

**AMENDED AND RESTATED BYLAWS
OF
FALLSMEAD HOMES CORPORATION**

Background Statement: These Amended and Restated Bylaws (these “Bylaws”) amend and restate in their entirety the By-laws of Fallsmead Homes Corporation, a Maryland non-profit corporation (the “Corporation”) approved in March 1977. These Bylaws should be read in conjunction with (i) the Articles of Incorporation of the Corporation dated September 7, 1996 and approved and received for record by the State of Maryland Department of Assessments and Taxation on September 9, 1966 (the “Articles”); and (ii) a certain First Amended and Restated Declaration of Covenants, Conditions, and Restrictions dated March ____, 2010 and recorded on March ____, 2010 in Liber _____ at Folio _____ of the Land Records of Montgomery County, Maryland (the “Declaration”). Capitalized terms used and not defined herein shall have the meanings given to them in the Declaration.

ARTICLE I
Definitions

The definitions in Article I of the Declarations are incorporated by reference herein.

ARTICLE II
Name and Location

The full legal name of the Corporation is Fallsmead Homes Corporation. The Corporation shall to the extent required by the Maryland Homeowners Association Act (as amended, and together with any successor or replacement statute(s), the “Act”) or other applicable law, maintain a registered office within the State of Maryland at such place as the board of directors of the Corporation (the “Board”) may designate.

ARTICLE III
Purpose

The Corporation is organized for the purposes of advancing and protecting the general welfare of the owners of Private Dwelling Units (hereafter “Members” as defined in Article I, Section 1(k) of the Declaration) located within the residential community located in Rockville, Montgomery County, Maryland and commonly known as “Fallsmead”, and for the other purposes delineated in the Articles and Declaration.

ARTICLE IV
Membership

Section 1. Voting Rights. Members shall be entitled to one (1) vote for each Private Dwelling Unit in which he/she/they hold(s) the interest required for membership under Section 1 of this Article IV. When more than one (1) person holds such interest, all such persons shall be Members, and the vote for such Private Dwelling Unit shall be exercised as they among

themselves determine, but in no event shall a vote be split or more than one (1) vote be cast with respect to any such Private Dwelling Unit.

Section 2. Use and Enjoyment of Community Properties. Members, the family of a Member(s) residing in a Private Dwelling Unit, tenant(s) residing in a Private Dwelling Unit whose name(s) has been given in writing to the secretary of the Corporation, and other persons permitted under rules and regulations duly adopted by the Board, shall be entitled to the use and enjoyment of the Community Properties.

Section 3. Rights Contingent; Suspension. A Member's right to vote and use the Community Properties is subject to the payment by each Member of Assessments. Such right is also subject to suspension in accordance with the provisions of Section 3 of Article IV of the Declaration.

ARTICLE V

Meetings of the Members

Section 1. Regular Meetings. The Board shall during each calendar year hold two meetings of the Corporation. The annual meeting of the Corporation shall be held between January 1 and April 30 of each year ("Annual Meeting"), and the other regular meeting of the Corporation shall be held in October of each year ("October Meeting"). Notice of such meetings shall be furnished pursuant to Section 6 of this Article V and Section 1 of Article XII of these Bylaws.

Section 2. October Meeting. The October Meeting shall be held for the purposes of (i) submission to the Members for comment of a working budget for the Corporation's next fiscal year; (ii) presentation to the Members of a "State-of-the-Community" report; and (iii) presentation of other items as the Board deems appropriate.

Section 3. Annual Meeting. The Annual Meeting shall be held for the purposes of (i) introduction of new Directors; (ii) announcement of new officers; (iii) committee reports; (iv) presentation of budget for the current fiscal year; (v) presentation of auditor's report; and (vi) presentation of other items as the Board deems appropriate.

Section 4. Special Meetings. Special meetings of Members may be called at any time by (i) a majority vote of a quorum of the Board; (ii) the President; or (iii) a petition representing sixty (60) Private Dwelling Units presented to the President stating the items to be discussed. Discussion at any special meeting shall be limited to agenda items, which shall be published in the notice for the special meeting furnished pursuant to Section 6 of this Article V and Section 1 of Article II of these Bylaws.

Section 5. Quorum. Members in person or by proxy representing ten percent (10%) of all Private Dwelling Units shall constitute a quorum necessary to conduct business of the Corporation at any regular or special meeting of Members. If a quorum is not present at any such meeting, the meeting shall nevertheless constitute fulfillment by the Board of its obligation to hold the same, and items may be discussed and reports given at such meeting, but no official

votes may be taken. If the required quorum is not achieved at any meeting, another meeting may be called, and at any such subsequent meeting those Members present at the meeting, in person or by proxy, shall constitute the required quorum, provided that no such subsequent meeting shall be held more than sixty (60) days following the initial meeting.

Section 6. Notice of Meetings.

