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BYLAWS OF
MERRY-GO-ROUND CLUSTERS
HOMEOWNERS ASSOCIATION, INC.

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Article I
Name and Location

The name of the corporation is MERRY-GO-ROUND CLUSTERS HOMEOWNERS ASSOCIATION, INC. (the "Association"). The Association's principal office shall be located at 13130 River Road, Potomac, Maryland 20854 but the meetings of Members and directors may be held at such place within the State of Maryland as may be designated by the Board of Directors.

Article II
Definitions

Capitalized terms used in the Declaration shall have the same meaning herein. In addition to and not by way of limitation, the capitalized terms set forth below shall also have the following meanings in these Bylaws and in the Declaration:

SECTION 1. "Articles of Incorporation" means the Articles of Incorporation of the Association on file with the Maryland State Department of Assessments and Taxation.

SECTION 2. "Association" means Merry-Go-Round Clusters Homeowners Association, Inc., a nonprofit corporation organized and existing in good standing in the State of Maryland.

SECTION 3. "Board of Directors" or "Board" means the Association's Board of Directors.

SECTION 4. "Declaration" means the Declaration of Easements, Covenants, Conditions and Restrictions for Merry-Go-Round Farm dated the ____ day of _____, 1993 and recorded on the ____ day of _____, 1993 at Liber ____ folio ____ in the Land Records of Montgomery County, Maryland.

SECTION 5. "President" means the president of the Association, as set forth in Article IX below.

SECTION 6. "Secretary" means the secretary of the Association, as set forth in Article IX below.

SECTION 7. "Vote" means a polling of the Members present in person or by proxy at a duly called meeting, and a counting of the total number of votes cast for or against a

motion duly made and seconded, counting one (1) vote for each Lot owned by Class A Members and four (4) votes for each Lot owned by the Class B Member (if any).

Article III
Meetings in General

SECTION 1. Open Meetings, and Notice

Subject to the provisions of Section 2. of this Article III, all meetings of the Association, including, without limitation, meetings of the Board of Directors, the Architectural Committee, the Nominating Committee, or any other governing body of the Association, or any committee of the Association, shall be open to all Members or their agents and all mortgages except as otherwise provided herein.

SECTION 2. Closed Meetings or Sessions

A closed meeting or session ("closed session") of the Board of Directors, the Architectural Committee, the Nominating Committee, or any other governing body of the Association, or any committee of the Association may be held in closed session only for the purposes listed in Section 11B-111 of the Real Property Article of the Maryland Code as the same may be amended from time to time.

Article IV
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 on a day and at a time fixed by the Board of Directors, and each subsequent regular meeting of the Members shall be held on the same day of the month of each year thereafter, or on such other annual date and time fixed by the Board of Directors.

SECTION 2. Special Meetings

Special meetings of the Members may be called at any time by the President or by resolution of the Board of Directors, or upon written petition of the Members who are entitled to vote one-fourth (1/4) of all the Votes of the Members.

SECTION 3. Notice of Annual and Special Meetings

Written notice of each annual meeting and special meeting of the Members shall be given by, or at the direction of, the Secretary or such other person authorized by the Board of Directors 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 at the meeting, 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, and if there is no such address, to the address of the Member as shown on the records of the tax assessor of Montgomery County, Maryland, and such notice shall be sent in a similar fashion to any mortgagee upon written request. 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 the Members shall constitute a quorum of any action, except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such a quorum shall not be present or represented at any meeting, the Members entitled to vote at the meeting shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum 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 shall be in writing and filed with the Secretary. Each proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. No proxy shall be valid after eleven (11) months from the date of its execution.

Article V
Board of Directors
Selection, Term of Office

SECTION 1. Number

The affairs of this Association shall initially be managed by a Board of three directors who need not be Members of the Association. Beginning with the annual meeting of the Members next following the date the tenth (10th) Lot is

conveyed to a Class A Member, the size of the Board shall be increased to five (5) directors.

SECTION 2. Term of Office

At the first annual meeting, the Members shall elect one director for a term of one (1) year, one director for a term of two (2) years, and one (1) director for a term of three (3) years, and at each annual meeting thereafter the Members shall elect one (1) director for a term of three (3) years except that at such time as the Board is increased to five (5) members, the Members shall elect one (1) director for a term of four (4) years and one (1) director for a term of five (5) years. Directors thereafter elected shall serve five (5) year terms so that all directors shall be serving staggered five (5) year terms.

SECTION 3. Removal

Any director may be removed from the Board, with or without cause, by a majority of the Votes of the Members. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

SECTION 4. Compensation

No director shall receive compensation for any service he may render to the Association in his capacity as director. However, any director may be reimbursed for his actual and reasonable expenses incurred in the performance of his duties.

Article VI Nomination and Election of Directors

SECTION 1. Nomination of Directors

Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members of the Association. The Nominating Committee shall consist of a Chairperson, who shall be a member of the Board of Directors, a representative of the Class B Member (if any) and a Class A Member who is not a member of the Board of Directors; however, if there is no Class B Member, the Nominating Committee shall consist of the said Chairperson and two (2) or more Class A Members of the Association who are not members of the Board of Directors. The Nominating Committee shall be appointed by the Board of Directors at least 30 days prior to each annual meeting and shall serve until the close of that 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 nonmembers.

SECTION 2. Election of Directors

At any election, the Members or their proxies may cast 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 VII Meeting of Directors

SECTION 1. Regular Meetings

Regular meetings of the Board of Directors shall be held at least quarterly at such place and hour as may be fixed from time to time by resolution of the Board of Directors.

