

SECTION IV

BYLAWS OF THE MONTPELIER COMMUNITY ASSOCIATION

Adopted October 1, 1995; Last revision: 2002

Montpelier Community Association, Inc.
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TABLE OF CONTENTS

ARTICLE I: GENERAL.....	5
Section 1. Applicability.....	5
Section 2. Definitions.....	5
Section 3. Conflict.....	6
Section 4. Purpose.....	6
Section 5. Location.....	6
ARTICLE II: MEMBERSHIP.....	7
Section 1. Qualification.....	7
Section 2. Date.....	7
Section 3. Rights.....	7
Section 4. Roster.....	8
ARTICLE III: MEMBERSHIP MEETINGS.....	9
Section 1. Annual.....	9
Section 2. Special.....	9
Section 3. Location.....	9
Section 4. Notice.....	9
Section 5. Admission.....	9
Section 6. Quorum.....	9
Section 7. Voting.....	9
Section 8. Proxies.....	9
Section 9. Minutes.....	10
Section 10. Audio Recordings.....	10
Section 11. Rules of Order.....	10
ARTICLE IV: TRUSTEES.....	11
Section 1. Number.....	11
Section 2. Qualification.....	11
Section 3. Duties.....	11
Section 4. Term.....	11
Section 5. Nominations.....	11
Section 6. Election.....	12
Section 7. Resignation.....	12
Section 8. Removal.....	12
Section 9. Vacancies.....	12
ARTICLE V: BOARD OF TRUSTEES.....	13
Section 1. Composition.....	13
Section 2. Powers.....	13
Section 3. Duties.....	13

ARTICLE VI: BOARD MEETINGS..... 15
Section 1. Regular..... 15
Section 2. Special..... 15
Section 3. Notice..... 15
Section 4. Quorum..... 15
Section 5. Voting..... 15
Section 6. Admission..... 15
Section 7. Minutes..... 15
Section 8. Audio Recording..... 16
Section 9. Rules of Order..... 16

ARTICLE VII: OFFICERS 17
Section 1. Number..... 17
Section 2. Qualification..... 17
Section 3. Election..... 17
Section 4. Term..... 17
Section 5. President..... 17
Section 6. Vice President..... 17
Section 7. Secretary..... 17
Section 8. Treasurer..... 17
Section 9. Resignation..... 17
Section 10. Removal..... 18
Section 11. Execution of Documents..... 18

ARTICLE VIII: COMMITTEES..... 19
Section 1. Number..... 19
Section 2. Size..... 19
Section 3. Appointment..... 19
Section 4. Chairperson..... 19
Section 5. Removal..... 19
Section 6. Resignation..... 19
Section 7. Reports..... 19
Section 8. Architectural Control and Compliance Committee..... 19
Section 10. Election Committee..... 20
Section 11. Executive Committee..... 20
Section 12. Finance Committee..... 20
Section 13. Nominating Committee..... 20

ARTICLE IX: ARCHITECTURAL CONTROL 21
Section 1. Prior Approval..... 21
Section 2. Due Process..... 21
Section 3. Limitations..... 21
Section 4. Guidelines..... 21

ARTICLE X: COVENANT ENFORCEMENT 22
Section 1. Due Process..... 22
Section 2. Legal Action. 23
Section 3. Record keeping 23
Section 4. Family Day Care Registration..... 23

ARTICLE XI: FINANCE AND ACCOUNTING 25
Section 1. Fiscal Year. 25
Section 2. Books and Accounts. 25
Section 3. Bank Reconciliation. 25
Section 4. Reports..... 25
Section 5. Audits..... 25
Section 6. Budget..... 25
Section 7. Replacement Reserve Fund. 25

ARTICLE XII: INSURANCE 27
Section 1. General..... 27
Section 2. Types..... 27

ARTICLE XIII: BOOKS AND RECORDS 28
Section 1. Archive File..... 28
Section 2. Examination. 28
Section 3. Records Inventory..... 28

ARTICLE XIV: MISCELLANEOUS..... 29
Section 1. Compensation..... 29
Section 2. Liability..... 29
Section 3. Indemnification. 29
Section 4. Conflict of Interest..... 29
Section 5. Mortgagee Rights. 29
Section 6. Severability. 30
Section 7. Captions. 30
Section 8. Waiver. 30
Section 9. Gender and Grammar. 30
Section 10. Depository..... 30

ARTICLE XV: AMENDMENTS 31
Section 1. General..... 31
Section 2. Petition..... 31
Section 3. Notice..... 31
Section 4. Vote..... 31

ARTICLE I: GENERAL

Section 1. Applicability.

These Bylaws provide for the governance of the Montpelier Community Association, Inc. The Association is incorporated as a non-stock corporation under the laws of the State of Maryland. The Association property is located in Prince Georges County, Maryland, and is more particularly described in the Declaration.

Section 2. Definitions.

