

**DERWOOD STATION HOMEOWNERS ASSOCIATION, NO. 2, INC.**

**AMENDMENT OF BYLAWS**

**RESOLUTION OF BOARD OF DIRECTORS**

**WHEREAS**, the Bylaws of Derwood Station HOA No. 2, Inc., a Maryland nonstock corporation (the "Association") were adopted by the Board of Directors on July 12, 1982.

**WHEREAS**, Article XVI, Section 2 of the Bylaws of Derwood Station HOA No. 2, Inc. (the "Bylaws") provides in pertinent part that the Bylaws may be amended at a regular or special meeting of the members, by a vote of a majority of a quorum of members present in person or by proxy.

**WHEREAS**, at a meeting of the members held on April 26, 2010, in which a quorum of members were present in person or by proxy, a majority of the members voted to amend the Bylaws as set forth below.

**NOW, THEREFORE, BE IT RESOLVED**, that the Bylaws shall be amended as follows:

- 1. The following Preamble shall be added immediately prior to Article I:**

**PREAMBLE**

Derwood Station Homeowners Association No. 2, Inc. consists of 222 property owners. The Association was established by Articles of Incorporation signed on July 12, 1982. The original Bylaws were adopted by the Board of Directors and also recorded on July 12, 1982.

The purpose of these Bylaws is to establish the procedures by which the Association will govern itself and carry out its duties, including election of its directors, recording its decisions and actions, levy and collect appropriate assessments from members, and generally conduct its business.

These Bylaws may be amended from time to time in accordance with the procedures established herein.

- 2. Article I is hereby deleted in its entirety and the following replaced in its stead:**

The name of the corporation is DERWOOD STATION HOMEOWNERS ASSOCIATION NO. 2, INC., hereinafter referred to as the "Association." The principal office of the Association shall be located as designated from time to time by the Board of Directors, but meetings of members and directors may be held at such places within the State of Maryland, County of Montgomery, as may be designated by the Board of Directors.

3. **Article II, Section 2 shall be deleted in its entirety and the following replaced in its stead:**

Section 2: "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions originally recorded among the land records of Montgomery County, Maryland, on July 19, 1982 (Liber 5889 at folio 101), which shall include any amendments and supplements thereto, and also referred to in the Articles of Incorporation of the Association originally dated July 12, 1982, and such additional real property as may hereafter be brought within the jurisdiction of the Association.

4. **Article II, Section 7 shall be deleted in its entirety and the following replaced in its stead:**

Section 7: "Covenants":

(a) "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the properties and recorded among the land records of Montgomery County, Maryland, on July 19, 1982 (Liber 5889 at folio 101). This is the covenant which established the Association and defines its membership, responsibilities, and authority.

(b) "ACC Covenant" shall mean and refer to the "Declaration of Covenants" made on December 5, 1981, and recorded among the land records of Montgomery County, Maryland, on March 31, 1982 (Liber 5848 at folio 787). This is the covenant which established the Architectural Control Committee (ACC) and defines its membership, responsibilities, and authority.

5. **Article III, Section 1 shall be deleted in its entirety and the following replaced in its stead:**

Section 1: Annual Meetings. The Board of Directors of the Association will set the date, time, and location of the regular annual meeting of members. While generally to be held every 12 months, the interval between regular annual meetings must not be longer than 15 months.

6. **Article III, Section 2 shall be deleted in its entirety and the following replaced in its stead:**

Section 2: Special Meetings. Special meetings may be called at any time by the president, or by vote of the Board of Directors, or upon written request of one-third (1/3) of the Association members (submitted individually or by petition).

7. **Article III, Section 3 shall be deleted in its entirety and the following replaced in its stead:**

Section 3: Notice of Meetings.

(a) Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or the person authorized to call the meeting by pre-paid US Mail to the members' address of record or at another address that they have supplied to the Board, or by electronic notification in accordance with the provisions of Section 11B-113.1 of the Maryland Homeowners Association Act.

(b) Such notice shall be issued at least 15 days in advance of the date of the meeting. Such notice shall specify the date, time, and location of the meeting and, in the case of a special meeting, the purpose of the meeting.

(c) Such notice shall also include the statement: "In accordance with Section 4 of these Bylaws and Section 5-206 of the Maryland Corporations and Associations Article, a quorum of 1/3 of the members is required in order to conduct the meeting. If an insufficient number of members attend the meeting in person or by proxy, then the members present at such meeting in person or by proxy may vote to re-schedule the meeting in accordance with Section 5-206 of the Maryland Corporations and Associations Article."

8. **Article III, Section 4 shall be deleted in its entirety and the following replaced in its stead:**

Section 4: Quorum.

(a) The presence at an annual meeting or a special meeting of one-third (1/3) of the members in person or by proxy shall constitute a quorum for any actions except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws.

(b) If, however, such quorum shall not be present or represented at any meeting, the meeting may be adjourned and rescheduled in accordance with Section 3 of these Bylaws and Section 5-206 of the Maryland Corporations and Associations Article. Notice of the rescheduled date shall be issued at least 15 days in advance of the subsequent meeting.

