall not receive compensation or any stated salaries for their services, but by resolution of the Board any director may be reimbursed for his actual expenses incurred in the performance of his duties as director. However, nothing herein contained shall be construed to preclude any director from serving the Association in any other capacity and receiving compensation therefor.

Section 8. Formal Action by Directors. Any action required or permitted by law to be taken at a meeting of the directors may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors, which consent shall be filed with the Secretary of the Association as part of the Association's records.

Section 9. Removal of Directors. Any director may be removed from the Board of Directors, with or without cause, by a majority vote of the members of the Association in good standing and eligible to vote for directors. The vacancy thus created by such a removal shall be filled as provided in Section 2 of Article V.

ARTICLE VI

Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have the power to:

(A) Exercise for the Association all powers, duties, and authority vested in or given to the Association and not reserved to the membership by any provisions of these By-Laws, the Articles, or by applicable law.

(B) Adopt and publish rules and regulations including: (1) governing the use of the Recreation Facilities and any other property owned by the Association, which members have a right to use because of their membership in the Association, (2) the personal conduct of members and their guests during their use of any such facilities or other property, (3) the suspension from the use of such facility or property following appropriate notification by the Board or its designated agent, and (4) regulations and procedures concerning architectural controls for each Unit as provided in Article VII of the Declaration.

(C) Suspend the voting rights of a member and the right to use of the Recreation Facilities or other property during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may similarly be suspended after notice and a hearing by the Board of Directors, for a period not to exceed sixty (60) days, for infraction of published rules and regulations, provided that the member is first notified and given an opportunity to offer satisfactory explanation therefore. Any such suspension shall begin immediately with respect to voting rights but the Board may determine another date for the effective date of other suspensions.

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

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

(A) Cause to be kept a complete record of all the Board's acts and Association's affairs and to present a summary 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 members who are entitled to vote. Copies of meeting minutes and relevant documents may be submitted along with or in lieu of such summary statement.

(B) Supervise all officers, committee members, agents, contractors, and other persons employed by the Association.

(C) With regard to assessments, as more fully provided in Article XII, to do the following, together with all other reasonable, lawful and appropriate actions:

1. Fix the amount of the monthly assessment and of any special assessment against each Unit at least thirty (30) days in advance of each assessment period;
2. Send written notice of each change in monthly assessment and each special assessment to every Owner subject thereto at least thirty (30) days in advance of such changed or special assessment; and
3. Foreclose any lien against any property for which any assessments are not paid, and/or to bring an action at law against the Owner personally obligated to pay the same.

(D) Issue, or to 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 a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(E) Procure and maintain, in amounts deemed adequate in the sole discretion of the Board of Directors, liability and hazard insurance on property owned or leased by the Association and on directors and agents acting therefor.

(F) Cause all officers or employees having fiscal responsibilities to be bonded, as the Board may deem appropriate.

(G) Cause the Recreation Facilities and other property owned by the Association to be maintained in good operating condition and repair and to meet any applicable health, design, operating and/or safety codes or regulations relating to such facilities or property.

(H) Establish an appropriate capital reserve for replacement and major repairs of the Recreation Facilities and for the proper repair and operation of other common property.

ARTICLE VII

Officers

Section 1. Officers. The officers of the Association shall be a President, one or more Vice-Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer. The

Board of Directors may elect such other officers, including one or more Assistant Secretaries and/or Assistant Treasurers, as it shall deem desirable, such officers to have the authority to perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person. The President shall be a director of the Association. Other officers may be, but need not be, directors of the Association.

Section 2. Election, Terms of Office and Vacancies. The officers of the Association shall be elected annually by the Board of Directors, at the first meeting of the Board of Directors following each annual meeting of the members as herein set forth in Article IV. A vacancy in any office arising because of death, resignation, removal, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors, except as otherwise determined by the Board of Directors. The President shall be chief executive officer of the Association.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE VIII

Committees

Section 1. Committees of Directors. The Board of Directors, by resolution adopted by a majority of the directors in office may designate one or more committees, each of which shall include at least one director, which committees to the extent provided in the resolution, shall have and exercise the authority of the Board of Directors in the management of the affairs of the Association and shall report all recommendations, actions, rules or procedures, and determinations to the Board. No such committee shall have the authority of the Board of Directors as to the following matters: (a) the dissolution, merger or consolidation of the Association, the amendment of the Articles of Incorporation of the Association, or the sale, lease, assignment, transfer, encumbrance or exchange of any property of the Association; (b) the designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee; (c) the amendment or repeal of these By-Laws or the adoption of new By-Laws; and (d) the amendment or repeal of any resolution of the Board of Directors which by its terms shall not be so amendable or repealable.