Capitalized terms used in these Bylaws shall have the following meanings:

- a. "Act" shall mean and refer to the Maryland Homeowners Association Act.
- b. "ACC Committee" shall mean and refer to the Architectural Control and Compliance Committee.
- c. "Annual Meeting" shall mean and refer to the Annual Meeting of the Members.
- d. "Articles" shall mean and refer to the Articles of Incorporation of the Association.
- e. "Association" shall mean and refer to the Montpelier Community Association, Inc.
- f. "Board" shall mean and refer to the Board of Trustees of the Association.
- g. "Bylaws" shall mean and refer to the Bylaws of the Association.
- h. "Chairperson" shall mean and refer to the person running a Membership meeting, Board meeting or Committee meeting.
- i. "Committee" shall mean and refer to a committee of the Association.
- j. "Common Areas" shall mean and refer to the areas of land specified in the Declaration to be devoted to the common use and enjoyment of the Members.
- k. "Covenants" shall mean and refer to the covenants contained in the Declaration.
- l. "Declaration" shall mean and refer to Declarations of Covenants and all amendments and supplements thereto applicable to the Lots and Common Areas in Montpelier.
- m. "Employee" shall mean and refer to an employee of the Association.
- n. "Lot" shall mean and refer to any plot of land specified in the Declaration that is subdivided for residential use.
- o. "Member" shall mean and refer to a record owner of any Lot.
- p. "Montpelier" shall mean and refer to the subdivision of Montpelier in Prince George's County, Maryland.
- q. "Mortgagee" shall mean and refer to a holder of any mortgage or deed of trust encumbering a Lot.
- r. "Newsletter" shall mean and refer to the Newsletter of the Association.
- s. "Officer" shall mean and refer to an Officer of the Association.
- t. "President" shall mean and refer to the President of the Association.
- u. "Resolution" shall mean and refer to statements of policy and procedure that clarify existing standards of conduct, establish standard forms and preserve consistency in practice and

procedure.

- v. "Roster" shall mean and refer to a listing of Members.
- w. "Rules and Regulations" shall mean and refer to supplemental rules and restrictions authorized by the Declaration, Articles or promulgated by the Board.
- x. "Secretary" shall mean and refer to the Secretary of the Association.
- y. "Tenant" shall mean and refer to anyone who pays rent to a Member to occupy a Lot.
- z. "Treasurer" shall mean and refer to the Treasurer of the Association.
- aa. "Trustee" shall mean and refer to a Trustee of the Association.
- bb. "Vice President" shall mean and refer to the Vice President of the Association.

Section 3. Conflict

The provisions of the Declaration and the Articles are hereby incorporated by reference. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control. In the event of any conflict between these Bylaws and the Articles, the Articles shall control.

Section 4. Purpose.

The purpose of the Association is to:

- a. promote the health, safety, and welfare of the residents of Montpelier;
- b. enforce any and all Covenants, restrictions, Resolutions, Rules and Regulations, and agreements applicable to the Common Areas and Lots; and
- c. own and maintain facilities for recreational activities on behalf of the Members.

Section 5. Location.

The principal office, mailing address, and telephone number of the Association shall be established by a Board Resolution.

ARTICLE II: MEMBERSHIP

Section 1. Qualification.

Every person or entity who is a record owner of any Lot subject to the Declaration shall be deemed to be a Member of the Association. Membership is mandatory and shall be appurtenant to and may not be separated from such ownership. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

Section 2. Date.

Membership shall occur automatically with the acquisition of legal title to a Lot.

Section 3. Rights.

Each Member shall be entitled to:

- a. attend and participate fully in the discussions and deliberations at any Member meeting;
- b. attend any open Board meeting or open Committee meeting. A Member wishing to address the meeting must give notification to the Chairperson prior to the meeting;
- c. receive notice of all Member meetings and open Board meetings;
- d. vote at a Member meeting subject to the limitation that only one (1) indivisible vote may be cast with respect to each Lot.
- e. use and enjoy the Common Areas subject to the Rules and Regulations. Any Member may delegate the rights of use and enjoyment of the Common Areas to a family member or Tenant who resides on the Lot. The right of any Member, family member, or Tenant to use and enjoy the Common Areas may be suspended by the Board for

- (1) failure to pay an assessment; or
- (2) violation of any Rules and Regulations.

Such rights suspended for failure to pay an assessment, related fee, or fine shall be automatically restored when the assessment, related fee, or fine is paid. Suspensions of such rights for a violation of any Rules and Regulations shall not exceed thirty (30) days.

- f. Pursuant to the Act, review and copy, at a reasonable charge, any minutes, financial statements, audit reports, audio recordings, membership lists, or any other records of the Association except:
 - (1) personnel records;
 - (2) individual medical records;
 - (3) individual financial records;
 - (4) records relating to business transactions in negotiation; or
 - (5) the written advice of legal counsel.

Section 4. Roster.

A Member Roster shall be maintained. For each Member, the Roster shall include the:

- a. name of the Member;
- b. mailing address of the Member;
- c. street address of the Lot;
- d. telephone number;
- e. number of the Lot; and
- f. membership date.

ARTICLE III: MEMBERSHIP MEETINGS

Section 1. Annual.

An Annual Meeting of the Members shall be held in September of each year. At the Annual Meeting, the Members shall elect Trustees and transact other business of the Association as may properly come before them.

Section 2. Special.

