

BYLAWS
OF
THE RIVA TRACE COUNCIL, INC.

ARTICLE I
MEMBERS OF THE ASSOCIATION

Section 1.1 Membership. Each of the presidents of the corporate property owners associations of the Riva Trace Planned Unit Development shall be a member of the Corporation. Until such time that a home owners' association is formed, then the owner of each section of Riva Trace, or its representative, shall be a member of the Corporation. In addition the owner of the commercial site and the church site shall designate one member each. The purposes of the Corporation is to own and manage all open spaces, recreational areas, and common areas in the Riva Trace Planned Unit Development. Additionally, the Corporation shall be responsible for setting annual homeowners fees with the advice and assistance of the individual corporate property owners associations.

Section 1.2 Voting. Each member shall have one vote in person or by proxy.

Section 1.3 Majority of Subdivision Owners. As used in these By-Laws, "majority of members" means that number of votes which equals or exceeds fifty-one (51%) of the total number of members.

Section 1.4 Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of members" as defined in Section 1.3 of this Article shall constitute a quorum.

Section 1.5 Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

Section 1.6 Annual Meeting. The annual meeting of the members of the Council shall be held at Riva Trace or in such other location as the Board of Directors shall approve on the 1st day of March each year at 8:00 p.m. or at such other hour and/or place within Anne Arundel County, Maryland, as may be fixed by the Board of Directors.

If the 1st day of March shall be a legal holiday, the annual meeting shall be on the first Tuesday following which is not a legal holiday at the same hour. Such annual meetings shall be general meetings, that is to say, open for the transaction of any business within the powers of the Council without special notice of such meeting, except in any case in which the special notice is required by statute.

Section 1.7 Special Meetings. It shall be the duty of the President to call a special meeting of the Council when directed by resolution of the Board of Directors or upon petition by a majority of the members having been

presented to the Secretary. The notice of any special meeting shall state the time, the date and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 1.8 Notice of Meeting. The secretary shall mail a notice of each annual or special meeting to each member of the Council, stating the purpose thereof as well as the time and place where the said meeting is to be held, at least ten (10) but not more than thirty (30) days prior to such meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice and shall be presented to and made part of the minutes of such meeting.

Section 1.9 Adjourned Meetings. If any meeting of the Council cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

Section 1.10 Order of Business. The order of business at all meetings of the regular members shall be as follows:

- (a) Roll call
- (b) Proof of notice of meeting or waiver of notice
- (c) Reading of minutes of preceding meeting
- (d) Reports of officers
- (e) Reports of committees
- (f) Election of inspectors of election, if applicable
- (g) Election of directors, if applicable
- (h) Unfinished business
- (i) New business
- (j) Adjournment

Section 1.11 Conduct of Meeting. The President shall preside over all meetings of the Council and the Secretary shall keep the minutes of the meeting and record in a Minute Book all resolutions adopted by the meeting as well as a record of all transactions thereat. Roberts Rules of Order shall govern the conduct of all meetings of the Council when not in conflict with the By-Laws or any of the statutes of the State of Maryland.

ARTICLE II BOARD OF DIRECTORS

Section 2.1 Number of Directors Prior to First Annual Meeting. Prior to the first annual meeting of the Members of the Council, the Board of Directors shall be composed by three persons. The following sections of this Article II shall not apply to those Directors holding office prior to the first annual meeting of the Members of the Council.

Section 2.2 Number and Qualification of Directors After the First Annual Meeting of the Members of the Council. After the first annual meeting of the Members of the Council the affairs of the Council shall be governed by a Board of Directors composed of all members.

Section 2.3 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Council and may do all such acts and things as are not by law or by these By-Laws directed to be exercised and done by the majority of the members.

Section 2.4 Other Duties. In addition to the duties imposed by these By-Laws or by any resolution of the majority of the members that may hereafter be adopted, the Board of Directors shall be responsible for the following:

(a) To receive budget recommendations from the various corporate property owners associations in Riva Trace and to prepare an annual budget and submit the same to the members of the Council at their annual meeting for approval by a majority of the members.

(b) To establish the means and methods of collecting such contribution from the property owners.

(c) To provide for the care, upkeep and surveillance of all of the Council's property both real and personal.

