

BYLAWS

OF

CYPRESS LANDING HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION: The name of the corporation is Cypress Landing Homeowners Association, Inc., hereinafter referred to as the "Association". The principal office of the Association shall initially be at 20 South Charles Street, 2nd Floor, Baltimore, Maryland 21201, 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 Cypress Landing Homeowners Association, Inc., a Maryland nonprofit corporation, its successors and assigns.

Section 2. "Property" shall mean and refer to the real property described in Exhibit A in the Declaration (hereinafter defined), and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real Property owned by the Association. The Common Area to be owned by the Association at the time of Conveyance for Residential Use of the first Lot shall be the Property, saving and excepting the Lots, which Lots are depicted on the Plat, and saving and excepting any public roads or utilities dedicated or to be dedicated to Anne Arundel County, Maryland. The Common Area shall be for the common use and enjoyment of the members of the Association and includes, but is not limited to, private streets, parking lots, Recreation Areas, Open Space, community areas and storm water management facilities not dedicated to and accepted by Anne Arundel County, Maryland.

Section 4. "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions, dated January 16, 1996, by Attman Real Estate Company, recorded among the Land Records of Anne Arundel, Maryland, in Liber _____, Folio _____, and any future Amendments and/or Supplements thereto.

Section 5. "Declarant" shall mean and refer to Attman Real Estate Company, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development, and if successor or assign shall be designated

by an instrument recorded among the Land Records of Anne Arundel as the Declarant of Record by the Declarant named in the Declaration.

Section 6. "Lot" shall mean and refer to all numbered subdivided parcels shown on the Plat as an area for a single family residential dwelling or similar building but shall not include public streets or Common Area.

Section 7. "Plat" shall mean and refer to the plat entitled "Cypress Landing Section One", dated June 1992, consisting of 14 sheets, and recorded among the Land Records of Anne Arundel County in Plat Book 172, Folio 48-50, and Plat Book 173, Folio 1-11 as Plat Nos. 9173-8186, as such Plat may be from time to time amended as for example, by an annexation of additional property into the Association pursuant to Article VIII.

ARTICLE III

MEMBERSHIP

Section 1. Membership. Qualification for membership and the classes of membership shall be as defined in the Articles of Incorporation and the Declaration.

Section 2. Suspension of Membership. During any period in which a member shall be in default in the payment of any annual or special assessment levied by the Association, the voting rights and right to use the recreational facilities, if any, of such member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended, after notice and hearing, for a period not to exceed sixty (60) days, for violation of any provision of the Declaration or Bylaws and for violation of any published rules and regulations established by the Board of Directors governing the use of the Common Area and facilities.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OFFICE:

Section 1. Number. As of and After the first annual meeting of members, the affairs of the Association shall be managed by a Board of five (5) directors, who need not be members of the Association; prior to said meeting, the affairs of the Association shall be managed by the Directors named in the Articles of Incorporation.

Section 2. Election. At the first annual meeting, the members shall elect two (2) directors for a term of one (1) year, two (2) directors for a term of two (2) years and one (1) director or 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 and one (1) director for a term of two (2) years.

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 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. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent or approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a Sunday or a legal holiday, then that meeting shall be held at the same time on the next day which is not a Sunday or 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 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 VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors and two or 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. 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, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The votes of the Class A members and the Class B members shall be combined. The persons receiving the largest number of total votes cast shall be elected. Cumulative voting is not permitted.

ARTICLE VII

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 Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

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

(c) 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;

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

(e) provide additional services not specifically described in the Declaration to the members of the Association, in accordance with Section 2(b) of Article VI of the Declaration; and

(f) enforce the provisions of the Declaration.

