

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

DECLARATION OF COVENANTS

ARTICLES OF INCORPORATION

BYLAWS

June 2011

Derwood Station Homeowners Association, No. 2, Inc.  
Documents Package

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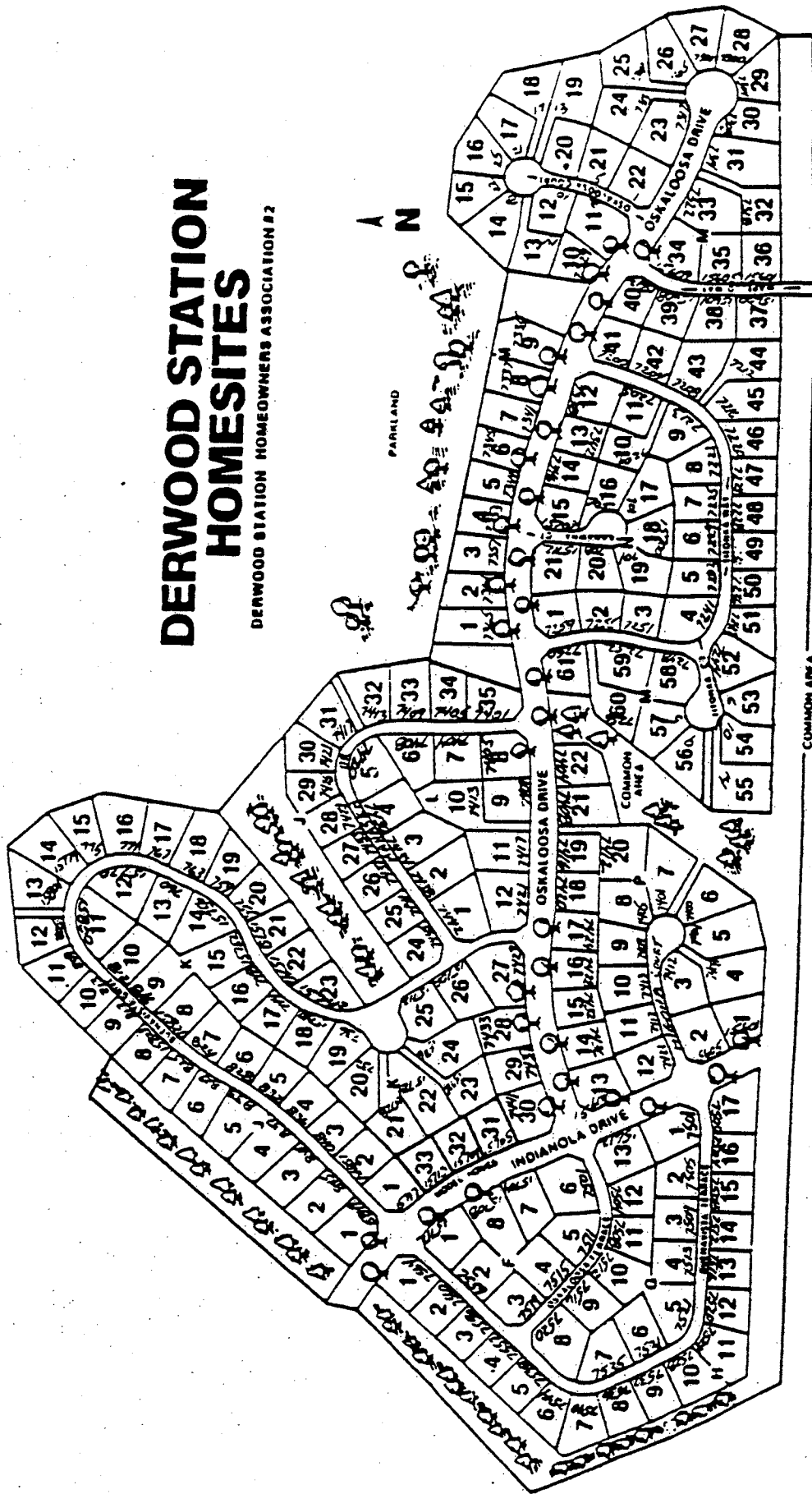
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# DERWOOD STATION HOMESITES

DERWOOD STATION HOMEOWNERS ASSOCIATION #2



Map not to scale and subject to change

COMMON AREA

DECLARATION OF COVENANTS

This DECLARATION, made this 5<sup>th</sup> day of December, 1981, by METRO JOINT VENTURE, Co-Partnership, being the owner of the lands hereinafter described, located in the County of Montgomery, State of Maryland,

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MONTGOMERY COUNTY, MD

WITNESSETH:

WHEREAS, in order to assure uniformity in the development of the property hereinafter described and to facilitate marketability, all to the mutual advantage of the declarants and all others who may in the future acquire title through the declarants,

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the said METRO JOINT VENTURE does hereby declare:

The following covenants and restrictions shall be imposed upon the land hereinafter described to be binding upon the declarants herein, the successors and assigns of said co-partnership and transferee of title, the said covenants to run with the land and shall be binding on all persons claiming an interest under any transfer, conveyance or devise until January 1, 1991, and thereafter as hereinafter provided.

If the declarants herein, or the successor and assigns of said co-partnership or transferees of title, shall violate or attempt to violate any of the covenants herein, it shall be lawful for any other person or persons owning real property situated at said development or subdivision to prosecute any proceedings at law or in equity the person or persons violating or attempting to violate any such covenant and either to prevent him or them from so doing or to recover damages or other dues for such violation.

Invalidation of any one of these covenants by judgement or court order shall in no way affect any of the other provisions which shall remain in full force and effect.