(d) To designate, hire and dismiss the personnel necessary for the maintenance and operation of the Council's property, and provide services for the same, and where appropriate provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties, which supplies and equipment shall be deemed the property of the Council.

(e) To collect the contributions of the members in accordance with the manner fixed by the majority of property owners, to deposit the proceeds of the contributions to carry out the administration of the Council.

(f) To contract for and to pay for all maintenance, repair and replacement of all of the Council's property and facilities.

(g) To make and amend regulations respecting the use of the Council's property.

(h) To enforce by legal means the provisions of the Declaration of Residence covenants, these By-Laws and the regulations for the use of the Council's property and facilities.

(i) To carry insurance against casualties and liabilities, and to pay the premium cost thereof.

(j) To keep books with detailed accounts in chronological order of the receipts and expenditures affecting the Council and the administration of the same, specifying the maintenance and repair expenses of the Council's property and facilities, and any other expenses incurred. Both the said books and the vouchers accrediting the entries thereupon shall be available for examination by the Members of the Council, their duly authorized agents or attorneys, at general hours on working days at times and in the manner that

shall be set and announced by the Board of Directors for the general knowledge of the Members. All books and records shall be kept in accordance with good accounting practice, and the same shall be audited at least once a year by an auditor employed by the Board of Directors. The cost of such audit shall be an Expense borne by the Council.

(k) To do such other things and acts which it may be authorized to do by a resolution of the majority of the property owners.

Section 2.5 Vacancies. Vacancies in the Board of Directors caused by any reason other than removal of a Director by a vote of the Council shall be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum of said Board; each person so elect shall be a director until a successor is elected at the next annual meeting of the Members of the Council.

Section 2.6 Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of the property owners and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

Section 2.7 Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors are elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute each meeting providing a majority of the whole board shall be present.

Section 2.8 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

Section 2.9 Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days' notice to each Director. Such notice shall be given personally or by mail, telephone or telegraph, and such notice shall state the time, place (as hereinabove provided) and the purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of at least three (3) Directors.

Section 2.10 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 2.11 Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 2.12 Fidelity Bonds. The Board of Directors may require that all officers and employees of the Council handling, or responsible for funds, furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Council.

ARTICLE III OFFICERS

Section 3.1 Designation. The principal officers of the Council shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint assistants and such other officers as in their judgment may be necessary.

Section 3.2 Election of Officers. The Officers of the Council shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 3.4 President. The President shall be the chief executive officer of the Council. He shall preside at all meetings of the Council. He shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including but not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide it is appropriate to assist in the conduct of the affairs of the Council.

Section 3.5 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint a member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be assigned to him by the Board of Directors.

Section 3.6 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Council; he shall have charge of such books and papers as the Board of

Directors may direct; and he shall in general perform all the duties incident to the office of Secretary.

Section 3.7. Treasurer. The Treasurer shall have responsibility for Council funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Council. He shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Council in such depositories as may from time to time be designated by the Board of Directors. The Board may arrange for an external audit annually of the fiscal records of the Council.

Section 3.8. Indemnification. Every director and every officer of the Council shall be indemnified by the Council against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a director or officer of the Council, or any settlement thereof, whether or not he is a director or officer of the Council, or any settlement thereof, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful malfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approve such settlement and reimbursement as being for the best interest of the Council. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

ARTICLE IV COMMITTEES

Section 4.1. Formation of Committees. The President shall have the power to create committees whenever the need for a committee is deemed appropriate. The President shall appoint a chairman of the committee with the approval of the Board of Directors. The chairman of a committee may be removed with or without cause, but such removal is subject to the Board of Directors' approval.

Section 4.2. Committee Chairmen - Responsibilities. General responsibilities of the committee chairmen include, but are not necessarily limited to, the following items, i.e., the committee chairmen shall:

- (a) Appoint and discharge committee members as appropriate.
- (b) Be fully responsible for the actions of the committee.
- (c) Prepare and adopt such rules and procedures as the committee may deem necessary for its operation.
- (d) Prepare and adopt such rules and procedures for the use of the Council's property or facilities within its responsibilities.

(e) Communicate such rules and procedures in writing to the members of the Council upon approval of the Board of Directors.

