

THE WELLINGTON TRACE ASSOCIATION,
INCORPORATED

BYLAWS

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THE WELLINGTON TRACE ASSOCIATION, INCORPORATED

BYLAWS

Section 1. Definitions. As used herein,

1.1. Terms defined in Declaration. any capitalized term defined by the Declaration and used but not defined herein shall have the meaning given it therein.

1.2. Terms defined elsewhere in Bylaws. the following terms have the meanings given them in the following subsections and paragraphs of the Bylaws:

Apartment Nominating Committee	3.4.4	Regular Board Meeting	3.4.8
General Nominating Committee	3.4.4	Special Board Meeting	3.4.8
House Nominating Committee	3.4.4	Townhouse Nominating Committee	3.4.4
Notice	6.1	Voter	3.3.6

1.3. Other definitions. the following terms have the following meanings:

"Annual Member Meeting" means a Member Meeting held pursuant to paragraph 3.3.2.

"Assistant Secretary" means an assistant secretary of the Association.

"Assistant Treasurer" means an assistant treasurer of the Association.

"Declaration" means the Declaration dated November 18, 1996 and Recorded in Liber 2243 at folios 1303 et seq., by Developer, as heretofore or hereafter amended, and under which Wellington Trace was created.

"Director" means a member of the Board of Directors.

"HOA Act" means the Maryland Homeowners Association Act, codified in title 11B of the Real Property Article of the Code, and any successor statute, each as hereafter amended.

"Manager" means a Person whom the Association employs, or with whom it contracts, to manage Wellington Trace or the Association's affairs pursuant to subparagraph 3.4.11(e).

"Officer" means the President, Vice-President, Secretary and Treasurer, and the holder of each other office created under the Bylaws.

"President" means the Association's president.

"Proxy" means the right given, pursuant to subparagraph 3.3.6(e), by an Owner to another Person to cast such Owner's Votes at a Member Meeting.

"Proxy Holder" means a Person who holds a Proxy granted to it in accordance with the Charter and Bylaws.

"Recorded" means recorded among the Land Records of Frederick County, Maryland.

"Secretary" means the Association's secretary.

"Special Member Meeting" means a special Member Meeting held pursuant to paragraph 3.3.3.

"Treasurer" means the Association's treasurer.

"Vice-President" means the Association's vice-president.

1.4. Incorporation of other definitions. Any other term to which meaning is specifically given by the Bylaws shall have such meaning for purposes of the Bylaws.

1.5. Conflicts with Declaration or Charter. Any term to which meaning is specifically given in the Declaration or Bylaws, and which is used in the Declaration or Charter, shall wherever possible be construed in a manner consistent with any construction of such term as used in the Declaration or Charter. If and to the extent that such consistency of construction is not possible, the meaning given by the Declaration or Charter, as the case may be, shall govern.

1.6. Other conflicts. If there is any conflict between any terms of the Charter and the Bylaws, those of the Charter shall control. If there is any conflict between any terms of the Declaration and the Bylaws, those of the Declaration shall control.

Section 2. Applicability of Bylaws.

2.1. Scope of coverage. Subject to the Declaration and Charter, the Bylaws shall govern (a) the Association's administration of Wellington Trace's affairs, acting through its Officers, the Board of Directors or the Membership; (b) the ownership, sale, Lease, pledge, assignment or other transfer, by Developer or any Owner, Contract Purchaser, Mortgagee, Tenant or other Person, of any legal or equitable freehold, leasehold, security or other interest in (i) any Lot, or (ii) any right to cast a Vote or participate in the administration of the affairs of Wellington Trace or the Association; and (c) the occupancy or other Use of any Lot or Common Area by Developer, any Owner, Contract Purchaser, Mortgagee, Tenant, Occupant or other Person, or any agent, employee, invitee, visitor or guest thereof.

2.2. Persons bound. Any Owner, Contract Purchaser, Mortgagee, Tenant, Occupant or other Person who (a) enters into or accepts the delivery of any document effecting the sale, conveyance, pledge, Lease, assignment or other transfer of any interest referred to in subsection 2.1, or (b) occupies or otherwise Uses any Lot or Common Area, shall conclusively be deemed thereby to have accepted and ratified the Community Documents, and to have agreed to comply therewith and be bound thereby.

Section 3. Association.

3.1. Function. Pursuant to the Declaration and the Charter, Wellington Trace's affairs shall be governed and administered by the Association, a Maryland nonstock corporation.

3.2. Powers and duties.

3.2.1. General powers. The Association shall have all rights and powers vested in (a) a nonstock corporation by the Corporations and Associations Article (to and only to the extent that such vesting is not inconsistent with the Declaration, Charter and Bylaws); or (b) the Association by the Declaration, Charter or Bylaws.

3.2.2. Specific powers. Without limiting the generality of the foregoing terms of this Section, the Association shall have all of the following powers, subject to any limitations on the exercise thereof under the Declaration or the Charter, and provided that any procedural or other condition to such exercise set forth therein is met:

- (a) To have perpetual existence, subject to any right to terminate its existence held by the Owners under the Community Documents.
- (b) To sue, be sued, complain and defend in any court of law or equity of Maryland or any other jurisdiction, and intervene in litigation or administrative proceeding in its own name, on behalf of itself or any two or more Owners on matters affecting Wellington Trace.
- (c) To transact its business, carry on its operations and exercise its rights and powers in any state, territory, district or possession of the United States of America or any foreign country or other place.
- (d) To make contracts and guaranties, incur liabilities and borrow money.
- (e) To sell, mortgage, lease, pledge, exchange, convey, transfer or otherwise dispose of any Association Property.
- (f) To issue bonds, notes and other obligations, and secure them by mortgages, deeds of trust or other security instruments covering any Association Property and Association Receipts.
- (g) To acquire by purchase or lease or in any other manner, and to take, receive, own, hold, use, employ, improve and otherwise deal in and with, any real or personal property or interest therein, wherever located.
- (h) To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, loan, pledge or otherwise dispose of, or deal in and with in any other manner, shares or other interests in, or obligations of, any Maryland or foreign corporation, association, general or limited partnership, limited liability company or other Person.
- (i) To invest its funds and lend money in any manner appropriate to enable it to exercise its powers, perform its duties, or promote the purposes set forth in the Community Documents, and to take and hold real and personal property as security for the repayment of such funds.
- (j) To regulate the Use, maintenance, repair, replacement and modification of the Common Areas.
- (k) To cause additional Improvements to be made to the Common Areas.
- (l) To grant easements, rights-of-way, licenses, leases or similar interests in the Common Areas.
- (m) To impose and receive any Fees or charges for the Use of any Common Area where not prohibited by the Declaration.
- (n) To levy and collect Assessments in the manner set forth in the Declaration.

(o) To indemnify, and maintain liability insurance for, Officers, Directors, and any Manager or employee charged with the operation or maintenance of Wellington Trace or the Association.

(p) To enforce the terms of the Declaration and the other Community Documents against any Owner, Tenant or Occupant.

(q) To enforce the implied warranties made to the Association by Developer under section 11B-110 of the HOA Act.

(r) Generally, to exercise all rights vested in it, and do every other act not inconsistent with law and appropriate to promote and attain the purposes set forth in the Community Documents.

3.2.3. General duties. The Association shall have all duties imposed on (a) a nonstock corporation by the Corporations and Associations Article, and (b) the Association by the Community Documents.