A special Member meeting shall be called by the President within sixty (60) days either:

- a. as directed by a Board resolution; or
- b. upon the receipt of a petition signed by Members representing at least thirty-five (35) Lots.

Section 3. Location.

Member meetings shall be held at a time of day and at a place designated by the Board.

Section 4. Notice.

Notice shall be given by publication in the Newsletter or other written instrument delivered to each member at least ten (10) days but no more than sixty (60) days prior to the Member meeting. The notice shall state the purpose of the meeting and shall include a proposed agenda.

Section 5. Admission.

Pursuant to the Act, all meetings of Members shall be open to all Members or their duly authorized agents.

Section 6. Quorum.

The presence at a meeting of Members in person or by proxy of Members representing thirty-five (35) Lots shall constitute a quorum for any business not governed by the Articles or the Declaration. A quorum shall be required to conduct official business.

Section 7. Voting.

The votes of a simple majority of the Members, present and voting either in person or by proxy, subject to the limitation that only one (1) indivisible vote may be cast with respect to each Lot, shall decide any question not governed by the Articles or the Declaration.

Section 8. Proxies.

Any Member may empower any other Member to act for the Member as a proxy at a Member meeting.

- a. The proxy shall:
 - (1) be in writing, signed by the member, and take the form designated by a Board resolution, and

- (2) be filed with the Secretary prior to the call to order of a membership meeting at which the proxy will be used.
- b. The proxy shall include specific instructions in the case of elections, Bylaw amendments and other specific agenda proposals that will be brought before the meeting.
- c. The proxy shall continue in effect until the meeting, including an adjournment to a subsequent time, is completed or the proxy is revoked by:
 - (1) delivering a written notice of revocation to the Secretary;
 - (2) executing a later proxy; or
 - (3) attending a meeting and voting in person.

Section 9. Minutes.

Minutes of Member meetings shall be taken and published in the Newsletter after review by the Board. The minutes shall include the following information:

- a. type of membership meeting;
- b. date, time, and place of the meeting;
- c. Chairperson of the meeting;
- d. number of Members present in person;
- e. number of Members present by proxy;
- f. all motions brought before the meeting and their disposition; and
- g. time of adjournment.

An exhibit attached to the minutes shall list the Members present, in person or by proxy, and their respective Lot numbers.

Section 10. Audio Recordings.

An audio recording shall be made of all Member meetings.

Section 11. Rules of Order.

The latest edition of Robert's Rules of Order Newly Revised shall be the parliamentary authority used at Member meetings where such rules and procedures are not inconsistent with these Bylaws. In the event of a conflict between Robert's Rules of Order Newly Revised and these Bylaws, these Bylaws shall control. In the event of a conflict between Robert's Rules of Order Newly Revised and a Resolution of the Members, the Resolution of the Members shall control.

ARTICLE IV: TRUSTEES

Section 1. Number.

The affairs of the Association shall be managed by nine (9) Trustees.

Section 2. Qualification.

All Trustees shall be natural persons and Members.

Section 3. Duties.

Trustees shall have a fiduciary relationship with the Members and a duty of due care and diligence with respect to the property and affairs of the Association. Each Trustee shall:

- a. remain informed at all times about the business of the Association;
- b. attend and participate in Board meetings;
- c. obtain and read on a timely basis the monthly financial statements and the minutes of Board meetings;
- d. act in the best interests of the Association;
- e. act in accordance with the provisions of the Articles, the Declaration, and these Bylaws;
- f. exercise reasonable diligence in carrying out and following through on responsibilities assumed or assigned to the Trustee.

Section 4. Term.

Except for Trustees appointed due to a vacancy, the term of service of a Trustee shall be one (1) year. The term for all elected Trustees shall begin as of the October Board meeting. The term for Trustees appointed due to a vacancy shall be the balance of the remaining term.

Section 5. Nominations.

Nominations for Trustee to be elected at the Annual Meeting shall be made by a written petition signed by two (2) Members other than the nominee and received by the Secretary on or before August 10.

- a. The petition shall be in a form prescribed by the Board to include:
 - (1) a signed statement from the nominated Member that the nominee is willing to serve if elected and has read and agrees to abide by and enforce the Articles, the Declaration, and these Bylaws;
 - (2) a brief biographical sketch and/or position statement of the nominee not to exceed two hundred (200) words; and
 - (3) answers by the nominee to specific questions on issues formulated by the Nominating Committee if deemed necessary.
- b. Nominee information shall be printed in alphabetical order and accompany the notice of the Annual Meeting.

Section 6. Election.

Trustees shall be elected at the Annual Meeting to fill all vacancies on the Board.

- a. Candidates for election shall be listed in alphabetical order on a printed ballot.
- b. Each Member shall be permitted to cast a number of votes equal to the number of Trustees to be elected, subject to the limitation that only one (1) indivisible vote per Lot may be cast for each vacancy.
- c. The ballots shall be counted and the results announced by the Election Committee at the Annual Meeting.

Section 7. Resignation.

The resignation of a Trustee is effective when submitted orally or in writing to any member of the Board. Oral resignations are to be verified with the resigning Trustee without delay by one or more other Board members. A resignation shall be deemed to have been submitted by a Trustee who:

- a. becomes delinquent in the payment of an assessment as specified in Section 9, Article V, Section II of the Declaration of Covenants; or
- b. is not in attendance at three (3) consecutive regular Board meetings; or
- c. is no longer a Member.

