

**EXHIBIT B**

**BYLAWS OF**

**CORNERSTONE HILL COMMUNITY ASSOCIATION, INC.**

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**CORNERSTONE HILL COMMUNITY ASSOCIATION, INC.**

**BYLAWS**

**ARTICLE I**

**APPLICABILITY OF BYLAWS**

These Bylaws are for Cornerstone Hill Community Association, Inc., a Maryland corporation, hereinafter referred to as the "Association".

**ARTICLE II**

**DEFINITIONS**

Unless otherwise defined in these Bylaws, words or phrases defined in the Declaration of Covenants, Conditions, Easements and Restrictions for the Association shall have the same meanings in these Bylaws.

**ARTICLE III**

**MEETING OF MEMBERS**

Section 3.1 **Membership.** The Association shall have two classes of membership, Class A and Class B, as more fully set forth in the Declaration.

Section 3.2 **Annual Meetings.** The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter or on such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.3 **Special Meetings.** Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote at least twenty percent (20%) of all of the votes of the Class A membership.

**Section 3.4 Notice of Meetings.**

(a) The Association shall provide each Member entitled to vote with written notice of each meeting of the Members at least ten (10) days but not more than ninety (90) days before such meeting.

(b) Notice shall be given pursuant to this Section 3.4 when it is (i) personally delivered to a Member, (ii) left at a Member's residence, (iii) mailed to a Member at the Member's address as it last appears on the records of the Association, (iv) transmitted to the Member by electronic mail to any electronic mail address of the Member or by any other electronic means, or (v) delivered by any other means allowed under applicable law. Such notice may be waived upon the declaration of an emergency by the person calling the meeting. Such notice shall specify the time, date, and place of the meeting, and, in the case of a special meeting, the purpose of the meeting. All meetings of the Members shall be held at the places and times convenient to the greatest practicable number of Members.

**Section 3.5 Quorum.** The presence at the meeting of Members entitled to cast, or of proxies entitled to cast at least twenty percent (20%) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, these Bylaws, or by applicable law. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

**Section 3.6 Voting.** At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership held by such Member on each question; provided, that no Member, other than the Declarant, shall have more than ten (10) votes, regardless of the number of memberships held by such Member. Each of the Class B Members shall have the right to cast one (1) vote for each Class B membership held by such Member on each question. The vote of the Members representing fifty-one percent (51%) of the total of the votes of all of the memberships at the meeting, in person or by proxy, calculated as aforesaid, shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or of the Articles of Incorporation, the Declaration or of these Bylaws, a different vote is required, in which case such express provision shall govern and control. The vote of any membership which is held by more than one person may be exercised by any of the co-holders present at any meetings unless any objection or protest by any other holder of such membership is noted at such meeting. If all of the co-holders of any membership who are present at any meeting of the Members are unable to agree on the manner in which the votes for such membership shall be cast on any particular question, then such vote shall not be counted for purposes of deciding that question. If any membership is owned by a corporation, then the vote for any such membership shall be cast by a person designated in a certificate signed by the president or any vice president of such corporation and attested by the secretary or any assistant secretary of such corporation and filed with the Secretary of the Association, prior to or during the meeting. The vote of any membership which is held by a trust, partnership, limited liability company or other legal entity may be exercised by any trustee, partner or manager or authorized member thereof, as the case may be, and, unless

any objection or protest by any other such trustee, partner or member is noted at such meeting, the Chairman of such meeting shall have no duty to inquire as to the authority of the person casting such vote or votes. No Class A Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

Section 3.7 *Absentee Ballots.* Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the Living Unit on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 3.8 *Proxies.* At all meetings of Members, each Member may vote in person or by proxy. Every proxy shall be revocable and shall be in writing.

Section 3.9 *Right of Mortgagees.* Any institutional mortgagee of any Living Unit who desires notice of the annual and special meetings of the Members shall notify the Secretary of the Association to that effect by Registered Mail – Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the annual and special meetings of the Members should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the Secretary to mail or otherwise cause the delivery of a notice of each annual or special meeting of the Members to each such institutional mortgagee in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the Members. Any such institutional mortgagee shall be entitled to designate a representative to attend any annual or special meeting and may, upon request made to the Chairman in advance of the meeting, address the Members present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the members upon request in writing to the Secretary.