3.2.4. Specific duties. Without limiting the generality of the terms of paragraphs 3.2.2 and 3.2.3, the Association shall (a) govern and administer Wellington Trace's affairs; (b) establish the procedures for collecting Assessments from the Owners in accordance with the Declaration; (c) manage or arrange for the management of Wellington Trace and all Association Property; and (d) have such other duties as are specifically imposed on the Board of Directors or any Officer by the Bylaws.

3.3. Membership.

3.3.1. Composition. The Association's membership shall consist of and be limited to all Owners.

3.3.2. Annual Member Meetings.

(a) First Annual Member Meeting. The first Annual Member Meeting shall be held within 45 days after the date on which the Declaration is Recorded, on a date and at a time and place in Frederick County, Maryland or Baltimore, Maryland chosen by Developer in the exercise of its absolute discretion. At the first Annual Member Meeting, the Membership shall elect the Directors pursuant to subsection 3.4, and may transact any other business which properly comes before it.

(b) Subsequent Annual Member Meetings. After the first Annual Member Meeting, an Annual Member Meeting shall be held on the first Monday of April of each year after the year during which the first Annual Member Meeting is held, and at a time and place in Frederick County, Maryland or Baltimore, Maryland chosen by the Board of Directors.

(c) Notice of Annual Member Meetings. At least 10, but not more than 90, days before the date on which any Annual Member Meeting is to be held, the Secretary shall give Notice of its date, time and place to each Eligible Owner and Proxy Holder.

3.3.3. Special Member Meetings. (a) A Special Member Meeting may be held at any time for any purpose consistent with applicable law and the Community Documents, on a call by the President or the Board of Directors. Each Special Member Meeting shall be held on a date other than a Saturday, Sunday or legal holiday, and at a place in Frederick County, Maryland

or Baltimore, Maryland, except that a Special Member Meeting may be had at any other date, time or place chosen by the President or the Board of Directors in any emergency situation, if a failure to do so could unreasonably jeopardize any of Wellington Trace or any Association Property, or the health, safety, comfort or welfare of any Occupant, or could impose an unreasonable burden on the Association.

(b) When Special Member Meeting shall be called. The President or the Board of Directors may call a Special Member Meeting at any time on his or its own initiative, and shall in such event (subject to subparagraph 3.3.3(a)) determine the date, time and place thereof in the exercise of his or its absolute discretion. The President shall call a Special Member Meeting on the Association's receipt, at any time after the first Annual Member Meeting, of a petition (i) requesting that such Special Member Meeting be called, (ii) stating each intended purpose thereof, and (iii) signed by Owners or Proxy Holders having at least 25 percent of the total number of Votes entitled to be cast at such Special Member Meeting. Whenever any such Special Member Meeting is requested by any such petition, the President shall set a date therefor which is within 45 days after the Association's receipt of such petition.

(c) Notice of Special Member Meetings. At least 10, but not more than 90, days before the date on which a Special Member Meeting is to be held, the Secretary shall give a Notice of its date, time, place and intended purpose to each Eligible Owner and Proxy Holder, except that where a Special Member Meeting is to be held in any emergency situation pursuant to subparagraph 3.3.3(a), and therefore compliance with the foregoing terms of this subparagraph is not reasonably possible, the Secretary shall give each Eligible Owner and Proxy Holder such Notice thereof as is reasonably possible under the circumstances.

3.3.4. Quorum. (a) The presence, on the date and at the time and place for which a Member Meeting is called, of Voters for Eligible Owners or Proxy Holders whose respective Votes constitute, in the aggregate, 25 percent of the total number of Votes then held by all Eligible Owners, shall be required for and constitute a quorum for such Member Meeting. Once the secretary of a Member Meeting determines that a quorum therefor exists, its existence shall not be affected by the subsequent withdrawal of any Voter therefrom.

(b) If a quorum does not exist at the date, time and place of a Member Meeting, then (i) notwithstanding the absence of such quorum, as long as the Notice of the Member Meeting stated that the procedure authorized by this section might be invoked, such Member Meeting may be adjourned (by and only by a motion to such effect made and seconded by Voters and approved by a Majority of the Votes cast thereon), with such Notice as is required by section 5-206 of the Corporations and Associations Article, to a date, time and place conforming to the criteria for such Member Meeting set forth in paragraph 3.3.2 (provided that such date is at least 15 but not more than 45 days after the date for which such Member Meeting was first called), in which event, at the time and place to which such Member Meeting is so adjourned, a quorum shall consist of the Voters present in person or by proxy, and any business may be transacted thereat which might have been transacted at the Member Meeting as originally called, but no other business may be transacted thereat; but (ii) no Member Meeting shall be otherwise be called or held other than pursuant to paragraphs 3.3.2 and 3.3.3.

3.3.5. Conduct of Member Meetings. (a) The President shall, if present, act as chairman of each Member Meeting. In his absence, it shall be chaired by (i) the Vice-President, if present, or (ii) if not, any other Person present who is elected its chairman by a plurality of the Votes cast. The chairman of each Member Meeting shall preside over its conduct.

(b) The Secretary shall, if present, act as secretary of each Member Meeting. In his absence, (i) any Assistant Secretary shall, if present, act as its secretary, and (ii) in the absence of any Assistant Secretary, any other Person present and appointed secretary thereof by its chairman shall act as such. The secretary of each Member Meeting shall (i) record its minutes (and, if such Person is not the Secretary, promptly after such Member Meeting deliver them to the Secretary); (ii) record therein the questions voted on thereat and the results of such voting; (iii) be the judge of the eligibility (under paragraph 3.3.6) of any Person to cast Votes thereat; (iv) make the official count of the Votes cast on each such question; and (v) perform any other duty which under the Bylaws is to be performed by the secretary of such Member Meeting as part of its order of business.

(c) The most recent edition of Robert's Rules of Order shall govern the conduct of all Member Meetings, subject to the Community Documents and applicable law.

(d) At any Member Meeting, the order of business shall be as follows:

(i) Calling such Member Meeting to order.

(ii) If necessary, election of its chairman pursuant to this subsection.

(iii) If necessary, appointment of its secretary pursuant to this paragraph.

(iv) Roll call of all Eligible Owners and Proxy Holders listed on the Association Roster when such Member Meeting begins, and determination from such roll call of whether a quorum exists therefor.

(v) Presentation of the Secretary's written certification that each Eligible Owner and Proxy Holder has been given Notice of such Member Meeting in accordance with the Bylaws.

(vi) Reading of the minutes of the most recent Member Meeting, any modification or correction thereof, and approval thereof as so modified or corrected by a Majority of the Votes cast thereon.

(vii) If and only if such Member Meeting is an Annual Member Meeting,

(1) presentation of the Treasurer's written report as to the Association Receipts and Association Expenses for the immediately preceding Fiscal Year, the Association's assets and liabilities as of the end of such Fiscal Year, and the respective nature and amounts (as estimated by the Treasurer) of the Association Receipts and Association Expenses for the current and next succeeding Fiscal Years, all in accordance with paragraph 3.5.6.

(2) presentation of any report to be given by any other Officer, the Board of Directors or any committee created under the Community Documents.

(3) if necessary, any directorial election to be held at such Member Meeting.

(4) any unfinished business.