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CLERK'S OFFICE  
MONTGOMERY COUNTY, MD

The property intended to be subject to, and hereby subjected to, the force and effect of these covenants and restrictions, is more particularly described as follows:

All of the lots and parcels of land shown and delineated on the subdivision plat for Derwood Station Subdivision, Montgomery County, Maryland, recorded among the Land Records of said County in Plat Book as Plat:

<u>Plat Title</u>	<u>Plat Book</u>	<u>Plat Number</u>
Derwood Station	114	13562
Derwood Station	114	13563
Derwood Station	114	13564
Derwood Station	114	13565
Derwood Station	114	13566
Derwood Station	114	13567

The covenants and restrictions being imposed by this Declaration are as follows:

1. No fence or wall shall be erected, placed or altered on any lot nearer to any street than the minimum building setback line or the part of the house on the lot closest to the street if that shall be further from the street, unless permitted by the Architectural Control Committee.
2. Except as later provided in this paragraph 2, no improvements shall be erected, placed, constructed or altered on any lot or part thereof subject to these covenants until and unless the building plans, specifications and plot plans showing the location, size, type of construction and such other information as the Architectural Control Committee may deem material shall have been submitted to and approved in writing by the said Architectural Control Committee hereinafter named. For the purposes of this paragraph 2, walls or related structures appurtenant thereto, and any antennas, aerials, or receiving devices. Such submission to and approval by said Architectural Control Committee shall not be necessary as to improvements to be erected by the declarants herein named.
3. The Architectural Control Committee is composed of Walter H. Magruder, Jr., Kenny Kasnett and Maynard L. Kline. The Committee may designate a representative to act for it. In the event of death or resignation of any one member of the Committee, the remaining members shall have full authority to designate a successor.

Neither the members of the Committee nor its designated representative shall be entitled to any compensation for services pursuant to this covenant. In the event the Committee shall have no membership as hereinbefore provided, the owners of the hereinbefore mentioned property shall comprise the membership of the Committee with each lot having one (1) vote. Neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to the covenant.

4. The Committee's approval or disapproval as required in these covenants shall be in writing. In the event the Committee or its designated representative fails to approve or disapprove within thirty (30) days after plans and specifications have been submitted to it, approval will not be required and the related covenants shall be deemed to have been fully complied with.

5. No junk vehicle, and no house trailer, shack, school bus or truck over one half (½) ton shall be kept on any lot or placed or allowed to remain on any street in this subdivision. No boat or camper shall be kept, placed or allowed to remain closer to the street line than the rear wall of the house.

6. These covenants are to run with the land and shall be binding on all parties and all persons claiming under them until January 1, 1991, and thereafter until such time as the owners of the majority of the aforesaid lots declare them to be null and void by an instrument in writing recorded among the Land Records of Montgomery County, Maryland. From and after January 1, 1991, the owners of a majority of the aforesaid lots may modify these covenants in any way by recording a modification instrument among the Land Records of Montgomery County, Maryland.

These covenants shall be binding upon the declarant herein, the successors and assigns of said co-partnership and transferees of title for the period of time hereinbefore set forth.

IN TESTIMONY WHEREOF, on the 5<sup>th</sup> day of December, 1981, the said METRO JOINT VENTURE has caused these presents to be signed in the co-partnership name by Walter H. Magruder, Jr., President of Magruder Corporation, General Partner, attested by Dianne A. Magruder, Secretary of Magruder Corporation, General Partner.

METRO JOINT VENTURE

BY: Walter H. Magruder, Jr.  
Walter H. Magruder, Jr.  
President  
Magruder Corporation  
General Partner

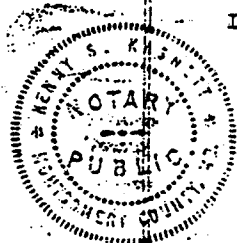
ATTEST:

Dianne A. Magruder  
Dianne A. Magruder  
Secretary  
Magruder Corporation  
General Partner

STATE OF MARYLAND  
COUNTY OF MONTGOMERY

On this 5<sup>th</sup> day of December 1981, before me, the undersigned officer, personally appeared Walter H. Magruder, Jr., who acknowledged himself to be the President of Magruder Corporation, General Partner in the Metro Joint Venture, and as such President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the Co-Partnership by himself as General Partner.

IN WITNESS WHEREOF I hereunto set my hand and official seal.



Kenneth S. Kasnett

My Commission expires:

NOTARY PUBLIC

ARTICLES OF INCORPORATION

OF

DERWOOD STATION HOMEOWNERS ASSOCIATION NO. 2, INC.

THIS IS TO CERTIFY:

FIRST: That I, the subscriber, Walter H. Magruder, Jr., whose address is Suite 26, 622 Hungerford Drive, Rockville, Maryland 29850, being at least twenty-one years of age, do under and by virtue of the general laws of the State of Maryland, authorizing the formulation of corporations, hereby form a corporation by the execution and filing of these Articles.

SECOND: That the name of the corporation (which is hereafter called the "Corporation") is:

DERWOOD STATION HOMEOWNERS ASSOCIATION No. 2, INC.

THIRD: That the purposes for which the Corporation is formed are as follows: To organize and operate an association exclusively for recreational, educational, charitable and welfare purposes, no part of the net earnings of which is to enure to the benefit of any member, shareholder or other individuals.

For the general purposes aforesaid and limited to those purposes, the Corporation (hereinafter sometimes referred to as the "Association") shall have the following powers and purposes:

(a) To promote the health, safety and welfare of the residents within those subdivisions located in Montgomery County, Maryland, known as Plats 22 through 27, Derwood Station, recorded among the Land Records of Montgomery County, Maryland, in Plat Book 114 as Plats 13562, 13563, 13564, 13565, 13566 and 13567, respectively, and which will be subject to the Declaration of Covenants, Conditions and Restrictions to be recorded among the said Land Records, giving this Association authority to fix



assessments and charges thereon and to maintain and control certain parcels of land to be conveyed to this Association, and for the aforesaid purposes to have the following powers.

(b) To own, acquire, build, operate and maintain recreational spaces and facilities, playgrounds, swimming pools, landscaping, streets, walkways, open spaces, parking areas, commons, buildings, structures, personal properties and other lands, property and interests in properties and to provide such facilities and services in connection therewith as may be deemed desirable and in conformance with the purposes of the Corporation.

(c) To fix assessments or charges to be levied against the lots, dwelling units, owners and residents of the portion of said property covered by the said Declaration of Covenants, Conditions and Restrictions.