Section 3.10 *Open Meetings.*

(a) All meetings of the Association (including meetings of the Members, the Board of Directors, and committees appointed by the Board of Directors) shall be open to all Members of the Association or their agents, except that such meetings may be held in closed session for the following purposes, subject to applicable law, including the provisions of the Maryland Homeowners Association Act, as amended from time to time:

- (i) Discussion of matters pertaining to employees and personnel;
- (ii) Protection of the privacy or reputation of individuals in matters not related to Association business;
- (iii) Consultation with legal counsel;

(iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;

(v) Investigative proceedings concerning possible or actual criminal misconduct;

(vi) 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 Association;

(vii) Compliance with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure; or

(viii) On an individually recorded affirmative vote of two-thirds (2/3) of the members of the Board of Directors (or committee, if applicable) present, for some other exceptional reason so compelling as to override the general public policy in favor of open meetings.

(b) If a meeting is held in closed session for the purposes set forth above:

(i) No action may be taken and no matter may be discussed other than those permitted above; and

(ii) A statement of the time, place and purpose of any closed meeting, the record of the vote of each member of the Board of Directors (or committee, if applicable) by which any meeting was closed, and the authority under this Section for closing the meeting shall be included in the minutes of the next meeting of the Board of Directors (or committee, if applicable).

#### ARTICLE IV

##### **BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE**

Section 4.1 **Number.** The affairs of the Association shall be managed by a Board of Directors consisting of natural persons appointed by the Declarant or elected by the Members in accordance with this Article 4.

(a) There shall be a minimum of three (3) Directors and the total number of Directors on the Board shall at no time exceed seven (7). Prior to the expiration of the Declarant's Rights and Obligations Period as provided in the Declaration, the number of Directors shall be determined from time to time by the Declarant; thereafter, the number of Directors shall be determined by a vote of the Members at any annual or special meeting of Members and the number of Directors may be changed by a vote of the Members at any subsequent annual or



special meeting of the Members; provided, however, that (i) the limitations of the number of Directors set forth in this Section 4.1 shall continue to apply; and (ii) no change in the number of Directors shall operate to curtail or extend the term of any incumbent Director.

(b) The Board shall initially consist of three (3) Directors appointed by the Declarant. The Declarant shall have the right to appoint all Directors until the termination of all Class B Memberships. After expiration of the Declarant's Rights and Obligations Period, the Declarant shall no longer have a right to appoint any Directors and all Directors shall thereafter be elected by the Owners.

(c) Except as expressly set forth in this Section, nothing herein shall otherwise be construed as limiting the Declarant's right to vote on any matter as a Class A Member of the Association after termination of the Class B memberships and the Declarant shall continue to retain all other rights reserved to the Declarant in the Governing Documents, notwithstanding the termination of the Class B Membership.

**Section 4.2 Term of Office.** Except for members of the Board of Directors appointed by the Declarant, who shall serve until removed and/or replaced by the Declarant, or until replaced by a Director elected by the non-Declarant Owners as provided herein the term of office of each member of the Board of Directors shall be three (3) years, provided, however, that at the first election by non-Declarant Owners (and only at such election), one (1) Director shall be elected for a term of one (1) year, one (1) Director shall be elected for a term of two (2) years and the third Director shall be elected for a term of three (3) years in order to stagger the terms of Directors. Upon the expiration of each of the foregoing Directors' term of office, their replacement shall serve for a term of three (3) years. Any change in the number of Directors or term of office of Directors shall not act to extend or curtail the term of office of any incumbent Director. Directors shall hold office until their successors have been elected and hold their first regular meeting.

**Section 4.3 Removal.** Except with respect to Directors appointed by the Declarant, any Director may be removed from the Board, with or without cause, by a majority vote of the Owners who were entitled to elect the Directors. In the event of the death, resignation or removal of a Director, an interim Director shall be selected by the remaining members of the Board, which interim Director shall serve until the next meeting of the Association, at which time a successor shall be elected by the Owners entitled to vote, to serve for the remaining term of the Director being replaced. Members of the Board of Directors appointed by the Declarant shall serve at the pleasure of and may be removed and/or replaced, with or without cause, by the Declarant.