Section 8. Removal.

Removal of a Trustee shall occur only at the Annual Meeting or at a Special Member Meeting. A written petition signed by at least thirty- five (35) Members and received by the Secretary at least five weeks prior to a membership meeting shall allow the question to come before such membership meeting. The Board shall schedule a Special Member Meeting as soon as possible following receipt of the petition for removal and said member meeting should be scheduled within sixty (60) days. A Trustee whose removal has been proposed shall be given written notice by the Board and shall have an opportunity to be heard at the membership meeting prior to the vote.

Section 9. Vacancies.

A vacancy on the Board caused by the resignation or removal of a Trustee shall be filled as soon as possible by an appointment made by the remaining Trustees at a duly called Board meeting in compliance with Article VI of these Bylaws. Each person so appointed shall serve as a Trustee until a successor Trustee is elected at the next Membership Meeting. In the event that the Board cannot fill a vacancy, or if five (5) or more vacancies exist at the same time, a special meeting of the Members shall be called as soon as possible for the purpose of electing Trustees.

ARTICLE V: BOARD OF TRUSTEES

Section 1. Composition.

All nine (9) duly elected or appointed Trustees shall constitute the Board.

Section 2. Powers.

The Board shall have the power to:

- a. Enter into agreements for the operation, improvement, care, and maintenance of the Common Areas;
- b. Obtain management, legal, accounting, or auditing services;
- c. Employ personnel necessary for the good working order of the Association;
- d. Adopt Board Resolutions which are not in conflict with the Articles, the Declaration, or these Bylaws;
- e. Borrow up to ten thousand dollars (\$10,000) for a period of up to twelve (12) months on behalf of the Association;
- f. Suspend the use and enjoyment of the Common Areas and the voting rights of any Member who has a recorded statement of lien on the Lot of the Member for assessments owed to the Association;
- g. Remove any Officer or Committee member for cause shown;
- h. Enter into contracts on behalf of the Association for a period not to exceed two (2) years;
- i. Call a special meeting of the Members.

Section 3. Duties.

It shall be the duty of the Board to:

- a. Enforce any and all covenants, restrictions, and agreements applicable to the Common Areas and Lots;
- b. Cause the Association to function in accordance with the provisions of the laws of the State of Maryland, the laws of Prince George's County, the Declaration, the Articles, Member Resolutions, Board Resolutions, and these Bylaws;
- c. Cause to be kept a complete record of all of its acts and corporate affairs and to present a report thereof at the Annual Meeting;
- d. Supervise all Officers, agents, and Employees of the Association to assure that their duties are properly performed;
- e. Prepare and operate within an annual balanced budget;
- f. Fix and collect the annual assessment;
- g. Protect the Common Areas against foreclosure;
- h. Maintain the Common Areas;

- i. Obtain at least three (3) estimates for any expenditure, contract, or policy in excess of one thousand dollars (\$1,000.00) except in an emergency;
- j. Adopt and publish Rules and Regulations governing the use of the Common Areas and the personal conduct of Members and their guests thereon;
- k. Publish a Newsletter which includes the approved minutes of Board meetings and approved monthly financial reports which have not been previously published in the Newsletter;
- l. Carry out any Resolution adopted at a membership meeting;
- m. Appoint Officers and members of Committees;
- n. Review the actions of the Executive Committee.

ARTICLE VI: BOARD MEETINGS

Section 1. Regular.

Regular Board meetings shall be held monthly at such date, time, and place as is determined by the Board.

Section 2. Special.

Special Board meetings may be called by either the President or a petition signed by any two (2) Trustees.

Section 3. Notice.

Notice of a regular Board meeting shall be given to Trustees and Members by publication in the Newsletter at least ten (10) days but no more than seventy-five (75) days prior to the meeting. Notice of a special Board meeting shall be given in writing, in person, or by telephone to Trustees and Members at least three (3) days prior to the meeting.

Section 4. Quorum.

The presence in person of five (5) Trustees shall constitute a quorum at a Board meeting. A quorum shall be required to conduct official business.

Section 5. Voting.

The votes of a simple majority of Trustees present and voting shall decide any question brought before the Board. The vote of each Trustee shall be recorded. No votes shall be cast by proxy.

Section 6. Admission.

All Board meetings shall be open to all Members and their duly authorized agents.

Section 7. Minutes.

Minutes of all Board meetings shall be taken and published in the Newsletter after Board approval at a subsequent Board meeting. The minutes shall include the:

- a. date of the meeting;
- b. place of the meeting;
- c. name of the Chairperson conducting the meeting;
- d. time the meeting was called to order;
- e. names of Trustees present;
- f. names of Trustees absent with cause;
- g. names of Trustees absent without cause;
- h. names of Members and other persons present;

- i. motions brought before the Board and the disposition of those motions. If a vote is not unanimous with no abstentions, the minutes shall reflect the name of each Trustee who:
 - (1) voted for the motion;
 - (2) voted against the motion; and
 - (3) abstained from voting.
- j. time of adjournment.