(d) To exercise all of the powers and privileges and to perform all of the duties and obligations that this Association has set forth in the said certain Declaration of Covenants, Conditions and Restrictions to be recorded by Metro Joint Venture, as Declarant among the Land Records of Montgomery County, Maryland, applicable to the said property and common areas referred to therein and as the same may be amended from time to time as therein provided.

(e) To pay any taxes on the properties owned by this Corporation.

(f) To borrow money, and with the assent of two-thirds of each class of members, mortgage, pledge or hypothecate any or all of its real or personal property as security of money borrowed or debts incurred. No part of the Common Area shall be mortgaged, pledged or hypothecated except with the prior approval in writing of The Maryland-National Capital Park and Planning

Commission or any agency which may be successor thereto or, if there is a dissolution of said agency, any other appropriate agency of Montgomery County, Maryland.

(g) To dedicate, sell or transfer all or any part of the Common Area owned by the Association to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication, sale or transfer shall be effective unless an instrument has been signed by two-thirds of each class of members, agreeing to the same. No such dedication, sale or transfer shall be made except with the prior approval in writing of The Maryland-National Capital Park and Planning Commission or any agency which may be successor thereto or, if there is a dissolution of said agency, any other appropriate agency of Montgomery County, Maryland. Anything to the contrary in these Articles of Incorporation notwithstanding the Corporation may dedicate, transfer or convey Parcels C and F shown on Plat 24, Derwood Station to the Maryland-National Capital Park and Planning Commission without the necessity for agreement thereto by any members or consent by the Federal Housing Administration or the Veterans Administration or approval by other governmental agency.

(h) To participate in mergers and consolidations with other nonprofit corporations organized for the same purposes or annex additional residential property and common area, provided any such merger, consolidation or annexation shall have the assent of two-thirds of each class of members, and have the prior written approval of The Maryland-National Capital Park and Planning Commission or any agency that may be successor thereto or, if there is a dissolution of said agency, any other appropriate agency of Montgomery County, Maryland.

(i) To do all things insofar as may be permitted by law as in the opinion of the Board of Directors will promote the common benefit and enjoyment of said residents in said areas of said subdivision.

(j) The Corporation shall be authorized to exercise and enjoy all the powers, rights and privileges granted to or conferred upon corporations of a similar character by the General Laws of the State of Maryland now or hereafter in effect, and the enumeration of the foregoing powers shall not be deemed to exclude powers, rights and privileges so granted or conferred.

FOURTH: The post office address of the principal office of the Corporation in this state is Suite 26, 622 Hungerford Drive, Rockville, Maryland 20850. The resident agent of the Corporation is Walter H. Magruder, Jr., whose address is Suite 26, 622 Hungerford Drive, Rockville, Maryland 20850. Said resident agent is a resident of the State of Maryland and actually resides therein.

FIFTH: This Corporation is not authorized to issue capital stock.

SIXTH: Every person who is a record owner of a fee or undivided fee interest in any lot which is subject by covenants of record to assessment by this Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment by the Association.

SEVENTH: The Association shall have two classes of voting membership.

Class A. Class A members shall be all said owners qualifying for membership as aforesaid with the exception of the Declarant of said Declaration of Covenants, Conditions and Restrictions and shall be entitled to one vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members and the vote for each such lot shall be exercised as such multiple owners of a lot shall among themselves determine. In no event shall more than one vote be cast with respect to any lot; and in the event that multiple owners of any lot have not designated in writing to the Corporation which one of them shall be entitled to cast the vote, the person who is first named on the deed of such lot shall be deemed to have the right to cast the vote. Members entitled to vote may by written proxy filed with the Association designate any other person to cast their votes.

Class B. The Class B member shall be the said Declarant (as defined in said Declaration) and shall be entitled to three votes for each lot owned. The votes of the Class B member shall be cast by such person as the Declarant shall in writing designate. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership or

(b) on December 31, 1986.

EIGHTH: The Corporation shall have the right to impose a lien in accordance with the terms of said Declaration on the property owned by the Class A members that is covered by said Declaration in order to secure payment of any sums which shall

be due or become due from Class A members to the Corporation for any of the reasons set forth in said Declaration.

NINTH: In the event that any Class A member sells, assigns or otherwise transfers or records the fee interest in any lot in which he holds the interest required for Class A membership, such member shall, at the same time, assign the Class A membership appurtenant to said lot to the transferee of the lot and deliver it to him for transfer on the books of the Corporation. The foregoing requirement shall not pertain in the event that a lot is transferred as aforesaid merely as security for the performance of an obligation.

Except as provided in this Article, Class A membership shall not be transferable.

TENTH: The Corporation shall have five directors, Walter H. Magruder, Jr., Kenneth S. Kasnett, Maynard Kline, Dianne A. Magruder and James V. Hoffman. At the first annual meeting of the members of the Corporation, five directors shall be elected, one of them for a term of one year, two for a term of two years, and two for a term of three years. At each annual meeting of the members thereafter, directors shall be elected for the vacancy or vacancies then occurring for a term of three years. The Directors need not be members of the Corporation. The members of this Corporation reserve the right to amend the Bylaws of the Corporation, to increase and decrease the number of members of the Board of Directors, but in no case after the said first annual meeting shall said number be less than five.

ELEVENTH: The Corporation shall indemnify every Officer and Director of the Corporation against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any Officer or Director in connection with any action, suit or

proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Corporation) to which he may be made a party by reason of being or having been an Officer or Director of the Corporation whether or not such person is an Officer or Director at the time such expenses are incurred. The Officers and Directors of the Corporation shall not be liable to the members of the Corporation for any mistake of judgment, negligence or otherwise, except for their own individual willful misconduct or bad faith. The Officers and Directors of the Corporation shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Corporation, and the Corporation shall indemnify and forever hold each such Officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Officer or Director of the Corporation, or former Officer or Director of the Corporation, may be entitled.