**Section 4.4 Compensation.** No director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

Section 4.5 *Action Taken Without a Meeting.* Subject to the provisions of Section 3.10 of these Bylaws, the Directors shall have the right to take any action in the absence of a meeting by obtaining the written approval of all the Directors and by filing such approval with the minutes of the proceedings of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

## ARTICLE V

### NOMINATION AND ELECTION OF DIRECTORS

Section 5.1 *Nomination.* Nomination for election to the Board of Directors, commencing with the first annual meeting of Members at which non-Declarant Owners are entitled to elect members of the Board of Directors, may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating committee, if any, may be appointed by the Board of Directors prior to each annual meeting of the Members and such appointment may be announced at each annual meeting. The Nominating Committee, if any, may make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members, subject to the requirement that all Directors shall be Members of the Association after the expiration of the Declarant's Rights and Obligations Period.

Section 5.2 *Election.* Election to the Board of Directors shall be by secret written ballot. The presence at a meeting of Members entitled to cast, or of proxies entitled to cast, at least twenty percent (20%) of the votes of each class of membership shall constitute a quorum for the purpose of electing members to the Board of Directors. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise pursuant to Section 3.6 of these Bylaws. Only directed proxies shall be valid for the purpose of casting votes for election of members to the Board of Directors. All election materials prepared with funds of the Association shall list candidates in alphabetical order and shall not suggest a preference among candidates. The persons receiving the largest number of votes for each respective seat shall be elected to the Board. Votes shall not be counted until after the time allotted by the Association for voting has ended. Cumulative voting is not permitted.

Section 5.3 *Directors Appointed by the Declarant.* All members of the Board of Directors appointed by the Declarant may be so appointed and removed directly by the Declarant without the requirement of an election. No Director appointed by the Declarant shall be required to be a Member. The Declarant shall notify the Association in writing of Directors appointed, removed and/or replaced by the Declarant. The names of the three (3) initial Directors of the Association appointed by the Declarant are set forth in the Articles of Incorporation.

## ARTICLE VI

MEETINGS OF DIRECTORS

Section 6.1 ***Regular and Special Meetings.*** All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only (i) upon regularly scheduled and established dates or periods and at such time and place as shall have been made known to all Members in writing in a community newsletter, electronic bulletin board, by regular or electronic mail, or by other means which the Board of Directors determines will be reasonably effective in providing such notice to all Members, or (ii) after written notice of a Board meeting is given to all Members by any of the means listed in Section 3.4(b) of these Bylaws not less than seventy-two (72) hours nor more than ninety (90) days prior to the date of the meeting. Such notice may be waived upon the declaration of an emergency by the person calling the meeting.

Section 6.2 ***Quorum.*** A majority of the number of Directors shall constitute a quorum for the transaction of business. If any meeting of the Board of Directors cannot be held because a quorum is not present, a majority of the Directors present at such meeting may adjourn the meeting to a time not less than three (3) nor more than thirty (30) days from the date of the original meeting. At the adjourned meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 6.3 ***Action by the Board of Directors; Deadlock.*** Unless a greater number is expressly required under the Governing Documents or applicable law, every act or decision done or made by a majority of the number of Directors present shall be regarded as the act of the Board. In the event of a "deadlock" created by the inability to have an issue addressed by the Board of Directors due to a failure to obtain a quorum in accordance with Section 6.2 of these Bylaws or because of an even number of votes on each side of an issue to be decided by the Board, such issue shall be resolved by arbitration in accordance with this Section 6.3. If diligent, good faith attempts to resolve such issue have failed, at the request of any Director, the issue shall be referred to the nearest office of Judicial Arbitration & Mediation Services, Inc. ("JAMS"), or its successor, for resolution by final and binding arbitration. The arbitration shall be conducted in accordance with the provisions of JAMS' Streamlined Arbitration Rules and Procedures in effect at the time of filing of the demand for arbitration, or such other rules and procedures that are agreed to by the Directors. The Directors will cooperate with JAMS and with one another in selecting an arbitrator for JAMS' panel of neutrals, and in scheduling the arbitration proceedings. The Directors shall participate in the arbitration in good faith. Judgment rendered by the arbitrator may be entered by any court of competent jurisdiction. All fees and expenses of any such arbitrator shall be Common Expenses of the Association.