Section 8. Audio Recording.

An audio recording shall be made of all Board meetings.

Section 9. Rules of Order.

The latest edition of Roberts Rules of Order Newly Revised shall be the parliamentary authority used at Board meetings. In the event of a conflict between Robert's Rules of Order Newly Revised and these Bylaws, these Bylaws shall control. In the event of a conflict between Robert Rules of Order Newly Revised and a Board Resolution, the Board Resolution shall control.

ARTICLE VII: OFFICERS

Section 1. Number.

There shall be four (4) Officers: a President, a Vice President, a Secretary, and a Treasurer.

Section 2. Qualification.

Each of the Officers shall be a Trustee.

Section 3. Election.

Each Officer shall be elected by the Board at the first Board meeting following the Annual Meeting.

Section 4. Term.

Each Officer shall serve a term of one (1) year.

Section 5. President.

The President shall be the chief executive officer and principal representative of the Association. The President shall serve as the Chairperson of the Board and the Chairperson of the Executive Committee. The President shall preside at all meetings of the Members.

Section 6. Vice President

The Vice President shall perform the duties of the President in the absence of the President and serve on the Executive Committee.

Section 7. Secretary.

The Secretary shall take the minutes, or cause the minutes to be taken, in the manner prescribed by these Bylaws of all meetings of the Members and of the Board and shall present same for approval at the next meeting. The Secretary shall maintain, or cause to be maintained, the Roster and have charge of all the books and records of the Association.

Section 8. Treasurer.

The Treasurer shall be the chief financial officer of the Association. The Treasurer shall be responsible for a system of internal control that assures proper recording and reporting of receipts, disbursements, assets, and liabilities in accordance with generally accepted accounting principles. The Treasurer shall maintain, or cause to be maintained, accurate financial records and books of account and prepare, or cause to be prepared, monthly and annual financial reports. The Treasurer shall serve as the Chairperson of the Finance Committee.

Section 9. Resignation.

The resignation of an Officer is effective when submitted orally or in writing to any member of the Board. Oral resignations are to be verified with the resigning Trustee without delay by one or more other Board

members. A resignation shall be deemed to have been submitted by a Trustee who:

- a. Becomes delinquent in the payment of an assessment as specified in Section 9, Article V, Section II of the Declaration of Covenants.
- b. is not in attendance at three (3) consecutive regular Board meetings; or
- c. is no longer a Member.

Section 10. Removal.

An Officer may be removed by a vote of the Board.

Section 11. Execution of Documents.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association for expenditures or obligations shall be executed by any two Trustees, one (1) of whom shall be an Officer.

ARTICLE VIII: COMMITTEES

Section 1. Number.

The Board shall appoint the following standing Committees: Architectural Control and Compliance, Election, Executive, Finance, and Nominating. The Board may appoint such other Committees as it deems desirable.

Section 2. Size.

Unless otherwise provided in this Article, each Committee named in Section 1 shall consist of not less than three (3) Members, a majority of whom shall not be Trustees.

Section 3. Appointment.

Committee members shall be appointed by the Board and serve at the pleasure of the Board.

Section 4. Chairperson.

Except for the Executive Committee and the Finance Committee, chairpersons shall be appointed by the Board.

Section 5. Removal.

Any Committee member may be removed by the Board.

Section 6. Resignation.

The resignation of a Committee member is effective when submitted orally or in writing to any member of the Board. Oral resignations are to be verified with the resigning Committee member without delay by one or more Board members. A resignation shall be deemed to have been submitted by a Committee member who:

- a. Becomes delinquent in the payment of an assessment as specified in Section 9, Article V, Section II of the Declaration of Covenants.
- b. is not in attendance at three (3) consecutive regular Committee meetings; or
- c. is no longer a Member.

Section 7. Reports.

Each Committee shall provide a report at each regular Board meeting. All Committee actions are subject to review and approval by the Board except the Executive Committee which is subject only to review.

Section 8. Architectural Control and Compliance Committee.

The Architectural Control and Compliance Committee shall review, investigate, and advise Members with respect to Covenant compliance. This Committee shall receive, review, document, and investigate all written reported violations of the Covenants. This Committee shall, as deemed necessary, send violation

notices to Members, levy fines, conduct hearings, and make recommendations to the Board.

Section 9. Election Committee.

The Election Committee shall administer the election of Trustees and count the ballots. No candidate for election shall serve on the Election Committee.

Section 10. Executive Committee.

Except as limited by Resolutions of the Board, the Executive Committee shall conduct the affairs of the Association between the regular meetings of the Board. The Executive Committee shall consist of the President, Vice President and one (1) other Trustee. The President shall be Chairperson of this Committee.

Section 11. Finance Committee.

The Finance Committee shall review the books and records of the Association, formulate an annual budget and review the overall financial procedures of the Association. This Committee may also review, study and make recommendations to the Board on any matter concerning the finances of the Association. The Treasurer shall be the Chairperson of this Committee.

Section 12. Nominating Committee.

The Nominating Committee shall seek and nominate to the Members annually at least nine (9) candidates for election to the Board. This Committee shall also seek and nominate candidates for Committee membership as deemed necessary by the Board.