(5) any new business.

(6) adjournment.

(viii) If and only if such Member Meeting is a Special Member Meeting,

(1) the business for which such Special Member Meeting is called.

(2) adjournment.

3.3.6. Voting at Member Meetings. (a) Any question to be voted on at a Member Meeting may be voted on by and only by those Persons present who are Voters for such Member Meeting for Eligible Owners or Proxy Holders, notwithstanding the presence of any other Person. Each such Voter may cast on such question the number of Votes held under the Declaration by the Eligible Owner or Proxy Holder for which he is a Voter. Notwithstanding the foregoing, no Owner, Proxy Holder for such Owner, or Voter therefor, shall be entitled to cast any Vote at any Member Meeting, if, when such Member Meeting is called to order, a Statement of Assessment Lien has been Recorded against such Owner's Lot, and any Assessment or other sum required to be paid to the Association to obtain a release of the Assessment Lien evidenced thereby is unpaid.

(b) For any Member Meeting, the Voters shall consist of and only of all of the following Persons:

(i) Where no Proxy. Subject to clause (ii) of this subparagraph,

(1) if an Eligible Owner is one natural Person, he shall be the Voter for himself.

(2) if an Eligible Owner consists of two or more natural Persons, but has not designated a Voter pursuant to the Declaration, then any such Person present at such Member Meeting shall be such Voter, except that, if more than one such Person is present, in counting the Votes cast on any question at such Member Meeting its secretary may treat any such Person casting such Eligible Owner's Votes as the Voter for such Eligible Owner, unless before the conclusion of such voting any other such Person makes known to such secretary that he objects to the first such Person's being treated as such Voter, in which event the secretary shall so announce to the Member Meeting and disallow such Eligible Owner's Votes on such question (but such disallowance shall not affect the existence of a quorum at such Member Meeting).

(3) otherwise, any Person who, before such voting, is designated a Voter by such Eligible Owner pursuant to the Declaration, shall be its Voter (but only if such designation remains in effect).

(ii) Where Proxy. For each Eligible Owner for whom a Proxy is then in effect permitting such Eligible Owner's Votes to be cast at such Member Meeting only by the Proxy Holder thereof, and provided that such Proxy Holder is a Proxy Holder, (1) if such Proxy Holder is one natural Person, he shall be the Voter for himself; and (2) otherwise, any Person who, before such voting, is designated a Voter by such Proxy Holder pursuant to the Declaration, shall be its Voter (but only if such designation remains in effect).

(c) Anything in subparagraph 3.3.6(b) to the contrary notwithstanding, no Person shall be a Voter for a Member Meeting for any Owner or Proxy Holder who is not an Eligible Owner or Proxy Holder when such Member Meeting is called to order by its chairman.

(d) Except as is otherwise required by the Declaration, Charter, Bylaws or law, (i) each question voted on at any Member Meeting shall be decided by a Majority of the Votes cast thereon by Voters for Eligible Owners and Proxy Holders, and (ii) whenever the Declaration, Charter or Bylaws conditions the effectiveness of any action on the approval or authorization thereof by the Membership, such condition shall be satisfied by the affirmative vote of a Majority of the Votes cast thereon by Voters for Eligible Owners and Proxy Holders, unless another standard of approval is required therein as to such condition.

(e) An Owner may give any Person a Proxy entitling it to cast such Owner's Votes on questions voted on at any one or more Member Meetings, but [unless given to a Mortgagee or Tenant] such Proxy (i) may be revoked by such Owner at any time, acting in its sole discretion, and (ii) shall not be effective for more than 180 days after it is given. Anything in the Bylaws to the contrary notwithstanding, a Proxy Holder may not cast any Vote in an election of Officers or Directors unless such Proxy Holder is expressly appointed to cast such Vote for candidates for such offices or directorships designated in writing by the Owner who gave such Proxy. The Secretary shall be entitled, as a condition to allowing such Vote to be counted, to be given a copy of such written designation, bearing such Owner's signature.

(f) Anything in the Bylaws to the contrary notwithstanding, (i) any natural Person who is the Owner, and/or is one of a group or groups of natural Persons who together are the Owner or Owners, of more than one Lot, may be a Voter for any or all such Lots; but (ii) no Person other than a Manager may be a Voter, Proxy Holder, or Voter for a Proxy Holder, for more than one Owner (but regardless of the number of Lots owned by such Owner) for any single Member Meeting, except that a Mortgagee may be the Proxy Holder of Proxies from any or all Owners of Lots encumbered by Mortgages held by such Mortgagee, and a Tenant may be the Proxy Holder of Proxies from any or all Owners of Lots encumbered by Leases to such Tenant.

3.3.7. Informal action. Whenever the Community Documents require or permit the Membership to give or withhold its approval or consent or take any other action, or condition the taking or effectiveness of any Association action on such approval, consent or action, such approval or consent may be given or withheld, and such action may be taken, by the Membership without a Member Meeting being held for such purpose, but only if (a) the Association gives each Eligible Owner prior Notice that it intends to present such question to the Eligible Owners for determination pursuant to this paragraph without holding a Member Meeting (setting forth therein the formal resolution to which such consent is to be given or withheld) before obtaining such consent from any Voter, and (b) Voters of Eligible Owners and/or Proxy Holders whose Votes would have been sufficient to cause such approval or consent to be given or withheld or such action to be taken, at a Member Meeting at which Voters for all Eligible Owners or Proxy Holders were to cast Votes on such question, have consented thereto in writing.

3.4. Board of Directors.

3.4.1. Composition; qualifications of Directors. The Board of Directors shall consist of 6 Directors. Each Director shall be (a) a natural Person; (b) at least 21 years old; and (c) either (i) alone or with one or more other Persons an Eligible Owner, or (ii) an officer, director, partner, employee or agent of a Person which, alone or with one or more other Persons, is an Eligible Owner (provided that the Secretary is given such proof of such natural Person's status as officer, director, partner, employee or agent of such Person as the Secretary reasonably requires).

3.4.2. Initial Directors. The initial Directors shall be the Persons named as such in the Charter.

3.4.3. Terms of directorships. (a) The Persons identified in paragraph 3.4.2 shall serve as Directors until the first Annual Member Meeting, at which time their terms as Directors shall expire.

(b) At the first Annual Member Meeting, and at each Annual Member Meeting thereafter, a successor shall be elected to each Director whose term then expires, to serve for a term expiring at the first Annual Member Meeting after his election.

(c) Anything in this subsection to the contrary notwithstanding, each Director shall serve as such until his successor has been elected and qualified.

3.4.4. Nomination of Directors. (a) Except as is otherwise provided in subparagraphs 3.4.4(b) and (c), at least 60 days before each Annual Member Meeting,

(i) the President shall appoint a nominating committee of 3 Voters. Such committee, after considering the qualifications of prospective nominees, shall select one or more nominees for each directorship to be filled at such Annual Member Meeting, and present its nominations to the Secretary by not later than 15 days before such Annual Member Meeting.

(ii) the Secretary shall send each Eligible Owner a Notice containing a call for nominations for such directorships. Any one or more Eligible Owners may nominate a candidate for each such directorship, by a Notice to the Secretary signed by each such Eligible Owner, at least 30 days before such Annual Member Meeting.