Section 6.4 ***Rights of Mortgagees.*** Any institutional mortgagee of any Living Unit who desires notice of the regular and special meetings of the Board of Directors shall notify the Secretary of the Association to that effect by Registered Mail – Return Receipt Requested. Any such notice shall contain the name and post office address of such institutional mortgagee and the name of the person to whom notice of the regular and special meetings of the Board of Directors should be addressed. The Secretary of the Association shall maintain a roster of all institutional mortgagees from whom such notices are received and it shall be the duty of the

Secretary to mail or otherwise cause the delivery of a notice of each regular or special meeting of the Board of Directors to each such institutional mortgagee, in the same manner, and subject to the same requirements and limitations, as are otherwise provided in this Article for notice to the Members. Any such institutional mortgagee shall be entitled to designate a representative to attend any regular or special meeting of the Board of Directors and such representatives may participate in the discussion at any such meeting and may, upon his request made to the Chairman in advance of the meeting, address the members of the Board of Directors present at any such meeting. Such representative shall have no voting rights at any such meeting. Such representative shall be entitled to copies of the minutes of all meetings of the Board of Directors upon request made in writing to the Secretary of the Association.

## ARTICLE VII

### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1 *Powers.* The Board of Directors shall have power to:

(a) Adopt and publish Community Codes and other rules and regulations of the Association including, without limitation, those relating to the use of the Community Property and any facilities situated thereon, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend an Owner's voting rights and an Owner's right to use the Community Property and/or the facilities situated thereon for (i) any period during which any Assessment against such Owner's Living Unit remains unpaid, and (ii) for any period as may be determined by the Board for each infraction of the Governing Documents, provided that such Owner is given reasonable notice of the violation and an opportunity for a hearing;

(c) Declare the office of a member of the Board of Directors to be vacant in the event such Director shall be absent from three (3) consecutive regular meetings of the Board of Directors;

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

(e) Impose fines for violations of the Governing Documents;

(f) Contract for services that benefit the Community;

(g) Establish rules and regulations for parking within the Community; and

(h) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

Section 7.2 **Duties.** It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by twenty percent (20%) of the Class A Members who are entitled to vote;

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

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

(i) Fix the amount of Assessments against each Living Unit;

(ii) Send written notice of Assessments against each Living Unit;

(iii) Foreclose the lien against any Living Unit for which Assessments are not paid when due or bring an action at law against the Owner personally obligated to pay the same;

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

(e) Procure and maintain adequate liability and hazard insurance on Community Property and other insurance as it may deem appropriate. The Association may periodically employ an insurance consultant if the Board of Directors deems it necessary to do so in order to analyze the insurance requirements of the Association;

(f) Cause all officers or employees of the Association having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) Cause the Community Property to be maintained and maintain any other property which is the responsibility of the Association pursuant to the Declaration; and

(h) Otherwise perform or cause to be performed the functions and obligations of the Board and the Association as provided for in the Governing Documents, including collection of Assessments.

Section 7.3 **Management Agent.** The Board of Directors may employ for the Association a management agent or manager (the "**Management Agent**") at a rate of compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall from time to time authorize in writing. Any management agreement entered into by the Association shall provide, among other things, that such agreement may be terminated for cause by either party upon thirty (30) days prior written notice thereof to the other party. The term of any such management agreement shall not exceed one (1) year; provided,

however, that the term of any such management agreement may be renewable by mutual agreement of the parties for successive one (1) year periods.

## ARTICLE VIII

### OFFICERS AND THEIR DUTIES

Section 8.1 *Enumeration of Officers.* The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create, all of which officers are to be elected by the Board of Directors. The President and the Vice President shall at all times be members of the Board of Directors; the other officers may, but need not, be members of the Board of Directors.

Section 8.2 *Election of Officers.* The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 8.3 *Term.* Each officer of the Association shall be elected annually by the Board and each officer shall hold office for one (1) year or until his or her successor is duly elected and qualified, unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4 *Special Appointments.* The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 8.5 *Resignation and Removal.* Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6 *Vacancies.* A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

Section 8.7 *Multiple Offices.* The offices of Secretary and Treasurer may be held by the same person and the offices of Vice President and assistant secretary may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law or the Governing Documents to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article and except as otherwise provided in this Section 8.7.

Section 8.8 **Duties.** The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Board of Directors to the Management Agent):

(a) **President:** The President shall be the chief executive officer of the Association and shall preside at all meetings of the Board of Directors. The President shall see that orders and resolutions of the Board of Directors are carried out and may sign and execute, on behalf of the Board of Directors, all authorized instruments and shall co-sign all checks and promissory notes. The President shall perform such other duties as are from time to time assigned to the President by the Board of Directors.

(b) **Vice President:** The Vice President, at the request of the President, or in the absence of the President or during the President's inability or refusal to act, shall perform the duties and exercise the functions of the President, and when so acting shall have the powers of the President. The Vice President shall have such other powers and perform such other duties as are from time to time assigned to the Vice President by the Board of Directors or the President.