Section 2. Duties. It shall be the duty of the Board of Directors to use its best efforts to:

(a) cause to be kept a complete record of all its acts and corporate affairs;

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

(c) as more fully provided in the Declaration to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each fiscal year, and

(2) cause written notice of assessment to be sent to every Owner subject thereto at least thirty (30) days in advance of the first day of each fiscal year during which annual assessments shall be levied, and

(3) fix a numerical calendar date which, each month, shall be the date upon which one twelfth (1/12) of the annual assessment for each Lot is due, and

(4) foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date and/or to bring an action at law against the Owner personally obligated to pay the same. The unpaid assessment shall bear interest from the due date at the rate of eighteen per cent (18%); any judgment obtained for such delinquent assessment shall include such reasonable attorney's fee as may be fixed by the court together with the cost of the action.

(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 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 and all other property owned by the Association to be preserved, operated and maintained in good order and repair and to establish reserves for such purposes if they deem it appropriate to do so.

ARTICLE VIII

COMMITTEES

Section 1. Establishment. The Board of Directors shall appoint such committees as deemed appropriate in carrying out the purposes of the Association.

Section 2. Duties. It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE IX

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The annual meetings of the members shall be held on the second Wednesday in March at the hour of seven o'clock, p.m., or such other time as may be determined by the directors. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour of the first day following which is not a legal holiday. The first annual meeting shall take place no later than one year following the date of recording of the Declaration.

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 one-fourth (1/4) of the votes of the Class A or Class B 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 (or such different notice period as specified for certain actions in the Declaration and/or Articles of Incorporation) 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 the agenda for the business to be transacted at the meeting. Such notice shall state that if a sufficient number of members to constitute a quorum or to approve or authorize the actions set forth in the notice are not in attendance, the members present at such meeting, in person or by proxy, may by majority vote call a meeting of the members for the same purpose. Notice of the further meeting shall be given within fifteen (15) days of the time, place and purpose of such further meeting and shall be given by advertisement inserted in a newspaper published in the county in which is located the principal office of the Association. Said notice shall further state that at such further meeting the members present, in person or by proxy, shall constitute a quorum and by majority vote of those present, in person or by proxy, may approve or authorize the proposed action or take any other action which might have been taken at the original meeting if a sufficient number of members had been present.

Section 4. Quorum. The presence at the meeting in person or by proxy of one-fourth (1/4) of the members entitled to vote shall constitute a quorum for any action except as otherwise provided in the Declaration, Articles of Incorporation or these Bylaws. If, however, such quorum shall not be present, in person or by proxy, or represented at any meeting, then, if the notice of such meeting stated that the procedure authorized by this Section 4 might be invoked, the members present at such meeting, in person or by proxy, may by majority vote call a further meeting of the members for the same purpose. Fifteen (15) days' notice of the time, place and purpose of such further meeting shall be given by advertisement inserted in a newspaper published in the county in which is located the principal office of the Association. At such further meeting, the members present, in person or by proxy, shall constitute a quorum and by majority vote of those present (unless a different percentage shall be required for any specific action in the Declaration, Articles of Incorporation or these Bylaws), in person or by proxy, may approve or authorize the proposed

action and take any action which might have been taken at the original meeting if a sufficient number of members had been present; and the notice of such further meeting shall so state.

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. Votes. Except as provided in the Declaration or the Articles of Incorporation, the votes of the Class A and Class B members shall be combined, and all decisions shall be made by majority of the total votes cast, whether in person or by proxy.

ARTICLE X

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. 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 of Directors and each shall hold office for one (1) year unless he 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.

Section 5. Resignation and Removal. Any officers 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 in the manner prescribed for regular election. The officer elected 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

(a) The president shall preside at all meetings of the Board of Directors and at all meetings of the members; shall see that orders and resolutions of the Board and the membership are carried out; shall sign all leases, mortgages, deeds and other written instruments; and shall co-sign all checks and promissory notes.