(b) House, Townhouse and General Directors. Anything in subparagraph 3.4.4(a) to the contrary notwithstanding, but subject to subparagraph 3.4.4(c), once after the Development Period has ended Wellington Trace contains at least 100 House Lots and at least 100 Townhouse Lots, so that under subparagraph 6.1.2(a) of the Charter two House Directors, 3 Townhouse Directors, and one General Director (each as defined therein) are to be elected at the next Member Meeting, then at least 60 days before such Annual Member Meeting,

(i) the President shall appoint (1) a nominating committee of 3 Voters for Eligible Owners of House Lots ("House Nominating Committee"), (2) another nominating committee of 3 Voters for Eligible Owners of Townhouse Lots ("Townhouse Nominating Committee"), and (3) a third nominating committee of 3 Voters for Eligible Owners of any Lots ("General Nominating Committee"). After considering the qualifications of prospective nominees, (1) the House Nominating Committee shall select one or more nominees for each position of House Director to be filled at such Annual Member Meeting, (2) the Townhouse Nominating Committee shall select one or more nominees for each position of Townhouse Director to be filled thereat, (3) the General Nominating Committee shall select one or more nominees for the position of General Director to be filled thereat, and (4) each such committee shall present its nominations to the Secretary by not later than 15 days before such Annual Member Meeting.

(ii) the Secretary shall send each Eligible Owner a Notice containing a call for nominations for such directorships. By a Notice to the Secretary signed by each such Eligible Owner given at least 30 days before such Annual Member Meeting, (1) any one or more Eligible Owners of House Lots may nominate a candidate for each such position of House Director, (2) any one or more Eligible Owners of Townhouse Lots may nominate a candidate for each such

position of Townhouse Director, and (3) any one or more Eligible Owners of any Lots or Condominium Unit Owners may nominate a candidate for such position of General Director.

(c) House, Townhouse and Apartment Directors. Anything in subparagraph 3.4.4(a) to the contrary notwithstanding, once after the Development Period has ended Wellington Trace contains at least 100 House Lots, at least 100 Townhouse Lots, and one or more Apartment Lots containing in the aggregate at least 100 apartment Dwellings and/or Condominium Units, so that under subparagraph 6.1.2(b) of the Charter two House Directors, 3 Townhouse Directors, and one Apartment Director (as defined therein) are to be elected at the next Member Meeting, then at least 60 days before such Annual Member Meeting,

(i) the President shall appoint (1) a House Nominating Committee of 3 Voters for Eligible Owners of House Lots, (2) a Townhouse Nominating Committee of 3 Voters for Eligible Owners of Townhouse Lots, and (3) a third nominating committee of at least that number of Voters for Eligible Owners of Apartment Lots or Condominium Unit Owners equalling the lesser of 3 or the number of Eligible Owners of Apartment Lots or Condominium Unit Owners whose Voters are willing to serve on such committee ("Apartment Nominating Committee"). After considering the qualifications of prospective nominees, (1) the House Nominating Committee shall select one or more nominees for each position of House Director to be filled at such Annual Member Meeting, (2) the Townhouse Nominating Committee shall select one or more nominees for each position of Townhouse Director to be filled thereat, (3) the Apartment Nominating Committee shall select one or more nominees for the position of Apartment Director to be filled thereat, and (4) each such committee shall present its nominations to the Secretary by not later than 15 days before such Annual Member Meeting.

(ii) the Secretary shall send each Eligible Owner a Notice containing a call for nominations for such directorships. By a Notice to the Secretary signed by each such Eligible Owner given at least 30 days before such Annual Member Meeting, (1) any one or more Eligible Owners of House Lots may nominate a candidate for each such position of House Director, (2) any one or more Eligible Owners of Townhouse Lots may nominate a candidate for each such position of Townhouse Director, and (3) any one or more Eligible Owners of Apartment Lots or Condominium Units may nominate a candidate for such position of Apartment Director.

(d) At least 10 days before such Annual Member Meeting, the Association shall send each Eligible Owner a Notice with a ballot for such directorial election containing the names of all such nominees who meet the qualifications for Directors set forth in paragraph 3.4.1. Where there is more than one candidate for a directorship, their names shall be listed alphabetically, and the Association shall not indicate thereon any candidate preference.

(e) No materials relating to any such election and prepared using the Association's funds shall list candidates for any such office or directorship other than alphabetically, or indicate any candidate preference.

3.4.5. Election of Directors. (a) At each Annual Member Meeting, a separate election shall be held to fill the directorship of each Director whose term of office expires as of such Annual Member Meeting, and any other vacant directorship.

(b) Those Persons who are declared nominees for such positions in accordance with the foregoing terms of this Section, and receive the greatest number of Votes in such election, shall be declared elected, except that

(i) if, under subparagraph 6.1.2(a) of the Charter, House Directors, Townhouse Directors and a General Director are to be elected at such Member Meeting, then under such subparagraph (1) only Voters for Eligible Owners of House Lots shall be eligible to cast Votes in the election of House Directors; (2) only Voters for Eligible Owners of Townhouse Lots shall be eligible to cast Votes in the election of Townhouse Directors; and (3) Voters for Eligible Owners of all Lots and for Condominium Unit Owners shall be eligible to cast Votes in the election of the General Director.

(ii) if, under subparagraph 6.1.2(b) of the Charter, House Directors, Townhouse Directors and an Apartment Director are to be elected at such Member Meeting, then under such subparagraph (1) only Voters for Eligible Owners of House Lots shall be eligible to cast Votes in the election of House Directors; (2) only Voters for Eligible Owners of Townhouse Lots shall be eligible to cast Votes in the election of Townhouse Directors; and (3) only Voters for Eligible Owners of Apartment Lots and for Condominium Unit Owners shall be eligible to cast Votes in the election of the Apartment Director.

(iii) in any case, cumulative voting shall not be permitted.

(c) Each Voter for an Eligible Owner, or for a Proxy Holder appointed to vote for nominees designated by an Eligible Owner, may cast his Votes in such election either (i) while in attendance at such Member Meeting, or (ii) prior thereto by depositing his completed ballot with the Secretary, who shall open it at such Member Meeting (in which event such Voter need not attend such Member Meeting for his Votes to be counted).

3.4.6. Filling vacancies in directorships. If any directorship becomes vacant by reason of a Director's death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors shall, at a Board Meeting duly called for such purpose, elect his successor, who shall serve for the rest of his term, except that if such position is unfilled at the next Annual Member Meeting, such successor shall be elected thereat by the Membership for the rest of such term, in accordance with paragraph 3.4.4.

3.4.7. Removal of Directors. Any Director may be removed from his position as such, with or without cause, by the affirmative vote of Voters having a Majority of the outstanding Votes held by all Owners, at any Annual Member Meeting, or any Special Member Meeting duly called for such purpose, except that (a) a House Director may be so removed only by the affirmative vote of Voters for Eligible Owners of House Lots having a Majority of the outstanding Votes held by all Owners of House Lots; (b) a Townhouse Director may be so removed only by the affirmative vote of Voters for Eligible Owners of Townhouse Lots having a Majority of the outstanding Votes held by all Owners of Townhouse Lots; and (c) an Apartment Director may be so removed only by the affirmative vote of Voters for Eligible Owners of Apartment Lots or for Condominium Unit Owners having a Majority of the outstanding Votes held by all Owners of Apartment Lots and Condominium Unit Owners.