(f) Make provisions for the continuity of the committee's work from year to year as appropriate.

(g) Establish, on a non-profit basis, for such items as are within its responsible charge, such fees and charges as appropriate for rental, maintenance and improvement of facilities and participation in activities. All surpluses are to be turned over to the Treasurer.

(h) Receive budget recommendations from the various corporate property owners associations and prepare an annual budget.

(i) Maintain suitable records of activities, facilities and equipment and report same to the President or Board of Directors upon request.

(j) Cooperate with other committees, the Board of Directors and the Executive Officers of the Council to serve the best interests of the community.

(k) Not create any obligation on behalf of the committee or Council or any member of the Council outside the scope of the committee authority or interest nor for any period of time beyond his present term without the prior written approval of the Board of Directors.

(l) Committee chairmen appointments expire with the term of the appointing President.

(m) Perform duties subject to such written direction, rules and procedures as may be issued by the President and Board of Directors.

ARTICLE V. AMENDMENTS OF BY-LAWS

These By-Laws may be modified or amended from time to time in the manner hereafter provided. Modifications of and amendments to the By-Laws shall be proposed and adopted in the following manner:

(a) Notice of the subject matter of a proposed modification or amendment shall be included in the notice of any meeting at which the proposed modification or amendment is to be considered.

(b) A resolution adopting a proposed modification or amendment must receive the approval of a two-thirds majority of the members. Members not present at the meeting considering the modifications or amendment may express their approval or disapproval thereto in writing duly filed with the Secretary before the meeting.

(c) A modification or amendment may be proposed by a majority vote of the Board of Directors at a duly constituted meeting thereof or upon a petition signed by a majority of the members and duly filed with the Secretary

of the Council. Upon such filing of such petition or upon the adopting of a resolution to that effect by the Board of Directors, then the President of the Council shall cause a special meeting of the Members of the Council to be convened in the manner provided for in these By-Laws for the purpose of considering the proposed modification or amendment.

(d) A modification or amendment when adopted in accordance with the provisions of these By-Laws shall become effective upon passage.

(e) No modification or amendment of the By-Laws may be adopted which shall be inconsistent with any Maryland law or statute applicable to the Council. A modification or amendment once adopted as provided for herein shall then constitute part of the official By-Laws of Riva Trace Council, Inc.

(f) Notwithstanding anything hereinbefore provided permitting modification; and amendment of the By-Laws, for so long as the Developer owns five or more lots or proposed lots, these By-Laws may not be modified or amended without the express written consent and approval of the Developer.

ARTICLE VI COMPLIANCE SEVERABILITY

Section 6.1. These By-Laws are set forth to comply with the requirements of the State of Maryland. In case any of the By-Laws conflict with the provisions of said Statute, the provisions of the Statute will apply. If any provisions of these By-Laws or any section, sentence, clause, phrase, or word, or the application thereof in any circumstance is held invalid, the validity of the remainder of these By-Laws shall not be affected thereby and to this end, the provisions hereof are declared to be severable.

ARTICLE VII RESIDENT AGENT

Section 7.1. The resident agent for Riva Trace Council Inc. and the person authorized to accept service of process as provided by law, is Bennett Crain, Jr.

Any successor resident agent may be appointed by the Board of Directors.

ARTICLE VIII RATIFICATION

Section 8.1. A person by his purchase of a lot in Riva Trace shall thereby ratify all actions previously taken by the Council and Board of Directors.

ARTICLE IX DAMAGE TO ASSOCIATION PROPERTY

Section 9.1. Damage. Every resident of or lot owner in Riva Trace shall promptly reimburse the Council for any expenditures incurred in repairing or

replacing any property or facility damaged through the fault of said resident or owner.

ARTICLE X APPLICATION

Section 10.1 Application. All owners of any freehold or leasehold interest, all occupants or users of the lots located in Riva Trace, and the agents and servants of any of them are subject to the provisions of these By-Laws, the applicable laws of Maryland, and any rules, regulations, charges or fees which may be duly established from time to time by the Directors, Executive Officers or committees of the Council. The mere acquisition of any lot or the mere use or occupancy thereof will conclusively establish that the person so acquiring, using or occupying the same has accepted, ratified, and will comply with these By-Laws.

002196BC.BYL