(a) The Secretary shall provide Members with notice of each Annual, October or special meeting. Such notice shall be in writing and shall be either delivered or mailed to each Member at least ten (10) days, but not more than ninety (90) days prior to the meeting, at the address shown on the Corporation's roster of Members as of the date of the notice. If mailed, the notice shall be deemed given when deposited in the United States mail, postage prepaid and addressed to the Member at the address on the Corporation's roster as of the date of the notice. Said notice may also be made by "electronic transmission" as defined by the Act, if the requirements of Section 11B-113.1 of the Act are met. The notice shall specify the day or date, time, place and purpose of the meeting.

(b) The notice shall also state that if the number of Members present at a meeting does not constitute a quorum, the meeting may be adjourned and another meeting of the Members may be called for the same purpose, if:

(i) a majority of the Members, present at the meeting in person or by proxy vote to approve the additional meeting; and,

(ii) at least ten (10) but not more than fifty (50) days notice of the time, place and purpose of the additional meeting is delivered or mailed to all Members. The notice shall also set forth that at the additional meeting the Members present at the meeting, in person or by proxy, shall constitute a quorum and that a majority of those Members may take any action which could have been taken at the original meeting.

ARTICLE VI
Board of Directors

Section 1. Duties: Terms of Office. The business and affairs of the Corporation shall be managed by a Board of nine (9) Directors, each of whom shall be a resident Member of the Corporation. Each Director shall be elected to serve a three (3) year term that commences January 1 of the year following his or her election.

Section 2. Annual Elections and Filling Vacancies. Members shall once each year, in accordance with Article XI of these Bylaws, elect three (3) Directors. Vacancies on the Board caused other than by removal of a director shall be filled temporarily by a majority vote of the remaining Directors. Any Director filling a vacancy shall hold office until the next regular election of Directors. When practical, notification of vacancies shall be distributed to Members by the Board and Members shall be encouraged to place their names in nomination for the vacancies to be filled.

Section 3. Removal of Directors. At a duly called regular meeting of the Corporation or a special meeting called for that purpose, any one or more of the Directors may be removed with or without cause by a majority of Members voting in person or by directed proxy so long as the Members voting to remove a Director represent at least sixty-six percent (66%) of the total votes of the Corporation. Any Director whose removal has been proposed by the Members shall be given fifteen (15) days notice of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Any vacancies created by removing one or more Directors may be filled at the same meeting. Successors shall be elected by a plurality vote of those present at the meeting in person and those who have filed a directed proxy, and shall be elected to fill the entire remainder of the original term of the removed Director. Any Director who is removed as a Director pursuant to this Section and also holds an officer position shall also be thereby removed from such office. A Director may resign at any time.

A Director shall be automatically deemed to have resigned if not in attendance at three (3) consecutive regular meetings of the Board unless excused by the Board.

A Director who becomes more than sixty (60) days delinquent in the payment of assessments or other charges shall be automatically deemed to have resigned on the sixty-first (61st) day, or such other time period as provided by a majority vote of the remaining members of the Board who are not related to the offending Director, but not less than the sixty-first (61st) day.

A Director who fails to cure an architectural violation within sixty (60) days of written notice thereof from the Architectural Control Committee ("ACC") or the Board shall be deemed to have automatically resigned on the sixty-first (61st) day after said notice, or such other time period as provided by a majority vote of the remaining members of the Board who are not related to the offending Director, but not less than the sixty-first (61st) day.

Section 4. Board's Authority. The Board shall have the authority and power to:

- (a) take the actions it deems necessary to fulfill its responsibilities provided such actions are not contrary to the Articles, the Declaration, these Bylaws, or duly adopted Member resolutions;
- (b) appoint and remove at its pleasure all officers, agents and employees (if any) of the Corporation, prescribe their duties, fix their compensation (if any), and require of them such security or fidelity bond as the Board deems appropriate;
- (c) establish, levy and assess and collect Assessments, charges and fines;
- (d) adopt, publish and enforce rules and regulations governing the use of Community Properties and the personal conduct of Members and their guests thereon, and to establish penalties, including but not limited to fines, for any violation thereof; and
- (e) exercise for the Corporation all powers, duties and authority vested in or delegated to the Corporation, except those reserved to Members.

Section 5. Board Duties. It shall be the duty of the Board to:

- (a) hold meetings of the Members in accordance with Article VI of these Bylaws;
- (b) act promptly in accordance with all duly adopted Member resolutions;
- (c) cause a complete record of all its acts and corporate affairs to be maintained;
- (d) supervise all officers, agents and employees of the Corporation;
- (e) fix the amount of Assessments at the time and in the manner prescribed by Article V of the Declaration;
- (f) procure and maintain adequate insurance for the benefit of the Corporation, the Board and the Community Properties from insurance providers licensed to do business in the State of Maryland and otherwise acceptable to the Corporation, including, without limitation, (i) liability insurance covering the Corporation, the Directors, and officers, agents and employees (if any) of the Corporation; and (ii) hazard insurance on the Community Properties and such other of the Corporation's real and personal properties as deemed appropriate by the Board;
- (g) provide for the maintenance of all Community Properties;
- (h) appoint the membership of all standing committees of the Corporation and other committees established by the Board pursuant to Section 1 of Article VIII of these Bylaws, and supervise the activities of said committees; and
- (i) prepare and maintain a current list of the Lots and a schedule of assessments or charges applicable thereto (if any).