3.4.8. Board Meetings. (a) A Board Meeting ("Regular Board Meeting") shall be held at least once in each calendar month on such day, and at such time and place, as the Board of Directors from time to time selects, except that (i) the Regular Board Meeting for the month in which an Annual Member Meeting is held shall be held immediately on adjournment of such Annual Member Meeting and at the place where such Annual Member Meeting was held, if a quorum of Directors is present, and (ii) if such quorum is not present, a Regular Board Meeting shall be held as soon thereafter as is practical, provided that Notice thereof is given to each Director at least 5 days prior thereto.

(b) Once the Board of Directors adopts a schedule of the date, time and place of the Regular Board Meetings to be held during a calendar year, then at least 10 days before the date of the first Board Meeting to be held in any calendar year, the Secretary shall give such schedule to each Eligible Owner. Such Regular Board Meetings may thereafter be held without Notice of their date, time and place, except that if the date, time or place of any Regular Board Meeting is changed, the Secretary shall give Notice thereof to (i) the Directors in the same manner as for a Special Board Meeting, and (ii) all Eligible Owners at least 10 days before such Regular Board Meeting.

(c) A Board Meeting other than a Regular Board Meeting ("Special Board Meeting") may be called by the President (and shall be called on demand by two or more Directors) on not less than two days' Notice to each Director, except that in any emergency in which giving two days' Notice could reasonably be detrimental to the Association or any Owner, only such Notice must be given as is reasonable under the circumstances.

(d) Notice of a Regular Board Meeting or Special Board Meeting need not be given to any Director who gives the President or Secretary a written waiver of such Notice either before or after such Board Meeting. A Director's attendance at a Board Meeting shall be deemed a waiver of his right to be given Notice thereof.

3.4.9. Quorum. At each Board Meeting, the presence in person of a Majority of the Directors shall constitute a quorum for the transaction of business, except as is otherwise expressly provided in the Bylaws or by law. Each Director may cast one vote on each question coming before the Board of Directors, and the decision of a Majority of the Directors present at a Board Meeting at which a quorum is present shall be the decision of the Board of Directors. If at any Board Meeting a quorum is not present, a Majority of the Directors who are present may adjourn the Board Meeting from time to time and, at any such adjourned Board Meeting at which a quorum is present, any business that might have been transacted at the Board Meeting as originally called may be transacted without further Notice to any Director or Owner.

3.4.10. Owners at Board Meetings.

(a) Open session. Subject to subparagraph 3.4.10(b), each Owner may attend any Board Meeting or meeting of a committee established by the Association, but no Owner may cast any Vote on any question coming before such Board Meeting, or shall be entitled to Notice of, or to participate in the Directors' deliberations at, any Board Meeting.

(b) Closed session. (i) A Board Meeting may be held in closed session only for the following purposes:

(1) Discussion of matters pertaining to employees and personnel.

(2) Protection of the privacy or reputation of individuals in matters not related to the Association's business.

(3) Consultation with legal counsel.

(4) Consultation with staff personnel, consultants, attorneys, or other Persons in connection with pending or potential litigation.

(5) Investigative proceedings concerning possible or actual criminal misconduct.

(6) Consideration of the terms or conditions of a business transaction in the negotiation stage if the disclosure could adversely affect the Association's economic interests.

(7) Complying with a specific constitutional, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosure.

(8) On an individually recorded affirmative vote of two-thirds of the Directors present, for some other exceptional reason so compelling as to override the general public policy in favor of the holding of Board Meetings in open session.

(9) Any other purpose for which a Board Meeting or such committee meeting may be held in closed session under the HOA Act.

(ii) If a Board Meeting or committee meeting is held in closed session pursuant to this subparagraph, (1) no action may be taken or matter discussed unless permitted by clause (i) of this subparagraph; and (2) a statement of the date, time, place and purpose of such Board Meeting or committee meeting, the record of the vote of each Director on the question of whether to hold such Board Meeting or committee meeting in closed session, and the authority under this subparagraph and the HOA Act for holding such Board Meeting or committee meeting in closed session, shall be included in the minutes of the next Board Meeting or committee meeting.

3.4.11. Powers and duties of Board of Directors. All of the Association's business and affairs shall be managed, and all of its rights, powers and duties shall be exercised and performed on its behalf, by the Board of Directors and the Officers in accordance with this subsection and subsection 3.5, except that nothing in this paragraph shall impair the legal effect of any term of the Corporations and Associations Article, other applicable law, Declaration, Charter or Bylaws pursuant to which the Association's right to take any action is conditioned on the Membership's authorization or approval of such action. Without limiting the generality of the foregoing terms of this paragraph, the Board of Directors shall have the right and power to cause the Association to take each of the following actions:

(a) Management of Common Areas. To operate, manage, maintain, renew, replace, repair and protect the Common Areas and all Association Property, and establish and maintain such reserves therefor as the Board of Directors from time to time deems appropriate, including but not limited to a working capital fund, and one or more Reserve Funds, for the maintenance, renewal, replacement and repair of the Common Areas and Association Property.

(b) Preparation of budget. To prepare and adopt a budget of the estimated Association Expenses, Association Receipts and Assessments for the next Fiscal Year, in accordance with the Declaration, including, where it deems appropriate, budget items for the addition to or use of any Reserve Fund.

(c) Assessments. To levy and collect Assessments pursuant to the Declaration.

(d) Expenditures. To authorize the use and expenditure of any or all Association Receipts (except for so much thereof as the Board of Directors resolves to deposit in a

Reserve Fund for such purposes) for the operation, management, maintenance, renewal, replacement, repair and protection of the Common Areas.

(e) Selection of Manager. To employ or contract with one or more Persons to manage Wellington Trace and/or the Association's affairs (each of which Persons shall be subject to the control of the Board of Directors at all times); to fix the Manager's compensation (which shall be paid by the Association as an Association Expense); and to determine the nature and extent of the Manager's powers and duties, subject to any limitation thereon set forth in the Declaration or Bylaws.

(f) Fidelity bonds. To require the Manager and all Officers and employees of the Association who handle, or are responsible for, funds of the Association or funds in its possession or control to furnish to the Association fidelity bonds, in form and amount, and with a corporate surety, satisfactory to the Board of Directors (the premiums on which shall be paid by the Association as an Association Expense).

(g) Taxes; liens; water and sewer rents. To pay all taxes and assessments levied or liens imposed against any Common Area or Association Property, except that (i) any such tax or assessment levied separately against a particular Lot or otherwise chargeable by law directly and separately to a particular Owner shall be paid by such Owner; (ii) any tax or assessment levied against Wellington Trace as a whole before a separate tax or assessment is levied against each Lot pursuant to section 8-207 of the Tax-Property Article of the Code may be paid by the Association as an Association Expense; and (iii) except as is otherwise provided in the Declaration, any charge for any Utility Service provided to any Common Area or otherwise properly assessed, levied and charged to the Association or against Wellington Trace as a whole shall be paid by the Association as an Association Expense.

(h) Employees, services and materials. To employ and dismiss such clerks, workmen, janitors, watchmen and other personnel, and purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the opinion of the Board of Directors are from time to time necessary for the proper operation and maintenance of the Common Areas.

(i) Collection of delinquent Assessments. To collect by suit or otherwise any unpaid and delinquent Assessment, any interest accrued thereon and any filing fees, court costs, attorneys' fees or other expenses which the Association incurs in connection therewith.