(c) At the rescheduled meeting, any number of members present in person or by proxy shall constitute a quorum, in accordance with Section 5-206 of the Maryland Corporations and Associations Article. A majority of the members may approve or authorize any action which could have been taken at the original meeting if a sufficient number of members had been present.

9. **Article III, Section 5 shall be deleted in its entirety and the following replaced in its stead:**

Section 5: Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and supplied to the Secretary. The proxy must specify whether it is directed (limited to only specific items on the meeting agenda, or expires upon a specified date) or undirected (may be used for any and all business to come before the meeting other than the election of Directors). Every proxy shall be revocable and shall automatically cease upon conveyance by the member of the lot. All proxies must be on a form approved by the Board of Directors. Proxies used to vote for the Directors of the Board must be by directed proxy.

10. **Article IV, Section 1 shall be deleted in its entirety and the following replaced in its stead:**

Section 1: Number. The affairs of this Association shall be managed by a board of at least five (5) and no more than seven (7) Directors, all of whom must be members of the Association.

11. **Article IV, Section 3 shall be deleted in its entirety and the following replaced in its stead:**

Section 3: Removal, Death, or Resignation:

(a) Removal: Any Director may be removed from the Board, with or without cause, by a majority vote of the members of the Association at a Special Meeting called for this purpose. The members present at such a special meeting in person or by proxy may then elect a successor to serve the remainder of the removed Director's term.

(b) Death or resignation: In the event of death or resignation of a Director, a temporary successor shall be elected by the remaining members of the Board and shall serve until a successor is elected at the next Annual Meeting to serve out the unexpired portion of the term vacated.

12. **Article IV, Section 4 shall be deleted in its entirety and the following replaced in its stead:**

Section 4: Compensation. No Directors shall receive compensation for any service they may render to the Association; however, Directors may be reimbursed for actual expenses incurred in the performance of their duties.

13. **Article V, Section 1 shall be deleted in its entirety and the following replaced in its stead:**

Section 1: Nomination. At least one (1) month prior to the Annual Meeting, the Board of Directors will notify the membership of vacancies to be filled at the upcoming meeting, and solicit nominations for these vacancies. Nominees must be members of the Association; members may nominate themselves. The Notice of the Annual Meeting should include the names of all confirmed nominees submitted to date; additional nominations may also be made from the floor at the Annual Meeting.

14. **Article V, Section 2 shall be deleted in its entirety and the following replaced in its stead:**

Section 2: Election.

(a) Election to the Board of Directors shall be by secret written ballot of Association members present in person, by directed proxy, or by absentee ballot, at the Annual Meeting.

(b) On each ballot, the member shall write in (or otherwise indicate) the name(s) of the candidate(s) for whom they are voting, as many names as there are Board vacancies to be filled (however, a candidate can only be named once per ballot). The candidate receiving the greatest number of votes will fill the first vacancy; the candidate receiving the second greatest number of votes will fill the second vacancy, and so on until all vacancies are filled.

(c) Absentee ballots may be submitted in a signed sealed envelope, marked on the outside with the name and property address of the homeowner, and received by the time of the Annual Meeting.

15. **Article VI, Section 1 shall be deleted in its entirety and the following replaced in its stead:**

Section 1: Regular Meetings. The Board of Directors will hold regular meetings, at such place and hour as they may fix from time to time by unanimous agreement. Such regular meetings shall occur at least every two (2) months. Written notice of the meetings shall be given to members in accordance with Article III, Section 3 of these Bylaws.

16. **Article VI, Section 5 shall be added to the Bylaws as follows:**

Section 5: Open Meetings and Executive Sessions.

(a) In general, Board meetings are open to any and all members of the Association who wish to attend. However, in accordance with Section 11B-111 of the Maryland Homeowners Association Act, a meeting of the Board of

Directors or other committee appointed by the Board may be held in closed session only for the following purposes:

- (i) discussion of matters pertaining to employees and personnel;
  - (ii) protection of the privacy or reputation of individuals in matters not related to the association's business;
  - (iii) consultation with legal counsel on legal matters;
  - (iv) consultation with staff personnel, consultants, attorneys, board members, or other persons in connection with pending or potential litigation or other legal matters;
  - (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 homeowners association;
  - (vii) compliance with a specific constitutional, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or
  - (viii) discussion of individual owner assessment accounts; and
- (b) If a meeting is held in closed session under subsection (a) of this Section 5:
- (i) an action may not be taken and a matter may not be discussed if it is not permitted by subsection (a) of this Section 5; and
  - (ii) a statement of the time, place, and purpose of a closed meeting, the record of the vote of each Board member or committee member by which the meeting was closed, and the authority under this Section 5 for closing a meeting shall be included in the minutes of the next meeting of the Board or the committee.

**17. Article VII, Section 1 (c) shall be deleted in its entirety and the following replaced in its stead:**

(c) Exercise for the Association all powers, duties, and authority vested or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.