Section 6. Regular Meetings.

(a) Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Directors, but such meetings shall be held at least once every two (2) months during each fiscal year. Notice of regular meetings of the Board shall be given to each Director by mail or telephone at least ten (10) days prior to the day named for such meeting. Said notice may also be made by "electronic transmission" as defined by the Act, if the requirements of Section 11B-113.1 of the Act are met. The date of the next regular meeting may be set at a meeting and such action shall constitute notice of the next meeting to all Directors present at the prior meeting. Each regular meeting shall provide a designated period of time to allow Members an opportunity to comment on any matter relating to the Corporation. During a meeting at which the agenda is limited to specific topics, the Members' comments may be limited to the topics listed on the meeting agenda.

(b) Regular meetings of the Board, except those held pursuant to Section 11B-111 (4) of the Act, shall be open to all Members. All Members of the Corporation shall be given at least ten (10) days notice of all regularly scheduled open meetings of the Corporation.

(c) Closed Meetings.

(i) A meeting of the Board may be held in closed session for the purposes set forth in the Section 11B-111 of the Act, as amended from time to time. Such purposes include the following:

- a. Discussion of matters pertaining to employees and personnel; or
- b. Protection of the privacy or reputation of individuals in matters not related to Corporation business; or
- c. Consultation with legal counsel; or
- d. Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation; or
- e. Investigative proceedings concerning possible or actual criminal misconduct; or
- f. 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 Corporation; or
- g. Compliance with a specific constitutional, statutory or judicially imposed requirement protecting particular proceeding or matters from public disclosure; or

(ii) If a meeting is held in closed session, an action may not be taken and a matter may not be discussed if it is not permitted by this Section. A statement of the time, place, and purpose of the closed meeting, the record of the vote of each Board member by which the meeting was closed, and the recitation of the authority to close the meeting shall be included in the minutes of the next meeting of the Board.

(d) The notice requirements contained in this Section 6 may be met by the publication to all Members of a schedule setting forth in advance the day or date, time and location of regular Board meetings.

Section 7. Special Meetings. Special meetings of the Board may be called by the President on three (3) business days notice to each Director by mail, in person or by telephone. The notice shall include the day or date, time, place and purpose of the meeting. Upon written request of at least two (2) Directors, special meetings of the Board shall be called by the President or Secretary in like manner and on like notice. Notice to Members of special meetings

of the Board shall be given prior to the meeting in a manner determined by the Board. Each Special meeting shall provide a designated period of time to allow Members an opportunity to comment on the topics listed on the meeting agenda. No business shall be transacted at a special meeting of the Board except that stated in the notice.

Section 8. Quorum. A majority of the Board shall constitute a quorum thereof and the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

Section 9. Adjournment. A meeting of the Board may be adjourned to a specified date by resolution of the Board for the purpose of completing actions on agenda items. When a meeting is so adjourned, the Secretary shall ensure that all Directors have prompt notification of the new meeting time and planned agenda. All Members of the Corporation shall be given reasonable notice of all adjourned open meetings of the Board as determined by the Board.

ARTICLE VII

Officers, Powers and Duties

Section 1. Officers. The officers of the Corporation shall be a president ("President"), a vicepresident ("Vice-President"), a secretary ("Secretary") and a treasurer ("Treasurer"). An officer of the Corporation shall at all times during his or her term be a resident Member of the Corporation, and all officers shall also be a Director, except for the Treasurer who may or may not be a Director as determined by the Board.

Section 2. Selection of Officers. The officers of the Corporation shall be elected by majority vote of the Board.

Section 3. Duties of President. Subject to the control of the Board, the President shall be the Chief Executive Officer of the Corporation. The President shall (i) preside at all meetings of the Board; (ii) implement and execute (and/or cause to be implemented and executed) all orders and resolutions of the Board; (iii) serve as an ex-officio member of all standing committees of the Board; and (iv) have all other powers and perform all other duties prescribed by the Board or elsewhere in these Bylaws or in the Declaration.

Section 4. Duties of Vice-President. In the event that the President is unavailable or otherwise unable to perform the duties of the office, the Vice-President shall have the powers and perform the duties of the office of the President until such time as the President is available and able to resume the duties of the office or until the Board elects a successor to the office of President.

Section 5. Duties of Secretary. The Secretary shall (i) record the votes and keep the minutes of all proceedings of the Board in a book maintained for such purposes; (ii) keep the official records of the Corporation; (iii) record in an appropriate book or other medium, the names and addresses of all Members; (iv) serve as secretary at all meetings of the Members; and (v) file and/or update any and all disclosures or documents with the Clerk of the Court of Montgomery County, Maryland that are required in order to comply with Section 11B-112(c) of

