

BY-LAWS
OF
SUN VALLEY ASSOCIATION, INC.

ARTICLE 1

NAME AND LOCATION

The name of the corporation is SUN VALLEY ASSOCIATION, INC. The principal office of the Association shall be located at 218 Sun Valley Drive, Waldorf, Maryland 20603, or at such other location as the Board of Directors may from time to time designate. Meetings of members and directors may be held at such places within the State of Maryland, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to SUN VALLEY ASSOCIATION, INC., a Maryland nonprofit corporation, its successors and assigns.

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

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners, as defined in the Declaration.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision Plat or Plats of the Property, on which there is constructed or intended to be constructed a residential dwelling.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Property, or, if the Lot is subject to a reversion reserved in a lease redeemable pursuant to Title 8 of the Real Property Article, Annotated Code of Maryland, the owner of the leasehold interest, including contract sellers, but excluding those having an interest in any such Lot merely as security for the performance of an obligation.

Section 6. "Declarant" shall mean and refer to Lennart Larson and Doris K. Larson.

Section 7. "Declaration" shall mean and refer to the

Declaration of Covenants, Conditions and Restrictions applicable to the Property dated the 27th day of April, 1994, and recorded among the Land Records of Charles County, Maryland, in Liber 1969, at folio 222, as the same may be amended from time to time.

Section 8. "Member" or "Members" shall mean and refer to those persons entitled to membership in the Association as provided in the Declaration.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, which is May 5, 1994, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 8:00 o'clock, P. M., or on such other annual date and time as may be fixed by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote at least twenty-five percent (25%) of all of the votes of the Class A membership (as defined in the Declaration).

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary of the Association, or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not more than sixty (60) nor less than fifteen (15) days before such meeting, to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, not less than one-tenth (1/10) of the votes of each class of membership (as defined in the Declaration) shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation of the Association, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid

shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of the Association shall be managed by a Board of three (3) directors, who need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting the Members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years and one (1) director for a term of three (3) years; and at each annual meeting thereafter the Members shall elect one (1) director for a term of three (3) years.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, a successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of the predecessor.

Section 4. Compensation. No director shall receive compensation for any service the Director may render to the Association. However, any director may be reimbursed for the Director's actual expenses incurred in the performance of the Director's duties.

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

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two (2) or more

Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and the Articles of Incorporation. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) directors, after not more than thirty (30) nor less than three (3) days written notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) Adopt and publish reasonable rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and

to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of any 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 rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, 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 such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and

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

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all of 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 twenty-five percent (25%) of the Class A Members who are entitled to vote;

(b) Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

✓(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each 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) foreclose, at its discretion, the lien against any Lot for which assessments are not paid within thirty (30) days after the due date and/or bring an action at law against the owner personally obligated to pay the same; and

(4) provide for the use of annual and special assessments as set forth in the Declaration.

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on the Common Area.

(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;

(h) Enter into an agreement with first mortgagees of Lots in the Property to provide that such first mortgagees, jointly or singly, may pay taxes or other charges which are in default and which may or have become a charge against the Common Area of the Association, and such mortgagees may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such property, and such first mortgagees, upon making such payments, shall be owed immediate reimbursement therefor from the Association;

(i) Establish, levy, assess and collect all assessments referred to or authorized in the Declaration.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for ~~THREE~~ **(1)** years or until a successor is elected, or the officer shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; 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 made by the Association.

Vice President

(b) The Vice-President shall act in the place and stead of the President in the event of the President's absence, or inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as may be required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by the Board of Directors; shall 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 Association shall appoint an Architectural Committee, as provided in the Declaration, and shall appoint a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint such other committees as may be deemed appropriate in carrying out its purpose.

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 By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the rate of ten percent (10%) per annum, and shall be subject to a late charge of Five Dollars (\$5.00) or five percent (5%) of the delinquent assessment, whichever is greater, and the Board of Directors shall have the right to declare the entire balance of the annual assessment and accrued interest thereon to be immediately due and payable. The Association may bring an action at law against the Owner personally

obligated to pay the same and/or without waiving any other right, may foreclose the lien against the Lot, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waiver or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

The Association may establish and enforce the lien of any assessment, annual or special, established pursuant to the Declaration, pursuant to the Maryland Contract Lien Act. The lien is imposed upon the Lot against which such assessment is made. The lien may be established and enforced for damages, costs of collection, late charges permitted by law, and attorney's fees provided for in the Declaration or awarded by a Court for breach of any of the covenants of the Declaration.

