

Bylaws of
Regency Homeowners Association, Inc.

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BYLAWS
OF
REGENCY HOMEOWNERS ASSOCIATION, INC.

ARTICLE 1
Applicability of Bylaws

These Bylaws are for REGENCY HOMEOWNERS ASSOCIATION, INC., a Maryland nonstock corporation, hereinafter referred to as the "Association".

ARTICLE 2
Definitions

Unless otherwise defined in these Bylaws, words or phrases defined in the Declaration of Covenants. Conditions and Restrictions for the Association shall have the same meanings in these Bylaws.

ARTICLE 3
Meeting of Members

Section 3.1. Membership. The Association shall have two classes of membership, Class A and Class B, as more fully set forth in the Declaration.

Section 3.2. Annual Meetings. The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles 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 or on such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.3. 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 at least twenty percent (20%) of all of the votes of the Class A membership.

Section 3.4. Notice of Meetings.

(a) The Association shall provide each Member entitled to vote thereat with written notice of each meeting of the Members at least ten (10) days but not more than ninety (90) days before such meeting.

(b) Notice shall be given pursuant to this Section 3.4 when it is (i) personally delivered to a Member, (ii) left at a Member's

residence, (iii) mailed to a Member at the Member's address as it last appears on the records of the Association, (iv) transmitted to the Member by electronic mail to any electronic mail address of the Member or by any other electronic means, or (v) delivered by any other means allowed under applicable law. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. Such notice shall specify the time, date, and place of the meeting, and, in the case of a special meeting, the purpose of the meeting. All meetings of the Members shall be held at places and times convenient to the greatest practicable number of Members.

Section 3.5. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, at least twenty percent (20%) 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, these Bylaws, or by applicable law. 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 shall be present or be represented.

Section 3.6. Voting. At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership held by such Member on each question; provided, that no Member, other than the Declarant, shall have more than ten (10) votes, regardless of the number of memberships held by such Member. Each of the Class B Members shall have the right to cast one (1) vote for each Class B membership held by such Member on each question. The vote of the Members representing fifty-one percent (51%) of the total of the votes of all of the memberships at the meeting, in person or by proxy, calculated as aforesaid, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or of the Articles of Incorporation, the Declaration or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. The vote of any membership which is held by more than one person may be exercised by any of the co-holders present at any meeting unless any objection or protest by any other holder of such membership is noted at such meeting. In the event all of the co-holders of any membership who are present at any meeting of the Members are unable to agree on the manner in which the votes for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question. In the event any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the president or any vice president of such corporation and attested by the secretary or an assistant secretary of such corporation and filed with the Secretary of the Association, prior to or during the meeting. The vote of any membership which is held by a trust, partnership, limited liability company or other legal entity may be exercised by any trustee, partner, or manager or authorized member thereof, as the case may be,

and, unless any objection or protest by any other such trustee, partner or member is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Class A Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 3.7. Absentee Ballots. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the dwelling unit on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 3.8. Proxies. At all meetings of Members, each Member may vote in person or by proxy. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of such Member's Lot. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy. AH proxies shall be in writing in such form as is approved by the Board of Directors, which approval may not be unreasonably withheld, and shall be filed with the Secretary before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of the State of Maryland shall be deemed to be satisfactory and approved as to form by the Board of Directors. Notwithstanding anything herein to the contrary, only a directed proxy may be utilized to vote for members of the Board of Directors. A nondirected proxy may be counted toward a quorum and may vote on any matters of business other than the election of Directors.

Section 3.9. Rights of Mortgagees. Any institutional mortgagee of any Lot who desires notice of the annual and special meetings of the Members shall notify the Secretary of the Association to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the Members should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the Members to each such institutional mortgagee in the same manner, and subject to the same requirements and limitations as are otherwise provided in this Article for notice to the Members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting of the Members and such representative may participate in the discussion at any such meeting and may, upon request made to the Chairman in advance of the meeting, address the Members present at any such meeting. Such representative shall have no voting rights-at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Members upon request made in writing to the Secretary.

Section 3.10. Open Meetings.

