

**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

the Act. The Secretary may, with the consent of the Board, delegate any of the Secretary's responsibilities to any other Member of the Corporation.

Section 6. Duties of Treasurer. The Treasurer shall (i) keep proper books of account and cause to be made at the completion of each of the Corporation's fiscal years an annual audit of the Corporation's books by a certified public accountant approved by the Finance Committee of the Corporation; (ii) prepare an annual budget and balance sheet and statement of cash flows for presentment at the Annual Meeting (as defined in Section 3 of Article V above); (iii) receive and deposit in bank account(s) maintained by the Corporation all monies of the Corporation; (iv) disburse monies of the Corporation as directed by resolution of the Board, provided however, that a resolution of the Board shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board; and (v) prior to settlement and transfer of title to a Private Dwelling Unit, provide to the new Member a copy of these Bylaws, the Declaration and all published rules and regulations of the Corporation and the resale certificate.

Section 7. Removal or Resignation from Office. Any officer of the Corporation may be removed, either with or without cause, by a majority of the directors of the Board (each a "Director"; collectively, the "Directors"), at any regular or special meeting of the Board. Any officer of the Corporation may resign at any time by giving written notice to the Board, the President and the Secretary. Any such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and, unless otherwise specified in such written notice, the acceptance of such resignation shall not be necessary or requisite to make it effective.

Section 8. Limitations for Office Holders. Each officer of the Corporation shall serve a term of one (1) year. No person may hold any more than one office in the Corporation at the same time. This provision does not prohibit the Vice President from exercising the powers and performing the duties of the President under the circumstances set forth in Section 4 of this Article V.

Section 9. Additional Duties. In addition to those specific duties listed above in this Article, each officer of the Corporation shall perform such other duties as the Board determines to be appropriate.

ARTICLE VIII Committees

Section 1. Standing Committees; Ad Hoc Committees. The standing committees of the Corporation shall be: (i) Nominating and Balloting Committee ("NB Committee"); (ii) Finance Committee; (iii) Grounds and Maintenance Committee; (iv) Architectural Control Committee ("ACC"); (v) Pool Committee; and (vi) Social Committee. The Board shall in its discretion have the authority to establish from time to time ad-hoc and additional standing committees for the benefit of the Corporation and Members, and to assist it in the administration of its duties and responsibilities under these Bylaws and the Declaration.

Section 2. Matters Affecting All Committees. The composition of the ACC, the procedures for architectural review and other matters relating to the ACC are set forth in Articles VI and VII of the Declaration. Each other standing and ad-hoc committee shall consist of a chairperson and such other Members (in good standing) as the chairperson deems necessary to conduct the business of the committee. For purposes of these Bylaws, a Member is in "good standing" if such Member is current on all obligations to pay Assessments, and if such Member's right to vote or use the Community Properties has not been suspended pursuant to Section 4 of Article VIII of the Declaration. If a Committee cannot be composed as above provided, the Board shall select as many Directors as is necessary to fill the Committee.

ARTICLE IX Parliamentary Authority

The parliamentary procedure for the conduct of all meetings of the Corporation and the Board of Directors shall be governed by the version of Roberts' Rules of Order designated by the Board of Directors in its sole discretion to be the "official" Corporation version insofar as it is consistent with these Bylaws and the Declaration. In the event of a conflict, these Bylaws and the Declaration shall prevail.

ARTICLE X Amendments

These Bylaws may be altered, amended or repealed by a majority vote of all Members at the Annual Meeting or any Special Meeting called for that purpose after written notice to all Members of any such proposed action delivered not less than forty-five (45) days prior to the date the of the meeting to vote on such action.

ARTICLE XI Voting

Section 1. Nominations of Directors.

(a) Nominations for Director may be made by Members only, and only Members in good standing may be nominated. It shall be the duty of the NB Committee to insure that there are at least as many nominations for Director as there are vacancies to be filled. Any Member nominated must agree to serve if elected.

(b) The NB Committee shall place in nomination and on the ballot as many nominations for Director made in accordance with these Bylaws as it shall receive from Members. In addition, the NB Committee shall make as many other nominations from consenting Members as it shall in its discretion determine. All nominations not initiated by the NB Committee shall be in writing and shall contain the signature of the nominee (such writing to expressly include nominations communicated by e-mail or other electronic transmission with a confirmed acceptance transmission from the nominee).

(c) The NB Committee may from time to time prescribe rules and requirements for the placing of names in nomination, and the withdrawal of nominees, provided, however, that the notice requirements set forth in Section 1 of Article XII of these Bylaws shall always be observed.

Section 2. Election of Directors.