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 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 paper 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; maintain a ledger entitled "Mortgagees of Units" which shall contain the names and addresses of all mortgagees and all trustees and beneficiaries under deeds of trusts whose instruments encumber Lots located within the Property, and conformed copies of all respective notes, mortgages and/or deeds of trust; 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 directed by resolution of the Board of Directors, shall co-sign all checks and promissory notes of the Association; keep proper books of account; cause an annual budget audit (if required) of the Association's books to be made by a public accountant at the completion of each fiscal year; arrange for preparation of annual tax returns; 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 XI

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member and by any holder, issuer or guarantor of a first mortgage of a Lot. The Declaration, the Articles of Incorporation and the Bylaws of the Association

shall be available for inspection by any member and by any first mortgagee of a Lot at the principal office of the Association, where copies may be purchased at reasonable cost.

So long as the Association is comprised of 50 or more units, the Association shall provide an audited statement for the preceding fiscal year of the holder, insurer or guarantor of any first mortgage that is secured by a Unit submits a written request for it. Should the Association contain fewer than 50 units and there is no audited statement available, any mortgage holder should be allowed to have an audited statement prepared at its own expense.

ARTICLE XII

INSURANCE

Section 1. Insurance. Commencing not later than the time of the first conveyance of a Lot to a person other than the Declarant, the Association shall obtain and maintain to the extent reasonably available at reasonable rates, at least the following insurance coverages:

(a) Casualty or physical damage insurance in an amount equal to the full replacement value (i.e. 100% of "replacement cost" exclusive of land, foundation and excavation) of the Common Areas and all property of the Association (including all fixtures, building service equipment, common personal property and supplies, and the like) with an "Agreed Amount and Inflation Guard Endorsement" or its equivalent, and a "Loss of Maintenance Fee Endorsement", or its equivalent, without deduction or allowance for depreciation, as determined annually by the Association with the assistance of the insurance company affording such coverage, such coverage to be the standard "extended coverage" and the standard "all risk" coverage; provided, that at the option of the Association, such policy may contain a "deductible" provision in an amount determined by the Council, but said deductible shall not exceed Ten Thousand Dollars (\$10,000.00) or one percent (1%) of the policy face amount, whichever is less; and, if applicable construction codes require changes to undamaged portions of structures where only part of a structure is damaged, the coverage shall have applicable construction code endorsements; and

(b) Comprehensive general liability insurance including medical payments insurance insuring each Association, and each Director, officer, agent and employee of the Association with a "Severability of Interest Endorsement" or its equivalent in such amounts and in such forms as may be considered appropriate by the Association, (but not less than One Million Dollars (\$1,000,000.00) covering all claims for death, bodily injuries and/or property damage arising out of a single occurrence) including, but not limited to, water damage liability, legal liability, hired automobile liability, non-owned automobile liability, liability for property of others, garage keeper's liability, and such other risks as shall customarily be covered with respect to projects similar in construction, location and use, including any and all other liability incident to the ownership, use and maintenance of the common areas or any portion thereof; and

(c) Workmen's compensation insurance to the extent necessary to comply with any

applicable law; and

(d) Directors' and Officers' Liability Policy including a "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and

(e) If there is a steam boiler in operation in connection with the Property, there must be in force boiler explosion insurance evidence by the standard form of boiler and machinery insurance policy and providing as a minimum the lesser of Two Million Dollars (\$2,000,000.00) or the insurable value of the buildings) housing the boiler or machinery. If the project is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, a "blanket" policy of flood insurance on the condominium project must be maintained in the amount of the aggregate of the outstanding principal balances of the mortgage loans on the Lots comprising the condominium project or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less; and

(f) Such other policies of insurance, including insurance for other risks of a similar or dissimilar nature and fidelity coverage as are or shall hereafter be considered appropriate by the Association. The Association shall maintain adequate fidelity coverage to protect against dishonest acts on the part of officers and Directors of the Association, trustees for the Association and such employees and agents of the Association who handle or are responsible for the handling of funds belonging to, held by, or administered by the Association, including, but not limited to, employees of the management agent, if any. Such fidelity coverage shall meet the following requirements:

(i) all such fidelity bonds and policies of insurance shall name the Association as obligee or named insured, as the circumstances may require; and

(ii) all such fidelity bonds and policies of insurance shall be written in an amount equal to at least the greater of (a) one hundred fifty percent (150%) of the estimated annual operating budget of the Association, including reserves or (b) the maximum amount of funds that will be in the custody of the Association or its management agent at any time while the bond is in force, plus 3 months, assessments on all Lots, plus reserves; and

(iii) all such fidelity bonds and policies of insurance shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee, or similar expression; and

(iv) all such fidelity bonds and insurance shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days, prior written notice to any and all obligees and insureds named thereon and to any mortgagee of any unit who requests such notice in writing.