Section 2. Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the affairs of the Association may be designated by a resolution adopted by a majority of directors present at a meeting at which a quorum is present. Such committees shall perform such duties and have such powers as may be provided in the resolution.

Section 3. Rules. Each committee may adopt rules for its own government not inconsistent with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors or with applicable law.

ARTICLE IX

Certificates of Membership

The Board of Directors may provide for the issuance of certificates evidencing membership in the Association, which shall be in such form as may be determined by the Board. Such certificates shall be signed by the President or a Vice-President and by the Secretary or an Assistant Secretary and shall be sealed with the seal of the Association. All certificates evidencing membership shall be consecutively numbered. The name and address of each member, certificate number, and the date of issuance of the certificate shall be entered on the records of the Association. If any certificate shall become lost, mutilated or destroyed, a new certificate may be issued therefor upon such terms and conditions as the Board of Directors may determine.

ARTICLE X

Books and Records

The books, records, and papers of the Association shall at all times be subject to inspection by any member during reasonable business hours. The Articles of Incorporation, By-Laws, and minutes of meetings of the members, and of the Board of Directors of the Association, shall be available for inspection by any member at the principal office of the Association.

ARTICLE XI

Construction

In the event of a conflict between the Articles and the By-Laws, the Articles shall control.

ARTICLE XII

Assessments

As more fully provided in Article V of the Declaration, each member is obligated to pay to the Association all assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall, unless waived by the Board of Directors, bear interest from the date of delinquency at the rate of eight percent (8%) per annum. The Association may, at any time after fifteen (15) days written notice to the delinquent Owner, bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and all attorney's fees relating to of any such action shall be added to the amount of such assessment and secured by the lien. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Areas or the abandonment of his Unit.

ARTICLE XIII

Association Seal

The Association shall have a seal in circular form having within its circumference the words:
WOODLAND HILLS HOME OWNERS ASSOCIATION, INC., State of Maryland, 1979.

ARTICLE XIV

Amendments

These By-Laws may be altered, amended, repealed, or new By-Laws may be adopted at a meeting of the members, by a vote of the majority of a quorum.

ARTICLE XV

Insurance: Damage or Destruction

Section 1. Insurance Coverage

(A) Throughout the term of this Declaration, the Association shall keep and maintain policies of:

(1) Insurance on the facilities and improvements, in the, Common Areas against loss or damage by fire and against loss or damage by other risks now embraced by the so-called broad form extended coverage endorsement in an amount not less than one-hundred percent (100%) of the then full insurable value of such facilities and improvements, insuring the Association, the Owners of all Units and the first mortgagees of all Units as their respective interests may appear. The term "full insurable value" shall mean current replacement cost (exclusive of cost of excavation, foundations and footings). Such "full insurable value" shall be determined from time to time at the request of the Board of Directors of the Association (but at least once every five years), by one of the insurers or by an appraiser, engineer, architect or contractor selected by the Board of Directors of the Association. Such insurance shall name the Association as insured for the benefit of the Owners;

(2) General public liability insurance protecting and indemnifying the Owners of all Units and the Board of Directors of the Association against any and all claims for damages to person or property or for loss of life or of property occurring upon, in, or about the Common Areas and the facilities and improvements thereon and the adjoining streets and passageways, such insurance to afford immediate protection to the limit of not less than \$1,000,000 in respect of bodily injury or death to any one person, and to the limit of not less than \$2,000,000 in respect of any one accident or occurrence and to this limit of not less than \$50,000 for property damage, and such insurance to contain a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners;

(3) Fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds collected and held for the benefit of Owners. Such fidelity bond or insurance must name the Association as the named insured and shall be written in an amount not less than \$100,000. The amount and form of the fidelity coverage shall be subject to the

review and approval of the Board of Directors. There shall be appropriate endorsement to the policy to cover any persons who serve without compensation if the policy would not otherwise cover volunteers; and

(4) Such other insurance on the Common Areas and in such amounts as may from time to time be reasonably required by the Association against other insurable hazards which at the time are commonly insured against in the case of premises used for similar purposes.