(j) Professional assistance. To employ or retain legal counsel, engineers and accountants, and determine the amount and terms of their compensation, whenever the Board of Directors deems their professional assistance necessary for any purpose related to the Association's exercise or performance of its rights, powers, and duties.

(k) Operating accounts. To cause such operating, escrow and other accounts to be established and maintained as the Board of Directors deems appropriate from time to time, and consistent with good accounting practices.

(l) Rules. To adopt Rules pursuant to the Declaration.

(m) Insurance. To procure and maintain insurance in accordance with the Declaration, and collect the proceeds thereof, and apply them towards the cost of repair, restoration or replacement of any Common Area in accordance with the Community Documents.

(n) Taking proceedings. To exercise and perform on the Association's behalf its rights and duties as to the prosecution and defense of Taking proceedings pursuant to the Declaration.

(o) Lease or license of Common Areas. To lease or license the Use of, or grant easements or other rights in or to, any Common Area in a manner permitted by the Declaration.

(p) Designation of title holder. To (i) designate a nominee to acquire title to any Lot purchased by the Association; (ii) designate, and enter into a trust agreement with, two or more Directors to act as trustees for the Association in holding title to such Lot; and/or (iii) authorize the President or any other Officer to sign, attest, seal and acknowledge, on the Association's behalf, all Mortgages, Leases or other documents needed to accomplish any such purpose.

(q) Association Property. To cause the Association to purchase or otherwise acquire, own, use, improve, mortgage, sell, dispose of and otherwise deal with any Association Property, wherever located.

(r) Additions and improvements. Subject to the Declaration, to make such alterations, additions and improvements to the Common Areas as it deems appropriate, and to require, before undertaking any such work, the written consent of each Owner and first Eligible Mortgagee whose rights may, in the opinion of the Board of Directors, be prejudiced thereby. When in the Board of Directors' judgment any such action is being taken exclusively or substantially for the benefit of one or more, but less than all, Owners, its cost shall be charged to such Owner or Owners in such proportion as the Board of Directors determines to be fair and equitable, provided that each such Owner has in writing requested that such action be taken, and has expressly consented to be so charged. In every other case the Association shall pay the cost of such work as an Association Expense.

(s) Offices. To create one or more offices of assistant secretary, assistant treasurer or otherwise, in addition to the offices already existing.

(t) Consents and joinder. To authorize any Officer to sign on the Association's behalf any Subdivision Plat without the need to obtain any consent or joinder by the Membership or any Owner or other Person, except as otherwise provided in the Declaration.

(u) Repair of Common Utility Lines. To cause the Association to repair all Common Utility Lines.

3.4.12. Limitation of Directors' liability. (a) No Director in his capacity as such shall, except in the event of his own individual willful misconduct or gross negligence in performing his duties, be liable (i) for any failure by the Association to obtain or pay for any service to be obtained hereunder; (ii) for any injury or damage to Persons or property caused by the elements or any Owner or other Person, or by the leakage or flow of electricity, gas, water, rain or dust from any Lot, pipe, drain, conduit, appliance, equipment or other place; (iii) to any Owner or other Person under any agreement, deed, lease, mortgage, other document or transaction entered into by such Director on the Association's behalf in the performance of his duties; (iv) in tort or otherwise, directly or indirectly, to any Owner or other Person by virtue of his good faith act or failure to act; or (v) arising out of the use, misuse or condition of the Common Areas, or in any other way as a result or by virtue of his performance of his duties. To the full extent permitted by the Corporations and Associations Article as in effect on the date hereof, or as hereafter from time to time amended, no Director or Officer shall be liable to the Association or any Owner for money damages for any breach

of any duty owed by such Director or Officer to the Association or any Owner. Neither the amendment or repeal of this paragraph, nor the adoption of any term of these Bylaws inconsistent with this paragraph, shall eliminate or reduce the protection afforded by this paragraph to a current or former Director or Officer with respect to any matter which occurred, or any cause of action, suit or claim which, but for this paragraph, would have accrued or arisen, before such amendment, repeal or adoption.

(b) The Association shall defend, indemnify and hold harmless (and shall in addition have the power further to defend, indemnify and hold harmless by agreement, or by a majority vote of either the Owners or its disinterested Directors) any one or more of the following classes of Persons: (a) present or former Directors, (b) present or former Officers, (c) present or former agents and/or employees of the Association, (d) present or former administrators, trustees or other fiduciaries under any pension, profit-sharing, deferred compensation, or other employee benefit plan maintained by the Association, and (e) Persons serving or who have served at the Association's request in any such capacity for any other corporation, partnership, joint venture, trust or other enterprise, against and from any and all liability, claim of liability or expense arising out of such Person's performance or attempted performance of its duties as such, all to the fullest extent permitted by law. Notwithstanding the foregoing, the Association shall not have the power to defend, indemnify or hold harmless any Person if and to the extent that doing so is prohibited by section 2-418 of the Corporations and Associations Article, or any statute, rule or regulation of similar import. Nothing in this paragraph shall be deemed to alter or impair any right to indemnification held by such Director or Officer either (i) under applicable law, the Declaration or the Charter, or (ii) by authorization of the Membership or the Board of Directors, or (iii) in any other manner.

(c) Every agreement, deed, lease, mortgage or other document signed on the Association's behalf by any Director or Officer shall provide that he shall have no personal liability thereunder by virtue of such execution, and that any claim by any other party thereto arising hereunder shall be asserted against, and any liability thereunder shall be borne by, the Association. Any damages or expense awarded against or incurred by the Association and arising out of such liability shall be paid by the Association as an Association Expense.

3.4.13. Common or interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interest of the Association and Wellington Trace. No contract or other transaction between the Association and any Director, or between the Association and any corporation or other entity (including Developer) in which any Director is a director or an officer or is pecuniarily or otherwise interested, shall be either void or voidable because such Director is present at the Board Meeting or the meeting of any committee thereof which authorizes or approves such contract or transaction, or because his vote as a Director is counted for such purpose, provided that either (a) the fact of the common directorate or interest is disclosed to the Board of Directors before such authorization, approval or vote, and the Board of Directors authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for such purpose; or (b) the common directorate or interest is disclosed or known to a majority of the disinterested Members, and they approve or ratify the contract or transaction in good faith by a vote sufficient for such purpose; or (c) the contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or signed. Subject to the foregoing, common or interested Directors may be counted in determining the presence of a quorum of any Board Meeting or meeting of a committee thereof which authorizes, approves or ratifies any such contract or transaction, and may vote thereafter to authorize any such contract or transaction with like force and effect as if he were not a common or interested Director.

3.4.14. Compensation of Directors. Each Director shall serve as such without compensation.

3.5. Officers.

3.5.1. Designation: qualifications of Officers. (a) The Officers shall consist of the President, one or more Vice-Presidents, Secretary, Treasurer, and (if the Board of Directors creates such office or any other office) each Assistant Secretary, Assistant Treasurer or other Officer.

(b) Each Officer shall be (i) a natural Person; (ii) at least 21 years old; and (iii) either (1) (alone or in combination with one or more other Persons) an Owner, or (2) an officer, director, partner, employee or agent of a Person which, alone or with one or more other Persons, is an Owner, provided that the Secretary is given such proof of such natural Person's status as officer, director, partner, employee or agent of such Person as the Secretary reasonably requires.