(a) Each year, the Board shall fix an election date, which shall be the day on which the results are published. The date may be fixed for any time during November or December.

(b) No less than thirty (30) days prior to the election date, the NB Committee shall publish and distribute to Members a ballot (i) setting forth the names of all those persons who have been nominated as candidates for Director in accordance with these Bylaws; (ii) providing clearly defined space to permit the names of candidates, not otherwise in nomination, to be written on the ballot for each of the vacancies to be filled by the election; and (iii) reciting such other procedures as may be duly established.

(c) The polls shall be open for a period of at least thirty (30) days. The method of casting the ballot during the polling period shall be set forth in the duly adopted procedures of the NB Committee, and a summary of the ballot casting method shall be explained in clear and concise language accompanying the ballot.

(d) On the election date, the NB Committee and the Board shall gather together all ballots, count them, tally the results, and make the names of the winning candidates available to each candidate. Each nominated candidate shall be entitled to be present, in person or by his proxy at the time the ballots are counted, but in no event shall more than one (1) individual representing each nominated candidate be permitted to attend the ballot counting.

(e) The NB Committee under its authority in these Bylaws shall prescribe procedures for the counting of ballots, and for the manner in which votes are to be cast.

(f) All elections for Director shall be by secret ballot, and the NB Committee shall adopt such procedures as are necessary to insure the secrecy of the ballot.

(g) Those candidates receiving the highest number of votes shall be elected to the Board. In the event of tie votes, the election shall be resolved by procedures established by the NB Committee and approved by the Board. Cumulative voting is not permitted.

Section 3. Referendum by Written Ballot.

(a) The Board may refer any matter or issue to Members for their decision or determination by written secret ballot. Referendum ballots shall be delivered to Members by the NB Committee within sixty (60) days of any of the following actions: (i) a resolution of a majority of the Board calling for a referendum, adopted in accordance with the requirements of these Bylaws at a meeting convened in accordance with the requirements of these Bylaws; (ii) delivery to the Board of a written petition calling for a referendum and signed by Members

representing not less than sixty (60) Private Dwelling Units; or (iii) the resolution of a majority of Members represented and present at a regular or special meeting of Members convened in accordance with the requirements of these Bylaws.

(b) The Board will cause to be prepared the referendum document. The Board or NB Committee shall publish and distribute a written ballot which shall plainly state the issue, and clearly distinguish between an affirmative or negative vote. Also distributed with the ballot will be a concise, and impartial explanation of the reason for the referendum, its consequences, and the effect thereof on the operations of the Corporation. The Board and the NB Committee shall not discourage public discussion.

(c) A majority of the ballots cast shall decide any referendum issue unless the Articles, the Declaration or these Bylaws expressly provide otherwise.

(d) The distribution and return of referendum ballots and the voting on and counting of such ballots shall be conducted in accordance with the provisions of these Bylaws respecting the election of Directors and any conforming procedures adopted by the NB Committee in connection therewith.

Section 4. Ballots.

(a) Written ballots for the election of Directors and for referenda shall be delivered to Members at their Private Dwelling Units in accordance with the procedures established under these Bylaws, unless a Member instructs the NB Committee in a signed written notice to deliver the ballots elsewhere.

(b) The obligation of the NB Committee in honoring an instruction for delivery of a ballot to a location other than a Private Dwelling Unit (an "Absentee Ballot") shall be satisfied by the placing of the ballot in the U.S. Mail, addressed to the Member at the address supplied in the written request. Any ballot which has been cast, but which has not been received by the NB Committee on or before the stated election date, shall not be counted.

Section 5. Proxy Votes.

(a) All proxies shall be in writing and filed with the Secretary at least twenty-four (24) hours before they are to be first exercised, or delivered to the Secretary immediately prior to the commencement of the meeting at which the proxy is to be exercised. Members may vote by proxy, but the proxy is effective only for a maximum period of eleven (11) months following its issuance unless granted to a lessee or mortgagee. The proxy shall take the form designated by the Board. Any proxy may be revoked at any time at the pleasure of the Member(s) executing the proxy and will automatically cease and terminate upon the termination of any leasehold, if granted to a tenant, or upon the sale or transfer of the Private Dwelling Unit owned by the Member who has given a proxy.

(b) A proxy who is not appointed to vote as directed by any Member may only be appointed for the purposes of meeting quorum requirements and to vote for matters of business

before the Corporation other than an election of members of the Board, any referenda or an amendment to the Declaration or these Bylaws. Only a Member voting in person or via electronic transmission or a proxy voting for candidates designated by an Member, may vote to elect members of the Board. Only a Member voting in person or via electronic transmission or a proxy indicating the Member's vote for or against amendments to the Declaration or these Bylaws or for or against referenda shall be counted in such votes.