- (g) Such other insurance, if any, as may be required by applicable law.

The Association shall give notice to all owners of the termination of any insurance policy named in Section 1 of this Article XII within ten (10) days of any such termination. The Association shall maintain and make available for inspection a copy of all insurance policies maintained by the Association.

Section 2. Policy Provisions. Insurance policies carried pursuant to these Bylaws shall provide that:

- (a) each Owner is an insured person under the policy with respect to liability arising out of his membership in the Association; the "loss payable" clause should show the Association or the Insurance Trustee as trustee for each owner and mortgagee, as their interests may appear;

- (b) the insurer waives its right to subrogation under the policy against any member of the Association or members of his household;

- (c) an act or omission by any owner, unless acting within the scope of his authority on behalf of the Association, does not void the policy and is not a condition to recovery under the policy; and

- (d) if, at the time of the loss under the policy, there is other insurance in the name of the owner covering the same property covered by the policy, the policy is primary insurance not contributing with the other insurance.

- (e) all policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of "A/AAA" or better in the current edition of Best's Insurance Guide.

- (f) exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, as a trustee for the owners, or its authorized representative, including any trustee with which the Association may enter into any Insurance Trust Agreement, or any successor trustee, each of which shall be herein elsewhere referred to as the "Insurance Trustee".

- (g) all policies shall provide that such policies may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insureds named thereon, including any and all Owners and mortgagees of the units.

- (h) all policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Board of Directors (or

any Insurance Trustee) or when in conflict with the provisions of any Insurance Trust Agreement to which the Association may be a party, these Bylaws or the provisions of Maryland law.

(i) all policies of casualty insurance shall contain the standard mortgagee clause naming the mortgagee as a named insured, including its successors and assigns, except that any loss or losses payable to named mortgagees shall be payable in the manner set forth in these Bylaws. Such mortgagee clause shall provide for notice in writing to the mortgagee of any loss paid as aforesaid.

Section 3. Annual Review of All Insurance. The Board of Directors at least annually shall review all insurance policies and the insurance needs of the Association, and shall, if necessary, purchase additional or supplementary insurance or shall terminate unnecessary insurance, but no insurance required by these Bylaws or by applicable law shall be terminated.

ARTICLE XIII

CORPORATE SEAL

The Association may acquire a corporate seal which, if acquired, shall be circular in form with the name of the Association and "Maryland" inscribed around the outer edge, and in the center shall be inscribed "Incorporated 1996".

ARTICLE XIV

AMENDMENTS

Section 1. Procedure. Except as otherwise provided in the Declaration, these Bylaws may be amended, at a regular or special meeting of the members, by a vote of a majority of members present (in person or by proxy) and voting, except that while there is a Class B member and if any lot or the project is submitted for approval for a mortgage or deed of trust insured or financed by the Federal Housing Administration (F.H.A.) or the Veterans Administration (V.A.), the F.H.A. and/or the V.A., as the case may be, shall have the right to veto amendments.

Section 2. Conflict. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 3. Conformity. Notwithstanding anything to the contrary contained in this Article XIII, no By-Law amendment may be enacted except in conformity with the provisions of the Declaration.

ARTICLE XV

MISCELLANEOUS

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.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Cypress Landing Homeowners Association, Inc., a Maryland corporation; and

That the foregoing By-Laws constitute the original ByLaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 17th day of January, 1996.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Association this 17th day of January, 1996.

CYPRESS LANDING
HOMEOWNERS ASSOCIATION, INC.

By: Mary Jane Lutz (SEAL)
Secretary