The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Corporation and the project. No contract or other transaction between the Corporation and one or more of its Directors, or between the Corporation and any corporation, firm or association (including the Grantor) in which one or more of the Directors of this Corporation are Directors or Officers or are pecuniarily or otherwise interested, is either void or voidable because such Director or Directors are present at the meeting of the Board of Directors or any committee thereof which authorizes or approves the contract or transaction, or because his or their

votes are counted for such purpose, or because any of the conditions specified in any of the following paragraphs exist:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose or

(b) The contract or transaction is commercially reasonable to the Corporation at the time it is authorized, ratified, approved or executed.

Common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof which authorizes approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such Officer or Director of such other corporation, or not so interested.

TWELFTH: Subject to the limitations hereinafter provided for, this Corporation reserves the right to amend, alter or repeal any provision contained in these Articles in the manner now or hereafter prescribed by statute for the amendment of Articles of Incorporation.

Any other provision of these Articles of Incorporation to the contrary notwithstanding, neither the members, the Board of Directors nor the Corporation shall, by act or omission, take any of the following actions without the prior written consent and approval of the holders of all first mortgages of record on the lots and the Maryland-National Capital Park and Planning Commission or any agency that may be successor thereto or, if there is a dissolution of said agency, any other appropriate

agency of Montgomery County, Maryland, and as long as there is a Class B membership the prior approval of the Federal Housing Administration or the Veterans Administration.

(a) abandon, partition, subdivide, encumber, sell or transfer any of the common areas and community facilities, provided, however, that the granting of rights-of-way, easements and the like for public utilities or for other purposes consistent with the use of the common areas and community facilities by the members of the Corporation shall not be considered a transfer within the meaning of this Section and provided further that Parcels C and F shown on Plat 24, Derwood Station may be dedicated, transferred or conveyed as setforth in item Third (g) hereof; or

(b) abandon or terminate the Declaration; or

(c) modify or amend any material or substantive provision of these Articles of Incorporation, the Declaration or the Bylaws of the Corporation; or

(d) dissolve the Corporation.

(e) substantially modify the method of determining and collecting maintenance assessment as provided in the Declaration.

THIRTEENTH: These Articles of Incorporation may be amended only upon the assent of 75 percent of the total votes of all classes of members, and then only subject to the provision of paragraph TWELFTH above.

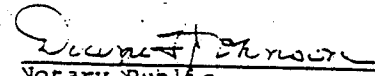
FOURTEENTH: The Corporation may be dissolved with the assent given in writing and signed by not less than two-thirds of each class of members, and then only subject to the provisions of paragraph TWELFTH above. Prior to any dissolution of the Corporation, other than incident to a merger or consolidation, the assets of the Corporation shall be first offered to be





instrument and acknowledged the foregoing Articles of Incorporation to be his act and that he executed the same for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my seal.

  
Notary Public

My commission expires: 7/1/86

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DECLARATION OF COVENANTS,  
COVENANTS AND RESTRICTIONS

WHEREAS, Metro Joint Venture, a Maryland general partnership, is the owner of a certain tract of land located in Montgomery County, Maryland, hereinafter described; and said tract of land has been subdivided into lots, and said subdivision has created certain parcels to be used for the common benefit of said lots, which said subdivision is called Plats 22 through 27, Derwood Station.

AND WHEREAS, Metro Joint Venture, is desirous of establishing certain covenants on said land to apply to said parcels and said lots and to the owners thereof;

AND WHEREAS, Derwood Station Homeowners Association No. 2, Inc., a Maryland nonprofit association, has been incorporated pursuant to the statutes of Maryland relating to such corporations, said corporation being the Derwood Station Homeowners Association No. 2, hereinafter referred to;

NOW THEREFORE, the said Metro Joint Venture (hereinafter referred to as Declarant) does declare the hereinafter set forth covenants, conditions and restrictions on that certain tract of land located in Montgomery County, Maryland, hereinafter described, and being a part of the same land conveyed to Metro Joint Venture, by deed recorded among the Land Records of said County in Liber 5410 at Folio 585, said tract to which this Declaration applies being more particularly described as follows.

PARCEL 1

MISC.

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Lots 2 thru 6, Block F, Lots 1 thru 13, Block G, Lots 2 thru 17, Block H, Lot 30, Block K, Lots 1 and 2 and 12 and 13, Block P, as shown on Plat 22, Derwood Station, recorded among the Land Records of Montgomery County, Maryland, in Plat Book 114 as Plat 13562; Lots 1 and 7 and 8, Block F, Lot 1, Block H,

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CLERK'S OFFICE  
MONTGOMERY COUNTY, MD

A.

Lots 1 thru 8 and 21 thru 26, Block J, Lots 1 thru 3, 15 thru 26 and 31 thru 33, Block K, Lots 1 thru 3, Block L, as shown on Plat 23, Derwood Station, recorded among said Land Records in Plat Book 114 as Plat 13563; Lots 9 thru 20 and 27 thru 33, Block J, Lots 9 thru 14, Block K, Lots 4 thru 6, Block L, as shown on Plat 24, Derwood Station, recorded among said Land Records in Plat Book 114 as Plat 13564; Lots 34 and 35, Block J, Lots 27 thru 29, Block K, Lots 7 thru 12, Block L, Lots 3 thru 11 and 14 thru 22, Block P, as shown on Plat 25, Derwood Station, recorded among said Land Records in Plat Book 114 as Plat 13565; Lots 1 thru 9 and 41 thru 61, Block M and Lots 1 thru 21, Block N, as shown on Plat 26, Derwood Station, recorded among said Land Records in Plat Book 114 as Plat 13566; Lots 10 thru 40, Block M, as shown on Plat 27, Derwood Station, recorded among said Land Records in Plat Book 114 as Plat 13567.