ARTICLE XII

General Provisions

Section 1. Notice. All notices or other communications required or permitted pursuant to these Bylaws shall be furnished by the Board in a reasonable manner that complies with the Act. Without limiting the foregoing:

(a) the agenda for any Special Meeting of Members convened pursuant to Section 4 of Article V of these Bylaws shall be set forth in the notice for such meeting;

(b) notice of any meeting called because of a failure to achieve a quorum at any special meeting of Members convened pursuant to Section 4 of Article VI of these Bylaws shall be noticed in the same manner as the Special Meeting at which a quorum was not achieved;

(c) the agenda for any Special Meeting of Directors convened pursuant to Section 7 of Article VI of these Bylaws shall be set forth in the notice for such meeting;

(d) the NB Committee shall with regard to the election of Directors: (i) cause a notice of the election of Directors to be published and distributed to Members no less than forty-five (45) days prior to the date fixed for the election; (ii) include in such notice a description of the term of office and the duties of a Director; and (iii) describe plainly in such notice the manner in which names may be placed in nomination for election as a Director, and set forth the time by which nominations must be received, and to whom they must be delivered in order for the nominations to be accepted; and

(e) to the extent not prohibited by law, all notices or other communications required or permitted pursuant to these Bylaws, may be provided electronically via email, a website sponsored by the Board or other electronic means reasonably calculated to provide notice to the Members of the Corporation.

Section 2. Signature Authority. Unless otherwise expressly delegated by the Board to another officer or agent of the Corporation, the President shall execute all contracts, agreements, deeds, bonds, mortgages, and other obligations and instruments, in the name of the Corporation and the Secretary or other designee of the Board shall attest thereto.

Section 3. Fiscal Year. The fiscal year of the Corporation shall begin on January 1 and end on December 31 of every year.

Section 4. Inspection of Corporate Records. The books and records of the Corporation shall be made available for examination and copying by any Member or such Member's mortgagee, and their respective duly authorized agents or attorneys, during normal business hours, and after reasonable notice, subject to Section 11B-112 of the Act.

Section 5. Corporate Seal. The Corporation may have a seal in circular form having inscribed within its circumference the full name of the Corporation, the year of its organization and the words "Corporate Seal, Maryland."

Section 6. Director and Officer, Committee Members and Volunteer Liability.

(a) Every Member who acts as a Director or officer of the Corporation, as well as all members of committees of the Board and volunteers working on behalf of the Board shall be indemnified by the Corporation for any judgment or award obtained against him or her, as well as expenses actually and necessarily incurred by him or her, including reasonable legal fees to the extent counsel is not provided by the Corporation or by all applicable insurance coverages, in connection with the defense of any claim, action, suit or proceeding in which he or she is made a party by reason of his or her being or having been a Director or officer of the Corporation, a committee member or a volunteer, to the fullest extent permitted by applicable law. The Corporation shall owe no duty to indemnify or advance any legal expenses in the event expressly prohibited by law, if payment is actually made under a valid and collectible insurance policy or other agreement; or in any proceeding initiated by said individual. In the event any such claim, action, suit or proceeding is instituted, the Corporation shall have the right to enter into such settlement or compromise in regard thereto as may be deemed advisable by the Board. The right of indemnification provided in this Section 6 shall be in addition to any rights to which any Director or officer may otherwise be entitled by contract or as a matter of law. Further, nothing herein contained shall be deemed to restrict the right of the Corporation to indemnify the Directors, officers or any agents or employees of the Corporation in such cases as it deems appropriate even though not specifically provided in this Article. In the event insurance coverage maintained by the Corporation pursuant to these Bylaws provides a greater degree of protection to or of the Directors, officers, agents and any employees of the Corporation (e.g., covering acts of gross negligence and willful misconduct), nothing in this Section 6 is intended to or shall be construed as prohibiting such additional protection and indemnification, or relieving any insurance provider of the duty to provide to the fullest extent coverage in accordance with any policy issued to or for the benefit of the Corporation, and any such Director officer, agent and employee.

(b) The Corporation shall not be liable for the failure of any services to be obtained by the Corporation or paid for as a Common Expense, or for injury or damage to persons or property caused by the elements, or Acts of God, or by any Member, or any other person, or resulting from electricity, water, snow or ice which may leak or flow from or over any portion of the Common Areas or from any pipe, drain, conduit, appliance or equipment. The Corporation shall not be liable to any Member for loss or damage by theft or otherwise of articles which may be stored upon any of the Common Areas. No diminution or abatement of any assessments, as herein elsewhere provided, shall be claimed or allowed for inconvenience or discomfort arising

from the making of repairs or improvements to the Common Areas or from any action taken by the Corporation to comply with any law, ordinance or with the order or directive of any municipal or other governmental authority.