(a) All meetings of the Association (including meetings of the Members, the Board of Directors, and committees appointed by the Board of Directors) shall be open to all Members of the Association or their agents, except that such meetings may be held in closed session for the following purposes, subject to applicable law, including the provisions of the Maryland Homeowners Association Act, as amended from time to time:

(i) Discussion of matters pertaining to employees and personnel;

(ii) Protection of the privacy or reputation of individuals in matters not related to Association business;

(iii) Consultation with legal counsel;

(iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;

(v) Investigative proceedings concerning possible or actual criminal misconduct;

(vi) 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;

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

(viii) On an individually recorded affirmative vote of two-thirds (2/3) of the members of the Board of Directors (or committee, if applicable) present, for 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 for the purposes set forth above:

(i) No action may be taken and no matter may be discussed other than those permitted above; and

(ii) A statement of the time, place and purpose of any closed meeting, the record of the vote of each member of the Board of Directors (or committee, if applicable) by which any meeting was closed, and the authority under this Section for closing the meeting shall be included in the minutes of the next meeting of the Board of Directors (or committee, if applicable).

ARTICLE 4

Board of Directors; Selection; Term of Office

Section 4.1. Number. The affairs of the Association shall be managed by a Board of Directors consisting of natural persons appointed by the Declarant or elected by the Members in accordance with these Bylaws. The Board of Directors shall consist of an uneven number of not less than three (3) nor more than seven (7) Directors. The Board shall have three (3) Directors unless and until the number of Directors is increased in accordance with this Section 4.1. The names of the three (3) initial Directors of the Association are set forth in the Articles of Incorporation. Prior to the expiration of all Class B memberships as provided for in the Declaration, the number of Directors shall be determined from time to time by the Declarant; thereafter, the number of Directors may be changed from time to time as determined by a vote of the Members at any annual or special meeting of Members, provided, however, that (a) the limitations of this Section shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director. After expiration of all Class B memberships, a majority of the members of the Board of Directors shall be Members of the Association.

Section 4.2. Term of Office. Except for members of the Board of Directors elected or appointed by the Declarant, who shall serve until removed and/or replaced by the Declarant, or until replaced by a Director elected by the non-Declarant Owners as provided in these Bylaws, the term of office of each member of the Board of Directors shall be two (2) years. In the alternative, the Members may resolve at any annual or special meeting following the expiration of all Class B memberships, to establish the term of office for all Directors to be one (1) year, or to establish staggered terms for the Directors of from one (1) to three (3) years. Any change in the number of Directors or term of office of Directors shall not act to extend or curtail the term of office of any incumbent Director. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 4.3. Removal. Except with respect to Directors elected or appointed by the Declarant, any Director may be removed from the Board, with or without cause, by a majority vote of all the Members of the Association. In the event of the death, resignation or removal of a Director, a successor Director shall be selected by the remaining members of the Board, which successor shall serve for the unexpired term of his or her predecessor. Members of the Board of Directors elected or appointed by the Declarant shall serve at the pleasure of and may be removed and/or replaced, with or without cause, solely by the Declarant.

Section 4.4. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

Section 4.5. Action Taken Without a Meeting. Subject to the provisions of Section 3.10 of these Bylaws, 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 approval of all the Directors and by filing such approval with the minutes of the proceedings of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE 5
Nomination and Election of Directors

Section 5.1. Nomination. Nomination for election to the Board of Directors, commencing with the first annual meeting of Members, may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee, if any, 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, if any, may be appointed by the Board of Directors prior to each annual meeting of the Members and such appointment may be announced at each annual meeting. The Nominating Committee, if any, may 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, subject to the requirement under Section 4.1 of these Bylaws that a majority of the members of the Board of Directors shall be Members of the Association after the expiration of all Class B memberships.

Section 5.2. 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 pursuant to Section 3.6 of these Bylaws. Only directed proxies shall be valid for the purpose of casting of votes for election of members to the Board of Directors. All election materials prepared with funds of the Association shall list candidates in alphabetical order and shall not suggest a preference among candidates. The persons receiving the largest number of votes shall be elected. Votes shall not be counted until after the time allotted by the Association for voting has ended. Cumulative voting is not permitted.

ARTICLE 6
Meetings of Directors

Section 6.1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only (i) upon regularly scheduled and established dates or periods and at such time and place as shall have been made known to all Members in writing in a community newsletter, electronic bulletin board, by regular or electronic mail, or by other means which the Board of Directors determines will be reasonably effective in providing such notice to all Members, or (ii) after written notice of

a Board meeting is given to all Members by any of the means listed in Section 3.4(b) of these Bylaws not less than seventy-two (72) hours nor more than ninety (90) days prior to the date of the meeting. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. All such meetings shall be open to all Members, Members' agents, and residents of the Project, and shall be held at places and times convenient to the greatest practicable number of Members. Meetings of the Board of Directors may be held in closed session only in accordance with Section 3.10 of these Bylaws.