PARCEL 2

Parcels A and B, Block H, as shown on Plat 22, Derwood Station, recorded among the Land Records of Montgomery County, Maryland, in Plat Book 114 as Plat 13562; Parcels A and D, Block J, as shown on Plat 23, Derwood Station, recorded among said Land Records in Plat Book 114 as Plat 13563; Parcel E and Parcels F and C, Block J, as shown on Plat 24, Derwood Station, recorded among said Land Records in Plat Book 114 as Plat 13564 (said Parcels C and F to be conveyed to the Maryland - National Capital Park and Planning Commission); Parcel G, Block J, and Parcels A and B, Block P, as shown on Plat 25, Derwood Station, recorded among said Land Records in Plat Book 114 as Plat 13565; Parcel C and D, Block M, as shown on Plat 26, Derwood Station, recorded among said Land Records in Plat Book 114 as Plat 13566; Parcels A and B,

Block M, as shown on Plat 27, Derwood Station, recorded among said Land Records in Plat Book 114 as Plat 13567.

The hereinabove described property shall be subject to the following covenants, conditions and restrictions, which shall run with the land. All of the above described properties shall be held, sold and conveyed subject to said covenants, conditions and restrictions, which are for the purpose of protecting the value and desirability of the real property and shall be binding upon all Parties having any right, title or interest in the said properties or any part thereof, and upon their heirs, distributees, executors, administrators, successors and assigns, and shall inure to the benefit of each owner of any interest in said properties.

Said Parcel 2 described above shall be used solely for the common benefit of the lots described in Parcel 1 above and for the owners thereof for the purpose of common recreational area, walkways, roadways, public utility rights of way, storm drainage, off-street parking, green space, water detention control facilities, erosion control facilities, landscaping and such other purposes and uses not inconsistent herewith as shall be determined by Derwood Station Homeowners Association No. 2, and all being in accordance with and subject to the provisions of this Declaration, except that Parcels C and F shown on Plat 24, Derwood Station are to be conveyed to the Maryland National Park and Planning Commission. In no case shall said Parcel 2 be used in a manner inconsistent with the provisions of the Zoning Ordinance or subdivision regulations applicable thereto. Said Parcel 2 will be conveyed to Derwood Station Homeowners Association No. 2, to be held by it for such purposes and uses, and in accordance with this Declaration, except for said conveyance of

Parcels C and F, Plat 24, Derwood Station and any of its successors or assigns falling within the definition of "Declarant" in Article I, Section 6 hereof, reserves the right to go upon Parcel 2 for the purpose of constructing or placing thereon such structures and other improvements and doing such work as in the opinion of Declarant is necessary or desirable to effectuate the use of said Parcel 2 for the aforesaid purposes, and said reservation of entry shall continue until Metro Joint Venture notifies Derwood Station Homeowners Association No. 2 that said work has been completed.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to Derwood Station Homeowners Association No. 2, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any lot which is included in said Parcel 1, including contract sellers but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to those certain real properties described in said Parcels 1 and 2 and such additions thereto as may hereafter be brought within the jurisdiction of the Association, and to which this Declaration may be extended.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners. Said Parcel 2 is the Common Area to be owned by the Association at the time of the conveyance of the first Lot to a

Class A member, except for said Parcels C and F, Plat 24 Derwood Station which are to be conveyed to the Maryland National Capital Park and Planning Commission.

Section 5. "Lot" shall mean and refer to any residential lot included in any recorded subdivision plat of the Properties with the exception of the Common Area.

Section 6. "Declarant" shall mean and refer to Metro Joint Venture, its successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

ARTICLE II

PROPERTY RIGHTS

Section 1: Owners' Rights of Enjoyment. Every owner shall have a right and easement of enjoyment in and to the Common Area that shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) The right of the Association, in accordance with its Articles and Bylaws, to adopt, publish and enforce rules and regulations governing the conduct of persons while upon and the use of the Common Area;
- (b) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- (c) The right of the Association to suspend the voting rights and right to use of the

recreational facilities by an owner for any period during which any assessment against his Lot remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations; and

- (d) The right of the Association to dedicate, sell or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication, sale or transfer of the Common Area shall be effective unless an instrument signed by two-thirds (2/3) of each class of members agreeing to such dedication, sale or transfer has been recorded (except for the said conveyance fo said Parcels C and F, Plat 24 Derwood Station, asto which said requirement shall not apply, nor unless prior written approval of The Maryland-National Capital Park and Planning Commisison (or any agency that may be successor thereto) or, if there is a dissolution of said agency, any other appropriate agency of Montgomery County, Maryland, has been obtained.

Section 2: Delegation of Use. Any owner may delegate, in accordance with the Bylaws, his right of enjoyment of the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.



ARTICLE III  
MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot that is subject to assessment hereunder shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as such multiple owners of a Lot shall themselves determine. In no event shall more than one vote be cast with respect to any Lot and, in the event that multiple owners of any Lot have not designated in writing to the Association which one of them shall be entitled to cast the vote, the person who is first named on the deed unto them of such Lot shall be deemed to have the right to cast the vote. Members entitled to vote may by written proxy filed with the Association designate any other person to cast their vote.

Class B. The Class B member shall be the Declarant and shall be entitled to three (3) votes

for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total of the votes outstanding in the Class A membership equals the total of the votes in the Class B membership or
- (b) on December 31, 1987.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1: Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned by Declarant within the properties, hereby covenants, and each owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (1) annual assessments and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees incurred for the collection, shall be the personal obligation of the owner of such property at the time when the assessment fell due and, in the case of multiple owners, shall be the joint and several obligation of such multiple owners. The personal obligation for delinquent assessments shall not pass to the successors in title of the owner or owners unless expressly assumed by such successors in title. The annual and special assessment, together with interest, cost and said reasonable

attorney's fees, shall be a charge on the land and improvements and shall be a continuing lien upon the property against which such assessment is made, provided, however, that such lien shall not come into being against any lot until notice of the lien has been recorded among the Land Records of Montgomery County, Maryland, by the Association. Said lien may be foreclosed by the Association in the same manner as mortgages or deeds of trust containing a power of sale or assent to a decree. It shall be the duty of the Association to cause to be executed a release of such lien as to which notice has been filed among the Land Records as aforesaid upon demand of any owner when the assessment creating a lien, together with interest, cost, and the reasonable attorney's fees relating thereto, have been paid. A reasonable charge may be made for such execution.