**18. Article VII, Section 2(c) shall be deleted in its entirety and the following replaced in its stead:**

(c) As defined in the Declaration:

(1) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period;

(3) Cause to be filed among the Land Records Notices of Liens, foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date, or as soon after that time as may be feasible or bring any action at law against the owner personally obligated to pay the same.

**19. Article VIII, Section 3 shall be deleted in its entirety and the following replaced in its stead:**

Section 3: Term. The officers of this Association shall be elected annually by the Board and shall hold office for one (1) year unless they sooner resign, are removed, or become otherwise disqualified to serve. Serving officers can be reappointed to the same or different officer positions.

**20. Article VIII, Section 5 shall be deleted in its entirety and the following replaced in its stead:**

Section 5: Resignation and Removal. Any officer may be removed from office with or without cause by the majority vote of the Board at a regular meeting or at a special meeting called for that purpose. Any officer may resign their office at any time by giving written notice to the president or to the secretary. Such resignation will take effect on the date of receipt of such notice or at some later time specified therein; the acceptance of such resignation shall not be necessary to make it effective.

**21. Article VIII, Section 6 shall be deleted in its entirety and the following replaced in its stead:**

Section 6: A vacancy in any office may be filled by appointment by the majority of the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer being replaced, or his or her original term as Director, whichever expires first.

**22. Article VIII, Section 7 (c) shall be deleted in its entirety and the following replaced in its stead:**

(c) Secretary: The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and its members, make such records available to Members in accordance with Section 11B-112 of the Maryland Homeowners Association Act, keep the corporate seal of the Association and affix it to all papers requiring such seal, serve notice of meetings of the Board and of the members, keep appropriate current records showing the members of the Association together with their addresses, and shall exercise and discharge such other duties as may be required by the Board.

- 23. Article IX shall be deleted in its entirety and the following replaced in its stead:**

The Board of Directors may establish committees as it deems useful in carrying out its duties. There may be two kinds of committees:

A. *Ad hoc committees:* these are temporary committees established to review an issue and advise the Board of its findings and recommendations. The Board may appoint members to the committee as appropriate; and

B. *Permanent committees:* these committees are established by a formal charter resolution of the Board recorded in the minutes. The duties, authority, and membership of such a committee shall be as specified in its charter. However, the committee may not be delegated powers greater than the Board, and the committee can be disestablished by a formal resolution of the Board revoking its charter.

- 24. Article X shall be deleted in its entirety and the following replaced in its stead:**

The books, records, and papers of the Association shall at all times during reasonable business hours be subject to inspection by any member. 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, or shall otherwise be made available in accordance with 11B-112 of the Maryland Homeowners Association Act. The Association may charge a reasonable charge on a person desiring to review or copy the books and records or who requests delivery of information. Such charge may not exceed the limits imposed by Section 11B-112 of the Maryland Homeowners Association Act.

- 25. Article XI shall be deleted in its entirety and the following replaced in its stead:**

With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Corporation by either the president or the vice-president. Checks shall be executed on behalf of the Corporation and will each bear signatures as described in Article VIII, Section 7 above.

Except as otherwise provided in this Amendment to Bylaws, the remaining terms and provisions of the Bylaws shall not be affected and shall remain in full force and effect.

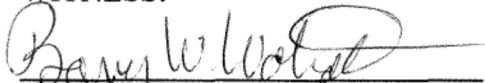
In the event that any term or provision of this Amendment to Bylaws is determined to be invalid or unenforceable for any reason, the remaining terms and provisions shall not be affected and shall remain in full force and effect.

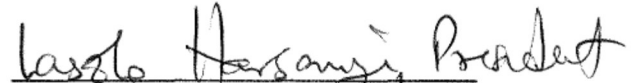


This Amendment to Bylaws shall be construed in accordance with the laws of the State of Maryland.

IN WITNESS WHEREOF, the undersigned does hereby acknowledge and deliver these presents as his act and deed, for the purposes set forth, herein, all as of the year and day first above written.

WITNESS:

  
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Barry W. Wolcott, Secretary

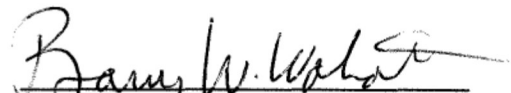
  
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Laszlo Harsanyi, President

**CERTIFICATION OF SECRETARY**

I HEREBY CERTIFY THAT, AS THE PERSON SPECIFIED IN THE BYLAWS TO COUNT VOTES AT MEETINGS OF DERWOOD STATION HOMEOWNERS ASSOCIATION, NO.2, INC., THE FOREGOING AMENDMENT OF BYLAWS WAS APPROVED BY THE AFFIRMATIVE VOTE OF A MAJORITY OF A QUORUM OF MEMBERS PRESENT IN PERSON OR BY PROXY AT THE ANNUAL MEETING OF DERWOOD STATION HOMEOWNERS ASSOCIATION, NO. 2, INC. HELD ON APRIL 26, 2010.

WITNESS:

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Barry W. Wolcott, Secretary