Section 6.2. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. If any meeting of the Board of Directors cannot be held because a quorum is not present, a majority of the-Directors present at such meeting may adjourn the meeting to a time not less than three (3) nor more than thirty (30) days from the date of the original meeting. At the adjourned meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. Unless a greater number is expressly required under the Governing Documents or applicable law, every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 6.3. Rights of Mortgagees. Any institutional mortgagee of any Lot who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary of the Association to that effect by Registered Mail - Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the Members. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representatives may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary of the Association.

ARTICLE 7

Powers and Duties of the Board of Directors

Section 7.1. Powers. The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations of the Association including, without limitation, those relating to the use of the Common Area and any facilities situated thereon, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend an Owner's voting rights and an Owner's right to use the Common Area and/or any facilities situated thereon for (i) any period during which any assessment against such Owner's Lot remains unpaid, and (ii) for a period not to exceed sixty (60) days for any infraction of the Governing Documents, provided that such Owner is given reasonable notice of the violation and an opportunity for a hearing;

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

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

(e) Contract for services that benefit the Project;

(f) Collect assessments from the Owners and use such assessment to administer the Property in accordance with the Governing Documents of the Association and the governing documents of the Master Association.

(g) 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.

Section 7.2. 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 at least twenty percent (20%) of the Class A Members who are entitled to vote;

(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:

(i) Fix the amount of the annual assessments against each Lot;

(ii) Send written notice of each assessment to every Owner subject thereto prior to the commencement date of the new assessments;

and

(iii) Foreclose the lien against any property for which assessments are not paid when due or bring an action at law against the Owner personally obligated to pay the same;

(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 and other insurance as it may deem appropriate. The Association may periodically employ an insurance consultant if the Board of Directors deems it necessary to do so in order to analyze the insurance requirements of the Association;

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

(g) Cause the Common Area to be maintained and maintain any other property which is the responsibility of the Association pursuant to the Declaration or the direction of any governmental agency or agreement or which is appurtenant to or serves and benefits any portion of the Project; and

(h) Otherwise perform or cause to be performed the functions and obligations of the Board and the Association as provided for in the Declaration, Articles of Incorporation and these Bylaws including, without limitation, collection of assessments.

Section 7.3. Management Agent. The Board of Directors may employ a Management Agent at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. Any management agreement entered into by the Association shall provide, among other things, that such agreement may be terminated for cause by either party upon thirty (30) days prior written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided, however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1)-year periods.

ARTICLE 8

Officers and Their Duties

Section 8.1. Enumeration of Officers. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time

by resolution create, all of which officers are to be elected by the Board of Directors. The President and the Vice President shall at all times be members of the Board of Directors; the other officers may, but need not, be members of the Board of Directors.

Section 8.2. 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; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 8.3. Term. Each officer of the Association shall be elected annually by the Board and each officer shall hold office for one (1) year or until his or her successor is duly elected and qualified, unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4. 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 8.5. 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 8.6. 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 or she replaces.

Section 8.7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person and the offices of Vice President and assistant secretary may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the Declaration, the Articles of Incorporation or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article and except as otherwise provided in this Section 8.7.

Section 8.8. Duties. The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Board of Directors to the Management Agent):

(a) *President:* The President shall be the chief executive officer of the Association and shall preside at all meetings of the

Board of Directors. The President shall see that orders and resolutions of the Board of Directors are carried out and may sign and execute, on behalf of the Board of Directors, all authorized instruments and shall co-sign all checks and promissory notes. The President shall perform such other duties as are from time to time assigned to the President by the Board of Directors.

(b) *Vice President:* The Vice President, at the request of the President, or in the absence of the President or during the President's inability or refusal to act, shall perform the duties and exercise the functions of the President, and when so acting shall have the powers of the President. The Vice President shall have such other powers and perform such other duties as are from time to time assigned to the Vice President by the Board of Directors or the President.

(c) *Secretary:* The Secretary shall keep the minutes of the meetings and proceedings of the Board of Directors and of any subcommittees thereto. The Secretary (i) shall see that all notices by the Association are duly given in accordance with the provisions of these Bylaws or as required by law; (ii) shall be custodian of the records of the Association; (iii) may witness any document on behalf of the Association, the execution of which is duly authorized; and (iv) shall perform all such other duties as are from time to time assigned to the Secretary by the Board of Directors or the President.