Any assessment levied pursuant to this Declaration, if unpaid for a period of ten (10) days or more after the date of the payment of the assessment is due, may be collected by suit filed to recover a money judgment, and the filing and maintenance of such suit shall not be a bar to foreclosure of said lien as aforesaid and shall not be deemed to waive the lien herein created. In the event of either or both foreclosure and filing of a suit for collection, interest, costs and reasonable attorney's fees shall be added to the amount of the assessment as to which said lien is foreclosed or as to which suit for collection is filed.

In the event that the assessments are levied, to be paid in monthly installments based on an annual amount, and there is a default in the payment of any one or more of said monthly installments, the entire balance of said annual installment may be accelerated at the option of the Board of Directors and be declared due and payable in full, with said lien, foreclosure and suit liens

to be then added to the entire accelerated amount. No member may exempt himself from liability for assessments by abandonment of any Lot belonging to him or by the abandonment of his right to use and enjoyment of the Common Areas and Community facilities.

Section 2: Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the properties; for the improvement and maintenance of the Common Areas; the operation of facilities thereon; and for necessary taxes, services and facilities related to the same or the use and enjoyment of the same. Nothing herein contained shall be deemed to require the Association to perform any specific improvement or maintenance of the Common Area or to operate any specific facilities thereon. It is not contemplated by this Declaration that the Association shall maintain any structure on any of said Lots or do any work on any of said Lots unless the Association has been granted by the owner of said Lot the right to use a portion of said Lot for the purposes of the Association, and then the Association may maintain whatever facilities it has been permitted to use on said Lot.

Section 3: Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an owner, the annual assessment shall be limited to a maximum of Seventy Dollars (\$70.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an owner, the maximum annual assessment may be increased each year not more than 5 percent above the maximum assessment permitted for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an owner, the maximum annual assessment permitted may be increased above 5 percent by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 4: Special Assessment for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5: Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast 60 percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and required quorum at the subsequent meeting shall be one-half (1/2) the required quorum at the preceding

meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6: Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly or quarterly basis.

Section 7: Date of Commencement of Annual Assessment--  
Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance of the Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8: Assessment of Declarant and Exempt Property. Anything in this Declaration to the contrary notwithstanding, lots owned by the Declarant shall not be subject to any regular or special assessment until the completion of a dwelling on the lot, and the Declarant as to such Lot shall not be liable for any assessment until the completion of a dwelling on the lot.

No portion of the Common Area or community facilities shall be subject to assessment of any kind by the Association.

Section 9: Subordination of the Lien to Mortgages or Deeds of Trust. The lien of the assessment provided herein shall be subordinate to the lien of any mortgage or deed of

trust securing an obligation made in good faith and for value received recorded prior to the date of recording of the Notice of Lien by the Association, and shall be subordinate to the lien of any such mortgage or deed of trust recorded after receipt of a written statement from the Board of Directors reflecting the payment of assessment as to said Lot which is encumbered by such mortgage or deed of trust. Sale or transfer of any Lot shall not extinguish the assessment lien. However, sale or transfer of any Lot pursuant to foreclosure of a mortgage or deed of trust securing an obligation made in good faith and for value received or any proceeding in lieu thereof shall extinguish all liens arising from notices of lien recorded, as provided for above, subsequent to the date of recording of such mortgage or deed of trust; but no such sale or transfer shall relieve such lot from liability from any assessments thereafter becoming due from the lien thereof.

ARTICLE V

GENERAL PROVISIONS

Section 1: Enforcement. The Association or any owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2: Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provision, which shall remain in full force and effect.

Section 3: Duration and Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than 80 percent of the Lot owners, and thereafter by an instrument signed by not less than 75 percent of the Lot owners. No amendment shall be made until The Maryland-National Capital Park and Planning Commission or any agency which may be successor thereto or, if there is a dissolution of said agency, any other appropriate agency of Montgomery County, Maryland, has given prior written approval of the amendment. Any amendment must be recorded.

Section 4: Rights of the Maryland-National Capital Park and Planning Commission, FHA and VA. Any other provision of this Declaration to the contrary notwithstanding, neither the members, the Board of Directors nor the Association shall, by act or omission, take any of the following actions without the prior written consent of the Maryland-National Park and Planning Commission or any agency which may be successor thereto or, if there is a dissolution of said agency, any other appropriate agency of Montgomery County, Maryland, and the prior written consent of the Federal Housing Administration or the Veterans Administration so long as there is a Class B membership, which consent shall not be unreasonably withheld or delayed:

- (a) abandon, partition, dedicate, subdivide, encumber, sell or transfer any of the Common Areas or community facilities (except for the said conveyance of



Parcels C and F, Plat 24, Derwood Station), provided, however, that the granting of rights of way, easements and the like for public utilities or for other purposes consistent with the use of the Common Areas and community facilities by the members of the Association shall not be considered a transfer within the meaning of this Section;

(b) abandon or terminate the Declaration;

(c) modify or amend any material or substantive provision of the Declaration;

(d) merge or consolidate the Association with any other entity or sell, lease, exchange or otherwise transfer all or substantially all of the assets of the Association to any other entity; or

(e) substantially modify the method of determining and collecting assessments as provided in the Declaration.

The said Commission or its successors and Montgomery County, Maryland, and the Federal Housing Administration and Veterans Administration so long as there is a Class B membership, are entitled to the rights given by this Section and shall have the right to bring action for any legal or equitable relief necessary to enforce the rights and powers granted to the said Commission hereunder. The rights granted by this Section shall be in addition to and not in lieu of those rights given to The Maryland-National Capital Park and Planning Commission and Montgomery County, Maryland, in this Declaration.