SECTION 2. Special Meetings

Special meetings of the Board of Directors shall be held when called by the President, or by any two (2) directors, after not less than three (3) days notice to each director.

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.

Article VIII Powers and Duties of the Board of Directors

SECTION 1. Powers

The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Common Areas, the Equestrian Easement, and the personal conduct of the Members, the Associates and their guests thereon, and to establish penalties for the infraction thereof;

(b) Establish fees for the use of Recreational Facilities by Members and Associates;

(c) Suspend the voting rights and right to use the Recreational Facilities of a Member or Associate during any period in which such Member or Associate shall be in default in the payment of any Assessment or dues levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days, for infraction of published rules and regulations;

(d) Establish rules and regulations to enable members of the public to use the Recreational Facilities for such fees on such terms as the Board of Directors may deem advisable. However, public use of the Recreational Facilities is to be permitted only if, in the judgment of the Board of Directors, the Recreational Facilities are not fully used by Members and Associates. The Recreational Facilities are intended primarily for Members' and Associates' use, and are not intended to be operated as a business for profit, and the Association's authority to allow public use of the Recreational Facilities is for the incidental purpose of helping to defray the costs of maintaining the Recreational Facilities during periods in which they are underutilized by Members and Associates;

(e) Adopt and amend disclosures required under the Maryland Homeowners Association Act and to otherwise direct the Association in complying with all federal, state and local law;

(f) 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 Bylaws, the Articles of Incorporation, or the Declaration;

(g) 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; and

(h) Employ a resident manager, independent contractors, and such employees, as the Board of Directors deems necessary, and to prescribe their duties.

SECTION 2. Duties

It shall be the duty of the Board of Directors to cause to be done the following:

(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 one-fourth (1/4) of the Votes entitled to be cast at a meeting of the Members; provided, however, that the Board of Directors may withhold from such disclosure records and papers as described under Article XII.

(b) Cause to be deposited, within thirty (30) days of the adoption of the disclosures described below, in the homeowners association depository maintained by the Clerk of the Circuit Court of Montgomery County, Maryland, all disclosures made by the Association as required by Maryland law under Md. Real Prop. Code Ann. Section 11B-112, as amended from time to time, and any other documents that the Board of Directors determines would be accepted by the Clerk and proper to place in such depository, including, without limitation, those documents that are recorded in the Land Records of Montgomery County, Maryland, for the purpose of making available to the public upon request of the Clerk the information to be deposited by the Association and to otherwise comply with Maryland law;

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

(d) Adopt an annual budget, based on a fiscal year that is the same as the calendar year as more fully provided in the Declaration;

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

- (1) Fix the amount of the Ordinary Assessments against each Lot at least thirty (30) days in advance of the beginning of each calendar year;
- (2) Send written notice of each Assessment to every Owner subject thereto at least thirty (30) days prior to January 1 each year;
- (3) Fix the amount of late charges and interest rates for overdue Assessments, which shall not exceed the maximum late charge and interest rate permitted by law;
- (4) Foreclose at its discretion the lien against any Lot for which Assessments are not paid within thirty (30) days

after due date and to bring an action at law against the Owner personally obligated to pay the same;

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

(6) Establish, levy, assess and collect all other Assessments referred to or authorized in the Declaration.

(f) As more fully provided in the Declaration, to

(1) Fix the amount of the annual dues for Associates;

(2) Send written notice of the annual dues to every Associate at least thirty (30) days prior to the date they are due;

(3) Fix the amount of late charges for overdue dues, which shall not exceed the maximum late charge permitted by law;

(4) Collect annual dues in monthly installments from each Associate; and

(5) Give notice and revoke an Associate's rights and privileges if the Associate fails to pay any installment of annual dues within thirty (30) days after notice.

(g) Subject to the provisions of the Declaration concerning insurance, cause the procurement and maintenance of liability and hazard insurance on property owned or used by the Association as it may deem appropriate, and officers and directors indemnity insurance as it may deem appropriate;

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

(i) Cause the Common Areas and the Equestrian Easement to be maintained;

(j) Cause the provision of lawn maintenance and trash removal for each Lot;

(k) Cause the enforcement of the covenants, conditions and restrictions imposed by the provisions of the Declaration by any lawful means;

(l) Cause disclosures and amended disclosures to be deposited in the depository in the Office of the Clerk of the Court of Montgomery County, Maryland, as required by the Maryland Homeowners Association Act; and

(m) Cause the performance of such other duties as the affairs of the Association may require.

ARTICLE IX **Officers and Their Duties**

SECTION 1. Enumeration of Officers

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

SECTION 2. Election of Officers

The officers shall be elected by a majority vote of a quorum of the members of the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members.

SECTION 3. Term

Each of the officers of this Association shall be elected annually and shall hold office at the pleasure of the Board of Directors 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 replaces.

SECTION 7. Multiple Offices

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: The president shall be the chief executive officer of the Association and shall preside at all meetings of the Board of Directors or of the Members; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments; shall co-sign all checks and promissory notes; and shall cause an annual audit or review of the Association books to be made by a public accountant at the completion of each fiscal year.

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 by the Board.

Secretary: 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 and the Associates together with their addresses, and shall perform such other duties as required by the Board.

Treasurer: The Treasurer shall be the chief financial officer of the Association and 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 co-sign all checks and promissory notes of the Association; keep proper books of account; prepare