Section 7. Payments Credited. Payments received from an Member will be credited to the Member's outstanding balance to the Corporation in the following order:

- (a) Court costs, attorney's fees and other costs of collection;
- (b) Fines, late fees, or accrued interest, as applicable;
- (c) Special assessments; and
- (d) Annual assessments.

Section 8. Resale of Lots.

(a) Notice to Contract Purchaser. A Member shall provide a contract purchaser of the Member's Lot with the following information and disclosures not later than twenty (20) days after entering into the contract:

- (i) copies of the Corporation's Declaration, these Bylaws and the Rules and Regulations;
- (ii) a resale certificate from either the Board or the Treasurer;
- (iii) a statement by the Member as to whether the Member has knowledge:
 - a. that any alteration to the Lot or Dwelling Unit violates any provisions of the Declaration, these Bylaws or the Rules and Regulations; and
 - b. of any violation of the health or building codes with respect to the Lot or Dwelling Unit.
- (iv) such other disclosures as may be required by Maryland law.

(b) Notice to Board of Directors. Upon purchasing a Lot within the Corporation, the Member shall supply the Board of Directors or the Treasurer with a copy of his or her name, address and telephone number, as well as the name and address of the mortgagee holding a first mortgage on the Member's Lot and his or her mortgage account number. A Member's failure to provide the Board of Directors or the Treasurer with this information will render the Member ineligible to vote at any meeting of the Corporation until such time as the Member has complied with this Section.

Section 9. Registration with SDAT. The Corporation shall register with the State Department of Assessments and Taxation (SDAT) by the 15th day of April each year and

provide SDAT with the names and mailing addresses of the Corporation's Officers and Directors as well as the names and mailing addresses of the Corporation's managing agent and resident agent, if any.

Section 10. No-Impact Home-Based Businesses.

(a) No-Impact Home-Based Businesses shall be permitted within the Corporation. Unless otherwise provided by the Act, a "No-impact home-based business" means a business that:

(i) Is consistent with the residential character of the dwelling unit;

(ii) Is subordinate to the use of the dwelling unit for residential purposes and requires no external modifications that detract from the residential appearance of the dwelling unit;

(iii) Uses no equipment or process that creates noise, vibration, glare, fumes, odors, or electrical or electronic interference detectable by neighbors or that causes an increase of common expenses that can be solely and directly attributable to a no-impact home-based business; and

(iv) Does not involve use, storage or disposal of any grouping or classification of materials that the United States Secretary of Transportation or the State or any local governing body designates as a hazardous material.

(b) In accordance with the Act, the approval of a simple majority of the total eligible voters of the Corporation voting in person or by proxy at any annual or special meeting of the Members shall be required to enact a provision prohibiting No-Impact Home-Based Businesses within the Corporation, and said provision shall constitute an amendment to the Bylaws. If enacted, the provision may be eliminated and No-Impact Home-Based Businesses may once again be permitted by the vote of a simple majority of the total eligible Members of the Corporation voting in person or by proxy at any annual or special meeting of the Members.

(c) No business, trade or profession may be engaged in any manner within the Corporation if it is not a No-Impact Home-Based Business as defined by the Act.

Section 11. Conflicts. In the case of any conflict between the provisions (including, without limitation, those relating to amendment) of the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the provisions (including, without limitation, those relating to amendment) the Articles, these Bylaws and the Declaration, the Declaration shall control.

Section 12. Non-Prohibition. Nothing contained in these Bylaws shall be construed to prohibit the employment of any Member, officer or Director of the Corporation in any capacity whatsoever.

CERTIFICATION

The undersigned, duly elected and serving Secretary of Fallsmead Homes Corporation, as the person authorized to count votes of Members, hereby certifies that (i) adoption and recordation of the within First Amended and Restated Bylaws, as corrected in accordance with Section 6 of Article VIII of the Amended and Restated Declaration of Covenants, Conditions and Restrictions, was approved by not less than two-thirds (2/3) of the Members of Fallsmead Homes Corporation; and (ii) the effective date of these First Amended and Restated Bylaws is February 2, 2010.

Cheryl Ann Levine

Print Name: Cheryl Ann Levine

Title: Secretary

Date: March 2, 2010

ATTEST:

David F. Carter

Print Name: David F. Carter

Title: President

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