ARTICLE IX: ARCHITECTURAL CONTROL

Section 1. Prior Approval.

A Member shall not make changes or architectural alterations to the external appearance of any structure on any Lot, until the complete plans and specifications have been approved in writing by the Architectural Control and Compliance Committee.

Section 2. Due Process.

Upon approval of a request for architectural changes, the approved plans and specifications submitted shall become part of the Association's records and a copy bearing written approval shall be returned to the Member. A Member who is aggrieved by any action of the ACC Committee may appeal to the Board, and, upon written request of the Member, shall be entitled to a hearing before the Board.

Section 3. Limitations.

Construction or alterations in accordance with approved plans and specifications pursuant to the provisions of this Article shall be commenced within six (6) months following the date upon which the same were approved and shall be substantially completed within twelve (12) months. In the event alterations have not commenced within six (6) months, then approval of the plans and specifications shall be conclusively deemed to have lapsed and compliance with this Article shall again be required. Approval of plans and specifications does not constitute a certification of structural soundness or constitute compliance with governmental building codes, zoning codes, or other regulations. Approval of any particular plans and specifications shall not be construed as a waiver of the right of the ACC Committee to disapprove identical or similar plans and specifications in the event such plans are submitted for use by another Member.

Section 4. Guidelines.

The Board may promulgate guidelines regarding the form and content of plans and specifications to be submitted for approval. The Board may also promulgate statements of architectural policy, standards, guidelines, designs and styles as it deems appropriate. No such guidelines or the like shall be construed as a waiver of the provisions of this Article or any other provisions or requirements of the Covenants.

ARTICLE X: COVENANT ENFORCEMENT

Section 1. Due Process.

The following process shall be complied with in the enforcement of covenants:

- a. **Complaint:** When a written complaint from a Member detailing an alleged covenant violation is received by the Association, the Architectural Control & Compliance Committee shall investigate or cause to be investigated, the complaint. The ACC Committee shall try to informally resolve the situation by discussing the complaint with the complainant and the alleged violator. A written report of the results shall be prepared in no more than 45 days.
- b. **Determination:** If a resolution is not reached informally with both the complainant and the alleged violator, the ACC Committee shall, based on the information available to it at the time, either
 - (1) dismiss the complaint as being unwarranted; or
 - (2) find that a covenant violation has occurred and specify such corrective action as it may be deemed appropriate; and
 - (3) notify the complainant and the alleged violator of the determination in writing within (30) days after the written report in "a" is prepared.
- c. **Demand:** If the violator fails to comply with the determination within (30) days, written demand to cease and desist from the violation shall be served upon the violator specifying:
 - (1) the nature of the violation;
 - (2) the action required to abate the violation; and
 - (3) a time period of not less than ten (10) days, nor more than thirty (30) days during which the violation may be abated without further sanction.
- d. **Notice:** If the violation continues past the period allowed in the demand for abatement without penalty as provided in this Article, or if the same violation is again determined to occur within a twelve month period, the violator shall be served with a written notice of a hearing to be held by the ACC Committee. The notice shall contain:
 - (1) the nature of the violation;
 - (2) the time and place of the hearing to be held not less than ten (10) days from the giving of notice;
 - (3) an invitation to attend the hearing and produce any statement, evidence, and witnesses; and
 - (4) the proposed sanction to be imposed.
- e. **Hearing:** The hearing shall be held at an Architectural Control and Compliance Committee meeting and shall afford the violator a reasonable opportunity to be heard. Proof of notice and the invitation to be heard shall be placed in the minutes of the ACC Committee meeting. Proof of notice shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the person who delivered the notice. The notice requirement shall be deemed satisfied if the violator appears at the hearing.
- f. **Appeals:** Any party may appeal a decision of the ACC Committee to the Board, provided that all subordinate avenues of resolution have been pursued. Through a majority vote, the Board may:

- (1) uphold the decision in its entirety;
 - (2) amend the decision; or
 - (3) overturn the decision.
- g. Sanctions: Sanctions may be in the form of suspension of all privileges to use the Common Area facilities and/or fines. If the imposed fine remains unpaid, it will accrue and become a continuing lien on the Lot/Owner.

An appropriate schedule of fines shall be established by the ACC Committee, approved by the Board of Trustees, and applied on a case-by-case basis to uncorrected violations.

All legal and administrative costs associated with enforcement of this section shall be borne by the homeowner in violation.

- h. Limitation: Within the Association, a decision by the Board is final. If further action is initiated by the Association, the complainant, or the violator, it will be through legal proceedings in a court of law.

Section 2. Legal Action.

The Association shall take legal action to remove the violation only after due process provisions of this Article have been exhausted.

Section 3. Recordkeeping

A complete and permanent record of each written reported violation shall be kept by the ACC Committee. Each incident during a calendar year shall be assigned a consecutive case number consisting of the last two digits of the year followed by a hyphen and the consecutive number of the violation during the year. The record for each case shall include at a minimum:

- a. written complaint;
- b. investigation report;
- c. informal resolution attempts;
- d. determination;
- e. demand notices;
- f. hearing notices;
- g. hearing minutes;
- h. final resolution.

Section 4. Family Day Care Registration.