ARTICLE XII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: "SUN VALLEY ASSOCIATION, INC., MARYLAND 1994", or in lieu thereof the word "[SEAL]" may be placed adjacent to the signature of an authorized officer of the Association.

ARTICLE XIII

AMENDMENTS

Section 1. These By-Laws 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 at such meeting, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto any amendments as long as there is Class B membership.

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

ARTICLE XIV

RIGHTS OF MORTGAGEES

Section 1. Unpaid Assessments. The Association may, upon request and for a reasonable charge, report to a mortgagee of any Lot any unpaid assessment due from the Owner of the Lot or any default by the mortgagor of the Lot in the performance of the mortgagor's obligations as a Lot Owner hereunder, or under the Declaration or the Articles of Incorporation, which is not cured

within thirty (30) days. In the event a first mortgagee requests a notice of default, and pays the charge therefor, if no notice of default is given within forty-five (45) days after receipt of the request, the Association shall thereafter be estopped to claim any default that occurred prior to the receipt of the Request as respects the said first mortgagee, or any purchaser therefrom upon foreclosure or other exercise of lien rights under the mortgage.

Section 2. Approval Required. In addition to the other provisions of the Declaration, and these By-Laws, and the applicable laws of the State of Maryland, unless at least seventy-five percent (75%) of the first mortgagees (based upon 1 vote for each mortgage) of individual Lots within the Property, have given their prior written approval, the Association shall not be entitled to:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the Association, for the benefit of the Lots, i.e., the Common Area; the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this clause.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner;

(c) By act or omission change, waive or abandon any scheme or regulations or enforcement thereof pertaining to the architectural design or the exterior appearance of any Lot, the exterior maintenance of Lots, the maintenance of party walls or common fences or driveways, or the upkeep of lawns and plantings in the Property;

(d) Fail to maintain fire and extended coverage on insurable Association Common Area property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost);

(e) Use hazard insurance proceeds for losses to any Common Area for other than the repair, replacement or reconstruction of such improvements.

ARTICLE XV

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall provide any indemnification required by the laws of Maryland and shall further indemnify directors, officers, agents and employees as follows:

(a) The Association shall indemnify any director or officer of the Association who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit or proceedings, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was such director or officer or an employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the officer or director in connection with such action, suit or proceeding if the officer or director acted in good faith and in a manner which he/she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith, and in a manner which was reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct was unlawful.

(b) The Association may, in the discretion of the Board of Directors, indemnify any director or officer of the Association who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he/she is or was such a director or officer or an employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by said person in connection with the defense or settlement of such action or suit if he/she acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of a duty to the Association unless and only to the extent that the court in which such action or suit was brought, or any other court having jurisdiction, shall determine that, despite the adjudication of liability, in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) To the extent that a director or officer of the Association has been successful on the merits or otherwise in

defense of any action, suit or proceeding referred to in paragraph (a) or (b) of this Article XV, or in defense of any claim, issue, or matter therein, he may be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith, without the necessity for the determination as to the standard of conduct as provided in paragraph (d) of this Article XV.

(d) Any indemnification under paragraph (a) or (b) of this Article XV (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director or officer is advisable in the view of the Board of Directors and is proper in the circumstances because the director or officer has met the applicable standard of conduct set forth in paragraph (a) or (b) of this Article XV. Such determination shall be made (i) by the Board of Directors of the Association by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or even if obtainable, such a quorum of disinterested directors so directs, by independent legal counsel (who may be regular counsel for the Association) in a written opinion; and any determination so made shall be conclusive.

(e) Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized in the particular case, upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that the officer or director is entitled to be indemnified by the Association as authorized in this Article XV.

(f) Agents and employees of the Association who are not directors or officers of the Association may be indemnified under the same standards and procedures set forth above, in the discretion of the Board of Directors of the Association.

(g) Any indemnification pursuant to this Article XV shall not be deemed exclusive of any other rights to which those indemnified may be entitled and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

ARTICLE XVI

MISCELLANEOUS

The fiscal year of the Association shall be as determined by resolution of the Board of Directors from time to time.

IN WITNESS WHEREOF, we, being all of the directors of the
BROADVIEW FARMS ASSOCIATION, INC., have hereunto set our hands this
27th day of April, 1994.

WITNESS:

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

DIRECTORS:

Lennart Larson
Lennart Larson

Doris K. Larson
Doris K. Larson

Lynn Wells
Lynn Wells