(B) All insurance provided for in subsection (a) shall be effected under standard form policies issued by insurers of recognized responsibility, authorized to do business in the State of Maryland, which are well rated by national rating organizations and have been approved by the Board of Directors of the Association. To this extent consistent with the foregoing sentence, any policies of insurance of the character described in paragraphs (1) and (4) of subsection (a) shall expressly provide that any losses thereunder shall be adjusted with the Board of Directors. All such insurance shall be carried in the name of the Association and loss thereunder shall be payable as provided in subsection (E).

(C) Upon the completion of the initial construction of any of the facilities or improvements constructed in the Common Areas, and thereafter not less than thirty (30) days prior to the expiration dates of the expiring policies theretofore furnished pursuant to this Section, originals or duplicate originals of the policies, bearing notations evidencing the payment of premiums or accompanied by other satisfactory evidence at such payment, shall be obtained by the Board of Directors.

(D) Each policy delivered hereunder shall, to the extent obtainable, contain an agreement by the insurer that such policy shall not be canceled without at least thirty (30) days prior written notice to the Association.

(E) The proceeds of any insurance required to be maintained by paragraphs (1) and (4) of subsection (A), or any award payable in connection with a taking referred to in Section 3 of this Article, shall be payable to the Association, which proceeds shall be received in trust for the purpose of paying the cost of restoration as required by Section 2 of this Article.

Section 2. Damage or Destruction.

(A) If, at any time during the term of this Declaration, the Common Areas or any part thereof shall be damaged or destroyed by fire or other casualty (including any casualty for which insurance coverage was not obtained or obtainable) of any kind or nature, ordinary or extraordinary, foreseen or unforeseen, or by a taking, the Board of Directors shall be charged with the duty and obligation to proceed with reasonable diligence (subject to a reasonable time allowance for the purpose of adjusting such loss) to repair, alter, restore, replace or rebuild the same as nearly as possible to its value, condition, and character immediately prior to such damage or destruction, subject to such changes or alterations as may be approved by the votes of not less than two-thirds (2/3) of the eligible votes entitled to be cast. Such repairs, alterations, restoration, replacement or rebuilding, including such changes and alterations as aforementioned and including temporary repairs or the protection of other property pending the completion of any thereof, are sometimes referred to in this Section and in Section 3 as the "Work".

(B) All insurance money paid on account of such damage or destruction under the policies of insurance provided for in Section 1, less the cost, if any, incurred in connection with the adjustment of

the loss and the collection, thereof (herein sometimes referred to as the "insurance proceeds"), shall be applied as hereinafter set forth to the payment of the cost of the Work, including expenditures made for demolition and temporary repairs or for the protection of property pending the completion of the Work, to the extent such insurance proceeds shall be sufficient for the purpose.

(C) If the insurance proceeds shall be insufficient to pay all costs of the Work, the deficiency shall be assessed against each Owner of a Unit as a special assessment pursuant to the Declaration. Any balance of the insurance proceeds remaining over and above the cost of the Work, if any, shall be paid into the Association's reserve fund.

Section 3. Condemnation. If, at any time during the term of this Declaration, title to less than the whole or substantially all of any contiguous area of the Common Areas shall be taken in condemnation proceedings or by any right of eminent domain, the Board of Directors of the Association shall proceed with reasonable diligence to repair, alter and restore the remaining part of the Common Areas and the improvements and facilities thereon to substantially their former condition to the extent that the same may be feasible, subject to such changes or alterations as may be approved by a vote of at least two-thirds (2/3) of the eligible votes entitled to be cast of each class of the membership and the award or awards made in connection with such taking shall be paid to the Association as provided in Section 1 (E), and shall be applied to the payment at the cost of the Work in the same manner provided in Section 2(B).

Adopted and Approved: June 24, 2002

Ann Walsh, President
Woodland Hills Homeowners Association, Inc.