A Notice of Operation of a Family Day Care Home shall be filed with the ACC Committee by any individual operating such an enterprise at least thirty (30) days prior to beginning such operation. The Notice shall contain:

- a. the name of the resident who will operate the Family Day Care home (the Operator);

- b. the resident's (Operator) address;
- c. the resident's (Operator) telephone number;
- d. the date upon which the family day care operation will commence;
- e. a statement, under oath, representing that the Operator has obtained liability insurance in the type and amount specified in the provisions of the Maryland Code, Article 48A, Section 481D.

ARTICLE XI: FINANCE AND ACCOUNTING

Section 1. Fiscal Year.

The fiscal year of the Association shall be the calendar year.

Section 2. Books and Accounts.

The books of the Association shall be kept in accordance with generally accepted accounting principles. An accurate and complete record, in chronological order, of receipts and disbursements shall be maintained.

Section 3. Bank Reconciliation.

All bank statements of the Association shall be reconciled monthly.

Section 4. Reports.

Monthly and annual financial reports shall be prepared and published by the Treasurer using generally accepted accounting methods.

Section 5. Audits.

An annual outside, independent financial audit shall be done.

Section 6. Budget.

The Association shall operate with a balanced annual budget showing for each month expected operating receipts, operating disbursements, expenditures for long term assets, and changes in the replacement reserve fund.

- a. The Treasurer shall propose prior to the annual meeting a preliminary balanced budget for the next calendar year.
- b. The incoming Board shall cause the annual budget for the next calendar year to be published in the Newsletter at least thirty (30) days before the annual budget is adopted by the Board and invite comments from the Members.
- c. The Board shall adopt no later than December 15 of each year a balanced annual budget for the next calendar year. A copy of the adopted Annual Budget shall be published in the first issue of the Newsletter distributed in the next year.
- d. The Treasurer shall prepare, or cause to be prepared, for presentation at the monthly Board meeting, a Budget Variance Report showing monthly and year-to-date budgeted amounts, actual amounts, and variances from budgeted amounts as of the end of the preceding month. The Budget Variance Report shall be distributed to each Trustee on or before each Regular Board Meeting and shall be published in the next issue of the Newsletter.

Section 7. Replacement Reserve Fund.

The Association shall establish and maintain a Replacement Reserve Fund. The Replacement Reserve

Fund may be expended only for the purpose of effecting the replacement of the common areas and equipment of the Association

- a. A minimum of ten percent (10%) of the total annual assessment shall be deposited in the Replacement Reserve Fund annually except in those circumstances where the Reserve Fund is fully funded. It is the primary responsibility of the Board to assure that the Replacement Reserve Fund is fully funded and not fall to a level less than ninety percent (90%) of the required amount. Should circumstances cause the reserve fund to fall below the ninety percent (90%) level, the board must take immediate action to bring the fund level to the required minimum and report to the Membership the circumstances and proposed action.
- b. Amounts in the Replacement Reserve Fund shall be segregated from other funds of the Association and invested in interest bearing instruments such as treasury bills, treasury notes, certificates of deposit, or other instruments backed by either the full faith and credit of the United States Treasury or by the Federal Deposit Insurance Corporation.
- c. The proportionate interest of any Member in the Replacement Reserve Fund shall be considered an appurtenance of the Lot. It shall not be separately withdrawn, assigned, transferred, or otherwise separated from the Lot to which it appertains and shall be deemed to be transferred with such Lot.
- d. The Treasurer shall cause to be prepared a five (5) year forecast of anticipated expenses funded from the Replacement Reserve Fund as defined in Section 7 hereto. The forecast shall be updated annually and presented to the membership in time for preparation of the annual budget. This forecast shall be used as the basis for determining the proposed annual budget requirements for the Replacement Reserve Fund.

ARTICLE XII: INSURANCE

Section 1. General.

The Association shall maintain insurance against property damage and liability with respect to the Common Areas and liability with respect to the Trustees, Officers, Employees, and members of Committees.

Section 2. Types.

The Association shall establish and maintain:

- a. Blanket TM fire insurance policy insuring the Common Areas, together with all equipment contained therein, in an amount equal to one hundred percent (100%) of the current replacement cost of the property.
- b. A comprehensive general liability insurance policy insuring each Trustee, Officer, and Member against any liability incident to the ownership of the Common Areas in a minimum amount equal to two million dollars (\$2,000,000) covering all claims for bodily injury or property damage arising out of each occurrence.
- c. Trustees and Officers liability insurance affording protection to the Trustees and Officers for expenses and fees incurred by any of them in defending any suit or settling of any claim, judgment, or cause of action to which any such Trustee or Officer shall have been made a party by reason of services as such.
- d. Fidelity bonds against dishonest acts on the part of Trustees, Officers, and Employees and all others who handle or are responsible for handling funds of the Association. Such fidelity bonds shall contain a waiver of any defense based upon the exclusion of persons who serve without compensation from any definition of TM or similar expression.
- e. Workers compensation insurance if and to the extent necessary to meet the requirement of law.

ARTICLE XIII: BOOKS AND RECORDS

Section 1. Archive File.