(c) The President and the Secretary shall be selected from among the Directors. Any other Officer may but need not be a Director.

(d) One Person may simultaneously be both the Secretary and the Treasurer, but no Person may simultaneously hold either or both such offices and any other office, or any two or more other offices.

3.5.2. Election of Officers. The Officers shall be elected annually by the Board of Directors at the first Board Meeting after the Annual Member Meeting, and shall hold office until their successors are elected and qualify.

3.5.3. Powers and duties of President. The President shall (a) be the Association's chief executive officer and chairman of the Board of Directors, and (b) have the general powers and duties usually vested in the office of president of a Maryland corporation (including but not limited to the power to appoint such committees from among the Owners as he deems appropriate, to assist in conducting the Association's affairs), and (c) have charge of the administration of Wellington Trace.

3.5.4. Powers and duties of Vice-President. The Vice-President shall take the President's place and perform his duties whenever he is absent or unable to act.

3.5.5. Powers and duties of Secretary. The Secretary shall (a) act as secretary of each Board Meeting and each Member Meeting at which he is present, (b) record all Votes cast on questions coming before each Board Meeting and Member Meeting and the minutes thereof, setting forth each resolution adopted thereat, in a minute book to be kept for that purpose, (c) have charge of such minute book and such records and papers of the Association as the Board of Directors directs, (d) have the general powers and duties usually vested in the office of secretary of a Maryland corporation (including but not limited to the duty to send Notices of Member Meetings and Board Meetings in accordance with the Community Documents), and such other duties as are prescribed by the Community Documents, the Board of Directors or the President, and (e) keep at the Association's office the Association Roster and Community Documents:

3.5.6. Powers and duties of Treasurer. The Treasurer shall (a) have charge and custody of, and be responsible for, the Association's funds and securities; (b) deposit all of its monies, checks and other valuable effects in the name and to the credit of the Association in such depositories as the Board of Directors designates for such purpose; (c) disburse the Association's funds as ordered by the Board of Directors or the President, making proper vouchers for such disbursements; (d) keep full, complete and accurate accounts and records of the Association's financial transactions (which shall (i) include but not be limited to chronological listings of all Association Receipts and Association Expenses, the amount and type of each Assessment levied against each Lot, and the amounts thereof

paid and unpaid; (ii) specify and itemize the Association Expenses relating to the Common Areas and any other Association Expenses; and (iii) be kept at the Association's office); (e) submit to the Board of Directors and the Membership such reports thereof as the Community Documents, applicable law or the Board of Directors requires; and (f) have the general powers and duties usually vested in the office of treasurer of a Maryland corporation. The Treasurer shall present at each Annual Member Meeting (a) a financial statement for the Association as of the end of the most recently completed Fiscal Year, (b) a statement of the Association Expenses and Association Receipts for such Fiscal Year, and (c) an estimated statement of the Association Expenses and Association Receipts for the next Fiscal Year.

3.5.7. Compensation of Officers. The Officers shall serve as such without compensation unless otherwise expressly authorized by the Membership. Any such compensation shall be paid by the Association as an Association Expense. The Association shall reimburse each Officer for all expenses which he reasonably incurs in discharging his duties.

3.5.8. Resignation and removal of Officers. Any Officer may resign his office at any time by giving Notice to the Board of Directors. Unless such resignation indicates an earlier date therefor, it shall become effective at the next Board Meeting. Any Officer may be removed from office at any time by resolution of the Board of Directors. Any Director removed from his position as such who is then the President or a Vice President shall also be deemed to have been removed from such office.

3.5.9. Filling vacancies in offices. If any office becomes vacant because of an Officer's death, resignation, retirement, disqualification, removal from office or otherwise, the Directors shall elect his successor at a Board Meeting duly called for such purpose.

3.5.10. Execution of documents. After the Development Period, no agreement, contract, check, deed, lease, mortgage or other document shall be binding on the Association unless signed by two Officers, except to the extent that the Board of Directors otherwise delegates the power to bind the Association to any Officer, the Manager or another Person.

3.6. Resident agent. The name and post office address of the Association's resident agent in Maryland are Gregory Reed, Esquire, at Ballard Spahr Andrews & Ingersoll, Suite 1900, 300 East Lombard Street, Baltimore, Maryland 21202-3268. Such resident agent (a) is authorized to accept on the Association's behalf service of process in any action relating to any Lot, Common Area, Association Property, the Association, the Owners as a class, or the Membership, and (b) shall serve until his successor is designated by the Board of Directors in accordance with law.

3.7. Fiscal Year. The Association's fiscal years shall be the periods designated as Fiscal Years in the Declaration.

3.8. Principal office. The Association's principal office shall be located at, and its mailing address shall be, 4750 Owings Mills Boulevard, Owings Mills, Maryland 21117, or such other place as is permitted by law and designated as its Notice Address from time to time by the Board of Directors.

Section 4. Insurance: casualties.

4.1. Insurance maintained by Association. The Association shall procure and maintain, to the extent available, insurance coverage of the types listed in subsection 4.4 of the Declaration.

4.2. Proceeds of insurance.

4.2.1. Receipt and distribution of proceeds. The Association shall receive any proceeds payable under any policy of insurance held by it pursuant to this Section, and hold and distribute them in trust for the purposes set forth in the Declaration and Bylaws, for the benefit of the Association and any other insured thereunder.

4.2.2. Adjustment of losses. Each Owner shall be deemed to have delegated to the Association such Owner's right to adjust with the insurer all losses payable under policies purchased by the Association.

4.2.3. Repair or reconstruction after casualty. Except as is otherwise provided in the Community Documents, if any Improvements to be insured by the Association pursuant to the Community Documents are damaged or destroyed, the Association shall fully and promptly repair and restore them using any proceeds of insurance payable on account thereof and held by the Association. The Association shall (except as is provided in paragraph 4.3.1) be responsible for restoring such Improvements to and only to substantially their condition immediately before they were damaged or destroyed.

4.2.4. Estimate of cost of repair. Immediately after the occurrence of any damage to or destruction of any of Wellington Trace which the Association is required by the Community Documents to repair, the Board of Directors shall obtain a reliable and detailed estimate of the cost thereof (including but not limited to the cost of any professional service or bond which the Board of Directors desires to obtain in connection therewith).

4.2.5. Construction fund. All proceeds of insurance received by the Association as a result of any damage to or destruction of any Common Area, and any other sums received by the Association for such purpose, shall constitute a construction fund which shall be disbursed by the Association in payment of the costs of the reconstruction and repair thereof, in the following manner:

(a) If the amount of the estimated cost of reconstruction and repair of the damaged or destroyed Common Areas is less than \$100,000, such construction fund shall be disbursed by the Association in payment of such cost on authorization by the Board of Directors, except that at the written request by any Eligible Mortgagee which is a beneficiary of any such fund, made by Notice to the Association, such fund shall be disbursed in the manner set forth in subparagraph 4.2.5(b).