ARTICLE VIRIGHT OF PUBLIC AGENCIES TO MAINTAIN COMMON AREAS

The Association shall maintain the Common Area in good condition and keep in good repair all improvements thereon. Upon failure, refusal or neglect of the Association to perform such maintenance and repair, The Maryland-National Capital Park and Planning Commission or its successor if there is a dissolution of said agency, may direct such maintenance and repair and may direct correction thereof. Said public agencies, in determining whether or not such maintenance and repairs are being performed and whether or not said conditions are satisfactory, shall consider the purpose and the use of the Common Area and improvements thereon and the type, amount or method of maintenance and repair suitable for such purpose and use. If the Association fails to comply with such directive, the said agencies may cause such maintenance or repairs as are necessary to comply with the directive. In such case the cost thereof shall be a debt owed to the agency involved by the Association and collectible as are other debts. If the Association fails to satisfy the debt, the said agency may prorate the amount of the debt uniformly to each Lot and record notice of the prorated debt among the Land Records of Montgomery County, Maryland. Upon recordation of the notice, the prorated debt shall become a lien subordinate to the lien of any mortgage or deed of trust securing an obligation recorded prior to the recordation of the notice to the same extent as the lien of the assessments provided for hereinabove. Said lien may be foreclosed by the Association or its agent in the same manner as the lien of the assessments provided hereinabove. Nothing in this Section shall be deemed to

require the agencies to issue any directives or to cause any maintenance or repairs. The Maryland-National Capital Park and Planning Commission or its successor, if it is dissolved, or any other appropriate agency of Montgomery County, Maryland, shall have the right to bring action for any legal and equitable relief necessary to enforce the rights and powers granted to it hereunder

#### ARTICLE VII

##### Section 1: Reservation of Easement Rights by the

Declarant. The Declarant hereby reserves a non-exclusive easement and right of way in, through, over and across the Common Areas and community facilities for the purpose of the storage of building supplies and materials, the installation, construction, maintenance, reconstruction and repair of sanitary sewer lines, water lines, CATV cables, storm drains and appurtenances to any of the same, and for all other purposes reasonably related to the completion of construction and the provisions of utility services, whether public or private, to the community and to other property adjacent to, or in the vicinity of, the community. Any and all instruments of conveyancing made by the Declarant to the Association with respect to any of the Common Areas and community facilities shall be conclusively deemed to incorporate this reservation, whether or not specifically set forth in such instruments. At the request in writing of the Declarant, the Association shall from time to time execute, acknowledge and deliver to the Declarant such further assurances of this reservation as may be necessary.

Any and all streets, walkways, roadways, sidewalks and the like that are owned by the Association shall be subject to non-exclusive easements for ingress, egress and regress for the



purposes therein contained and as the act of himself and said partnership.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

*[Handwritten Signature]*  
Notary Public  
DIANE F. JONSON



My commission expires: 7/1/86

1st Part: 622 Hungerford Drive, Suite 26, Rockville, Md. 20850  
2nd Part: N/A  
Property Address: N/A  
Title Insurance Co.: N/A  
Parcel I.D.# 4-502-1926088

**DSHOA No. 2 Bylaws**  
*(approved at April 27, 2011 Annual Meeting)*

**PREAMBLE**

Derwood Station Homeowners Association No. 2 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.

**ARTICLE I: NAME AND LOCATION**

The name of the corporation is DERWOOD STATION HOMEOWNERS ASSOCIATION NO. 2, INC., hereinafter referred to as the "Association." The principal office of the Corporation 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.

**ARTICLE II: DEFINITIONS**

Section 1: "Association" shall mean and refer to DERWOOD STATION HOMEOWNERS ASSOCIATION NO. 2, INC., its successors and assigns.

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.

Section 3: "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the owners.

Section 4: "Lot" shall mean and refer to any plot of land upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5: "Owner" shall mean and refer to the record owner, whether one or more person or entities, of fee simple title to any Lot which is part of the properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6: 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 defines the membership, responsibilities, and authority of the Homeowners Association (HOA).

(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.

Section 7: "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

DSHOA No. 2 Bylaws  
(approved at April 27, 2011 Annual Meeting)

**ARTICLE III: MEETING OF MEMBERS**

**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.

**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).

**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 Article III Section 4 of the DSHOA No. 2 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."

**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 Article III Section 3 of the DSHOA No. 2 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 present in person or by proxy may approve or authorize any action which could have been taken at the original meeting if a sufficient number of members had been present.

**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.

DSHOA No. 2 Bylaws  
(approved at April 27, 2011 Annual Meeting)

**ARTICLE IV: BOARD OF DIRECTORS, SELECTION, TERM OF OFFICE**

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.

Section 2: Term of Office.

Directors shall be elected for a term of two (2) years. At each annual meeting, the members may vote by majority of a quorum present to increase or decrease the terms of the Directors.

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.

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.

**ARTICLE V: NOMINATION AND ELECTION OF DIRECTORS**

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. Additionally, the Board of Directors will appoint a nominating committee to further assist in identifying candidates to Board membership for proposal to the membership. 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.

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 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.



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*(approved at April 27, 2011 Annual Meeting)*

**ARTICLE VI: MEETING OF DIRECTORS**

**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.

**Section 2: Special Meetings.**

Special Meetings of the Board of Directors shall be held when called by the president of the Association or by any two Directors after not less than three (3) days' notice of the time, place, hours, and purpose thereof to each Director. Any Director may in writing waive notice of such meeting. Attendance by a Director at any meeting shall be a waiver of notice.

**Section 3: Quorum.**

A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

**Section 4: Action Without Meeting.**

Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting if all of the members of the Board of Directors shall individually or collectively concur in writing to such action, and such consent or consents are filed with the Minutes of the proceedings of the Board of Directors.

**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) for 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.

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**ARTICLE VII: POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

**Section 1: Powers.**

The Board of Directors shall have the following powers:

- (a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, the personal conduct of the members and their guests thereon, and to establish penalties for the infraction hereof.
- (b) Suspend the voting rights and right to use the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such right may also be suspended after notice and hearing for a period not to exceed 60 days for infraction of published rules and regulations. Such suspension may be appealed to a meeting of the members; but it shall be the responsibility of the appellant to obtain the written requests necessary to call any special meeting for that purpose in accordance with the provisions of Article III, Section 2, unless the Board of Directors elects to call such a special meeting.
- (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.
- (d) Declare the office of a member of the Board of Directors to be vacant in the event that such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.
- (e) Employ a manager or an independent contractor, or such other employees as they deem necessary, and prescribe their duties.
- (f) Grant such license, easements, and/or other rights-of-way for sewer lines, water lines, electrical cables, gas lines, storm drains, underground conduits and/or such other purposes related to the provisions of public utilities to the common area and lots as may be considered necessary and appropriate by the Board of Directors for the orderly maintenance, preservation, and enjoyment of the common elements or for the preservation of the health, safety, convenience, and/or welfare of the owners of the lots. The same may be granted only over those portions of the common areas upon which no building or structure has been erected.