The following books, records, and publications of the Association shall be kept in an organized centralized archive file for the following:

- a. In perpetuity:
 - (1) Articles, Declaration, Bylaws and amendments;
 - (2) tax returns, independent and internal audits;
 - (3) current county zoning ordinances;
 - (4) Montpelier subdivision plats and maps.
- b. For a period of ten (10) years:
 - (1) Architectural Control and Compliance Committee correspondence;
 - (2) Member, Officer and Board correspondence.
- c. For a period of five (5) years:
 - (1) minutes and/or audio recordings of Member meetings, Board meetings and Committee meetings;
 - (2) Newsletters;
 - (3) Association property listings and warranties (five years after expiration or life of the item whichever is longer);
 - (4) service contracts, insurance policies, county permits, and vendor directories;
 - (5) Member Roster;
 - (6) annual budget reports, balance sheets, income statements, bank statements, and accounting journals and ledgers.
- d. For a period of one (1) year:
 - (1) voting register, proxy register and election ballots.

Section 2. Examination.

Pursuant to the Act, all books, records, and publications of the Association shall be made available for examination by a Member, by appointment, and after notice of five (5) or more business days. There shall be no charge for reviewing books, records, or publications, however, a charge may be imposed for copies of books, records, or publications.

Section 3. Records Inventory.

The Secretary shall prepare prior to the Annual Meeting each year an inventory of records and shall submit it as a report to the incoming Board. Included in the report should be a listing of all pending business as well as reference to specific reports recommending actions by the new Board.

ARTICLE XIV: MISCELLANEOUS

Section 1. Compensation.

Officers, Trustees, and members of Committees shall not be compensated for acting as such. However, they shall be reimbursed, upon request, for reasonable expenses incurred on behalf of the Association and approved by the Board.

Section 2. Liability.

Trustees, Officers, and members of Committees shall not be liable to the Members for any mistake of judgment or negligence except for their own willful misconduct or bad faith. Trustees, Officers and members of Committees shall have no personal liability with respect to any contract, action taken or other commitment made by them, in good faith, on behalf of the Association.

Section 3. Indemnification.

The Association shall indemnify each Trustee, Officer, and member of a Committee against any and all expenses, including legal fees, reasonably incurred by or imposed on any such person in connection with any action, suit, or other proceeding to which the Officer is a party by reason of being or having been a Trustee, Officer, or member of a Committee whether or not such person is a Trustee, Officer, or member of a Committee at the time such expenses are incurred.

Section 4. Conflict of Interest.

No contract or other transaction between the Association and one or more of the Trustees and Officers, or between the Association and any corporation, firm, or association in which one or more of the Trustees, Officers, or members of a Committee are financially or otherwise interested, shall be entered into by the Association unless the fact of common interest is disclosed to the Board prior to authorization, approval or ratification of such contract or transaction.

Section 5. Mortgagee Rights.

A Mortgagee of any Lot who desires notice of Member meetings or Board meetings or copies of the minutes of Member meetings or Board meetings shall notify the Secretary to that effect by Certified Mail Return Receipt Requested.

- a. The Secretary shall maintain, or cause to be maintained, a roster of all Mortgagees from whom such notices have been received. It shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of such meetings to each Mortgagee on the roster in the same manner as provided for notice to Members and Trustees. These notices shall be valid for a period not to exceed two (2) years.
- b. A Mortgagee shall be entitled to designate a representative to attend any Member meeting or Board meeting. The representative may, upon request and approval of the Chairperson seven (7) days in advance of the meeting, address the Members or Trustees present, as the case may be. The representative shall have no voting rights at a Member meeting or at a Board meeting.

Section 6. Severability.

The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws.

Section 7. Captions.

The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision hereof.

Section 8. Waiver.

No restriction, condition, obligation, or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure by the Members, Board, or Officers to enforce them.

Section 9. Gender and Grammar.

Whenever the context of these Bylaws requires, the singular shall include the plural and the plural shall include the singular. The use of any gender shall be deemed to include all genders.

Section 10. Depository.

The following disclosures shall be deposited in the Homeowners Association Depository in the Office of the Clerk of the Circuit Court, Upper Marlboro, Prince George's County, Maryland:

- a. The name, address, and telephone number of the Officer or agent authorized by the Association to provide to members of the public information regarding the Association or the Montpelier subdivision;
- b. The Bylaws, Rules and Regulations, and architectural guidelines of the Association to which the purchaser of a Lot shall become obligated on becoming a Member
- c. The changes in the Bylaws, Rules and Regulations, and architectural guidelines shall be unenforceable against a Member and/or a Tenant, if any, until such time as they are deposited.

ARTICLE XV: AMENDMENTS

Section 1. General.

These Bylaws may be amended at any Member meeting.

Section 2. Petition.

A petition to amend these Bylaws must be filed with the Secretary by either the Board or Members representing at least thirty-five (35) Lots.

Section 3. Notice.

The text of the proposed amendment shall be included with the notice of the Member meeting during which the proposed amendment will be considered.

Section 4. Vote.

These Bylaws may be amended by the votes of a simple majority of the Members present and voting either in person or by proxy, subject to the limitation that only one (1) indivisible vote shall be cast with respect to each Lot.