(b) If such amount is \$100,000 or more, such construction fund shall be disbursed in payment of such cost on the approval of such disbursement by an architect licensed to practice in Maryland and employed by the Association to supervise such reconstruction and repair, from time to time as such reconstruction and repair progress. Such architect shall be required to furnish to the Association a certificate giving a brief description of the services and materials supplied by each contractor, subcontractor, materialman, architect or other Person who has rendered services or furnished materials in connection with such reconstruction and repair, and stating that (i) the sum requested by each such Person in payment therefor is due and owing, and does not exceed the value of the services and materials furnished; (ii) there is, to the best of such architect's knowledge, information and belief, no other outstanding debt incurred for such services and materials as so described; and (iii) the cost, as reasonably estimated by such architect, for so much of such repair and reconstruction as remains to be done after the date of such certificate does not exceed the amount which will remain in such construction fund after payment of such requested sum.

4.3. Substantial or total destruction.

4.3.1. Grounds for not reconstructing. Any Common Area which is damaged or destroyed shall be repaired and reconstructed unless (a) the Declaration is terminated in accordance with its terms, or (b) its reconstruction and repair in accordance with paragraph 4.2.3 would be illegal under any Maryland or local health or safety statute or ordinance, or (c) at a Member Meeting, Eligible Owners constituting at least 80 percent of all Owners cast Votes in favor of not reconstructing such Common Area.

4.3.2. Distribution of proceeds. If pursuant to paragraph 4.3.1 such damage or destruction is not to be repaired or reconstructed, the net proceeds of any insurance payable to the Association as a result of such damage or destruction shall be held in one fund, which shall be used or distributed by the Association as follows:

(a) The net proceeds attributable to damaged Common Areas shall be used to restore them to a condition compatible with the rest of Wellington Trace.

(b) The rest of such net proceeds shall be distributed to all Owners in proportion to their respective fractions of the aggregate Base Assessments for the Fiscal Year in which such distribution is to be made, after first applying each Owner's share to the payment of any unpaid amount for which a Mortgage or other lien then exists on its Lot, in the order of priority of such liens.

Section 5. Design Committee.

5.1. Membership term. Each Design Committee member shall serve until he is reappointed or replaced, or resigns. A Person thereafter appointed to fill the position of a member whose term expires shall serve for a one-year term beginning on such prior term's expiration. A Person appointed to fill the position of a member who (before his term expires) dies, becomes incapacitated, resigns or is removed from his position shall serve for the rest of his predecessor's term.

5.2. Meetings. The Design Committee shall meet from time to time on call by its chairman or a Majority of its members. For meetings held after the Development Period, Notice thereof shall be given to each member at least 5 days prior thereto (except that the Design Committee may from time to time select a regular day, time and place for its meetings, in which event no such Notice must be given of any meeting held at such day, time and place). By attending any such meeting, a member shall waive any right to object to a failure to give him Notice thereof in accordance with this Declaration.

5.3. Voting. At each such meeting, the presence in person of a Majority of the Design Committee's members shall constitute a quorum to transact business. As long as such quorum exists at the time and place for which a meeting is called, the affirmative vote of a Majority of those members present and voting thereon shall be required for the Design Committee to (a) recommend that the Board of Directors adopt, modify or repeal a Rule or Design Standard under subsection 7.2 of the Declaration, (b) make a finding, determination, ruling or order, or (c) issue an Approval or disapproval under this Section. The Design Committee may take any such action without a meeting, if a Majority of its members so Approve after such Approval is requested in writing from all members.

5.4. Minutes. The chairman of the Design Committee shall from time to time designate a Person (who need not be a member) to attend its meetings and record its minutes. Such minutes shall be preserved and made available for inspection by its members or the Board of Directors, and distributed to any member who so requests.

5.5. Compensation. The Association may (but need not) compensate each Design Committee member for serving as such, in such manner as the Board of Directors determines from time to time.

Section 6. General.

6.1. Notices. Any notice, demand, consent, approval, request or other communication or document to be given hereunder by the Association or any Director, Officer, Owner or other Person, to any Person (each of which is referred to herein as a "Notice") shall be sent to such Person's Notice Address in the manner set forth in the Declaration for giving Notices thereunder, in which event such Notice shall be deemed to have been given on the same terms and with the same effect as are set forth in the Declaration.

6.2. Severability. No determination by any court, Authority or otherwise that any term of the Bylaws is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other such term or (b) such term in any instance not controlled by such determination. Each such term shall be valid and enforceable to the fullest extent allowed by, and be construed wherever possible as being consistent with, applicable law.

6.3. Amendment. The Bylaws may be amended in and only in the manner set forth in the Declaration.

6.4. Construction. All references made herein (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders; (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well; and (c) to any Section, subsection, paragraph or subparagraph shall, unless therein expressly indicated to the contrary, be deemed to have been made to such part of the Bylaws. The headings of such parts are provided herein for and only for convenience of reference, and shall not be considered in construing their contents.

6.5. Information to be furnished on resale of Lot.

6.5.1. Documentation provided to purchaser. If a Lot is sold by an Owner (other than Developer), such Owner is required, by section 11B-106 and other terms of the HOA Act to give the purchaser or prospective purchaser copies of those Community Documents and other information and documents referred to in such terms.

6.5.2. Certificate provided by Association. The Association shall, within 20 days after it receives an Owner's written request therefor and any Fee therefor charged by the Association is paid, furnish to such Owner a certificate setting forth the information required to be included therein under paragraph 6.5.1. Any Owner who provides any such certificate to any such prospective Buyer pursuant to such paragraph shall not be liable to such Buyer for any error in or omission from such information provided by the Association and included in such certificate, and the Association shall defend, indemnify and hold harmless such Owner against and from any liability or claim thereof to any Person, or any expense, arising out of any such error or omission. Except for the Association's obligation under the immediately preceding sentence to defend, indemnify and hold harmless such Owner, the Association shall not be liable to any Owner or directly to any such Buyer for any misleading or erroneous information contained in any such certificate, provided it has acted reasonably and has exercised good faith in supplying such information.

6.5.3. Information provided by selling Owner. Within 30 days after a Lot is sold and conveyed, the selling Owner shall give the Association Notice thereof, including to the

extent available the selling Owner's name and forwarding address, the new Owner's name and address, any new Mortgagee's name and address, the date of transfer, and the proportionate amounts of any outstanding Assessments assumed by each party to the transaction. Such Notice shall be in addition to the information which the new Owner is required to give to the Association pursuant to Section 14 of the Declaration.


IN WITNESS WHEREOF, we, being all of the Association's Directors, have signed these Bylaws, this 18th day of November, 1996.



Josh E. Fidler, Director



Lawrence M. Macks, Director



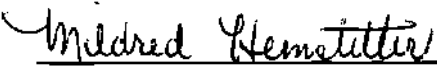
Lawrence M. Brenner, Director



Maury Bass, Director



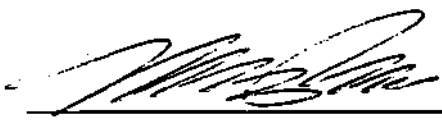
Norman Suss, Director



Mildred Hemstetter, Director

SECRETARY'S CERTIFICATE

I, Maury Bass, certify that (1) I am Secretary of THE WELLINGTON TRACE ASSOCIATION, INCORPORATED, a Maryland nonstock corporation, and (2) the foregoing Bylaws are its original Bylaws, as duly adopted at a meeting of its Board of Directors held on November 18, 1996. In witness whereof, I have signed this Secretary's Certificate, this 18th day of November, 1996.



Maury Bass, Secretary