(d) *Treasurer.* The Treasurer (i) shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; (ii) shall sign all checks and promissory notes authorized by the Board of Directors; (iii) shall keep proper books of account of the Board of Directors and the Association; (iv) shall cause to be prepared an annual statement of income and expenditures for the Association to be presented to the Board of Directors; and (v) shall perform such other duties as are from time to time assigned to the Treasurer by the Board of Directors or the President.

Section 8.9. Compensation. No officer shall receive compensation for any service rendered to the Association. However, any officer may be reimbursed for actual expenses incurred in the performance of such officer's duties.

ARTICLE 9

Liability and Indemnification of Officers and Directors; Fidelity Insurance

Section 9.1. Liability and Indemnification. The Association shall indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association^ to which such officer or Director may be made a party by

reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

Section 9.2. Fidelity Insurance. The Board of Directors shall require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity insurance or equivalent coverage against acts of dishonesty. The premiums on such insurance shall be paid by the Association.

ARTICLE 10 **Insurance**

Section 10.1. Insurance. In addition to the insurance coverage required to be maintained pursuant to the Declaration, the Board of Directors may obtain and maintain, to the extent reasonably available, the following:

(a) Workmen's compensation insurance for employees of the Association to the extent necessary to comply with any applicable law;

(b) 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

(c) Such other policies of insurance as may be considered appropriate by the Board of Directors.

Section 10.2. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions:

(a) 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 "B/III" or better (or its equivalent) in the current edition of Best's Insurance Guide.

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors, or its authorized representative.

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of the Lots or their mortgagees, as herein permitted, and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) All policies shall provide that such policies 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 insureds named thereon, including any mortgagee of any Lot who requests such notice in writing.

(e) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Master Association and its Trustee, the Board of Directors, the officers of the Association, the Members of the Association and their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

ARTICLE 11 **Committees**

The Board of Directors may appoint an Architectural Control Committee and a Covenant Committee as provided in the Declaration and a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as it deems appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Section 3.10 and Section 6.1 of these Bylaws.

ARTICLE 12 **Books and Records/Fiscal Management**

Section 12.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin on the date of recordation of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 12.2. Principal Office - Change of Same. The initial principal office of the Association shall be located at 8120 Woodmont Avenue, Suite 300, Bethesda, Maryland 20814 but meetings of Members and Directors may be held at such places within or outside the State of Maryland as may be designated by the Board of Directors. The Board of Directors, by appropriate resolution, shall have the authority to

change the location of the principal office of the Association from time to time.

Section 12.3. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the Common Area and facilities, services required or provided with respect to the same and any other expenses incurred by the Association.

Section 12.4. Auditing. At the close of each fiscal year and at the election of the Board of Directors, the books and records of the Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, if prepared, the Association shall furnish the Members and any mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 12.5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Lot and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE 13
Assessments

Each Member is obligated to pay to the assessments levied by the Association pursuant to the Governing Documents. Assessments are secured by a continuing lien upon the property against which the assessment is made.

ARTICLE 14
Corporate Seal

The Association may have a seal in circular form having within its circumference the words: REGENCY HOMEOWNERS ASSOCIATION, INC., a Maryland corporation.

ARTICLE 15
Amendments

These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of one-third (1/3) of the Members, except that if any Lot subject to these Bylaws is then encumbered by a mortgage or deed of trust guaranteed by VA or insured by FHA, then VA and/or FHA (as applicable) shall have the right to veto amendments while there is Class B membership.

ARTICLE 16
Interpretation/Miscellaneous

Section 16.1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 16.2. Notices. Unless another type of notice is specifically provided for in these Bylaws, any and all notices called for in these Bylaws shall be given in writing.

Section 16.3. Severability. In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions of these Bylaws which can be given effect.

Section 16.4. Waiver. No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 16.5. Captions and Gender. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction or interpretation of these Bylaws. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, we, being all of the Directors of REGENCY HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands this 27 day of May, 2003.

Charles F. Sullivan, Director

Richard Sullivan, Jr., Director

Ronald A. Lethbridge, Director

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of REGENCY HOMEOWNERS ASSOCIATION, INC., a Maryland nonstick corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors hereof, held on the _____ day of _____, 20_____.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this _____ day of _____, 20_____.

Secretary

[CORPORATE SEAL]