**Section 2: Duties.**

The following are the duties of the Board of Directors:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such statement is requested in writing by one-third (1/3) of the members who are entitled to vote.
- (b) Supervise all officers, agents, and employees of this Association and see that their duties are properly performed.
- (c) As more fully provided 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; and
  - (3) Cause to be filed among the Land Records Notices of Lien, 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.
- (d) Issue or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid, and releases of liens when the assessments, interest, and reasonable attorney's fees relating thereto, have been paid. A reasonable charge may be made by the Board for the issuance of these certificates of release. If such a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment.
- (e) Procure and maintain adequate liability and hazard insurance on property owned by the Association.
- (f) Cause all officers or employees having fiscal responsibilities to be bonded as it may deem appropriate.
- (g) Cause the Common Area to be maintained.

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(h) To perform all duties that may be required of the Board of Directors by the Declaration.

Nothing in these Bylaws shall be deemed to require the Board of Directors to perform any particular acts of maintenance, it being the intent of these Bylaws that the Board of Directors shall be vested with full discretion in relation thereto.

**ARTICLE VIII: OFFICERS AND THEIR DUTIES**

**Section 1: Enumeration of Offices.**

The officers of this Association shall be a president and a vice-president, who shall at all times be members of the Board of Directors; a secretary; a treasurer; and such other officers as the Board may from time to time by resolution create.

**Section 2: Election of Officers.**

The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

**Section 3: Term.**

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

**Section 4: Special Appointments.**

The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold such office for such period, have such authority, and perform such duties as the Board may from time to time determine.

**Section 5: Resignation and Removal.**

Any officer may be removed from office with or without cause by the 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.

**Section 6: Vacancies.**

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.

**Section 7: Multiple Offices.**

The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

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(approved at April 27, 2011 Annual Meeting)

**Section 8: Duties.**

The duties of the officers are as follows:

- (a) **President:** The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes.
- (b) **Vice-President:** The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
- (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.
- (d) **Treasurer:** The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as direct by resolution of the Board, sign all checks and promissory notes of the Association, keep proper books of account, cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year, and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

**ARTICLE IX: COMMITTEES**

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

- (1) *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
- (2) *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.

**ARTICLE X: BOOKS AND RECORDS**

The books, records, and papers of the Association shall at all times during reasonable business hours be subject to inspection by any member. 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 Homeowners Association Act.

**ARTICLE XI: EXECUTION OF CORPORATE DOCUMENTS**

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 8 above.

**ARTICLE XII: COMMON AREA**

**Section 1: No obstruction of Common Areas.**

**DSHOA No. 2 Bylaws**  
*(approved at April 27, 2011 Annual Meeting)*

There shall be no obstruction of any of the Common Areas. Nothing shall be stored upon any Common Area without the approval of the Board of Directors. Vehicular parking upon Common Areas shall be regulated by the Board of Directors.

Section 2: Rate of Insurance.

Nothing shall be done or maintained in or upon any Common Area that will increase the rate of insurance on any Lot or Common Area, or result in cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done or maintained in or upon any Common Area that would be in violation of any law. No waste shall be committed upon any Common Area.

Section 3: Junk vehicles.

No junk vehicle or other vehicle on which current registration plates are not displayed shall be kept upon any Common Area, nor shall the repair or extraordinary maintenance of automobile or other vehicles be carried out thereon.

Section 4: Trash.

No burning of any trash and no unreasonable or unsightly accumulation of storage of litter, new or used building materials, or trash of any other kind shall be permitted on any Common Area.

Section 5: Rules Promulgated by Board of Directors.

There shall be no violation of any rule for the use of Common Areas which may from time to time be adopted by the Board of Directors and promulgated among the membership by them in writing, and the Board of Directors is hereby and elsewhere in these Bylaws authorized to adopt such rules.

**ARTICLE XIII: CORPORATE SEAL**

The Association shall have a seal in a circular form, having within its circumference the words:

*DERWOOD STATION HOMEOWNERS ASSOCIATION NO 2, INC.*

*Corporate Seal, Maryland*

**ARTICLE XIV: MORTGAGES, AMENDMENTS, ARTICLES OF INCORPORATION AND DECLARATION CONTROL**

Section 1: Notice to the Board of Directors.

Any owner of any lot subject to the Declaration shall promptly notify the Board of Directors of the name and address of his mortgagees or holder of his deed of trust and, if requested to do so, shall file a confirmed copy of such mortgage or deed of trust with the Board of Directors.

Section 2: Amendment.

These Bylaws may be amended at a regular or special meeting of the members, by a vote of a majority of a quorum of the members present in person or by proxy, subject to the provision as to governmental approval of such amendments set forth in the Articles of Incorporation of the Association.

DSHOA No. 2 Bylaws  
(approved at April 27, 2011 Annual Meeting)

Section 3. Conflicts.

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

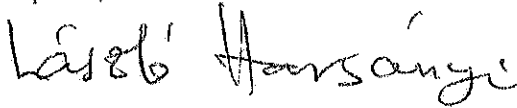
ARTICLE XV: MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December of every year except that the first fiscal year shall begin on the date of incorporation.

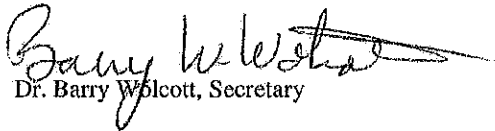
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THIS IS TO CERTIFY that the foregoing is a true and complete copy of the Bylaws of Derwood Station Homeowners Association No. 2, Inc., duly adopted by the members thereof.

April 27, 2011



Laszlo Harsanyi, President



Dr. Barry Wolcott, Secretary