(c) **Secretary:** The Secretary shall keep the minutes of the meetings and proceedings of the Board of Directors and of any subcommittees thereto. The Secretary (i) shall see that all notices by the Association are duly given in accordance with the provisions of these Bylaws or as required by law; (ii) shall be custodian of the records of the Association; (iii) may witness any document on behalf of the Association, the execution of which is duly authorized; and (iv) shall perform all such other duties as are from time to time assigned to the Secretary by the Board of Directors or the President.

(d) **Treasurer:** The Treasurer (i) shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; (ii) shall sign all checks and promissory notes authorized by the Board of Directors; (iii) shall keep proper books of account of the Board of Directors and the Association; (iv) shall cause to be prepared an annual statement of income and expenditures for the Association to be presented to the Board of Directors; and (v) shall perform such other duties as are from time to time assigned to the Treasurer by the Board of Directors or the President.

Section 8.9 **Compensation.** No officer shall receive compensation for any service rendered to the Association. However, any officer may be reimbursed for actual expenses incurred in the performance of such officer's duties.

#### ARTICLE IV

#### LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS; FIDELITY INSURANCE

Section 9.1 **Liability and Indemnification.** The Association shall indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or Director in connection with any action, suit

or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which such officer or Director may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contact or commitment. Any right to indemnification provided for herein shall not be exclusive or any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

Section 9.2 *Fidelity Insurance.* The Board of Directors shall require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall be covered by adequate fidelity insurance or equivalent coverage against acts of dishonesty. The premiums of such insurance shall be paid by the Association.

## ARTICLE X

### COMMITTEES

The Board of Directors may appoint a Covenants Committee, and a Design Review Committee, as provided in the Declaration, and a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors may appoint other committees as it deems appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Section 3.10 and Section 6.1 of these Bylaws. To the extent that any of the aforementioned Committees are not appointed, the functions of such Committee(s) shall be performed by the Board of Directors.

## ARTICLE XI

### BOOKS AND RECORDS/FISCAL MANAGEMENT

Section 11.1 *Fiscal Year.* The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin on the date of recordation of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 11.2 *Principal Office; Location of Meetings.* The Board of Directors, by appropriate resolution, shall determine the location of the principal office of the Association.



Meetings of members and Directors may be held at such places within or outside the State of Maryland as may be designated by the Board of Directors from time to time.

Section 11.3 *Books and Accounts.* Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts; and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the Community Property and facilities, services required or provided with respect to the same and any other expenses incurred by the Association.

Section 11.4 *Auditing.* At the close of each fiscal year and at the election of the Board of Directors, the books and records of the Association may be audited by an independent public accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, if any, the Association shall furnish the Members and any mortgagee requesting the same with an annual financial statement, including the income and disbursements of the Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 11.5 *Inspection of Books.* The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys, and to the institutional holder of any first mortgage on any Living Unit and its duly authorized agents or attorneys, during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice. The Governing Documents of the Association shall be available for inspection by any member at the principal office of the Association where copies may be purchased at reasonable costs.

## ARTICLE XII

### ASSESSMENTS

Each Member is obligated to pay to the Association the Assessments levied by the Association pursuant to the Governing Documents. Assessments are secured by a continuing lien upon the property against which the Assessment is made.

## ARTICLE XIII

### CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: **Cornerstone Hill Community Association, Inc.**, a Maryland corporation.

**ARTICLE XIV**

**AMENDMENTS**

These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of one-quarter (1/4) of the Members and with the consent of the Declarant during the Declarant's Rights and Obligations Period.

**ARTICLE XV**

**INTERPRETATION/MISCELLANEOUS**

Section 15.1 ***Conflict.*** These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. In the event of any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 15.2 ***Notices.*** Unless another type of notice is specifically provided for in these Bylaws, any and all notices called for in these Bylaws shall be given in writing.

Section 15.3 ***Severability.*** In the event any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions of these Bylaws which can be given effect.

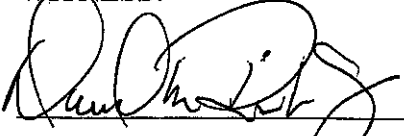
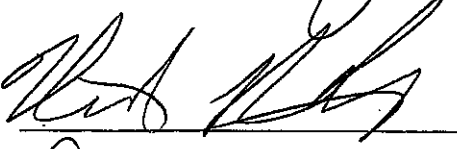
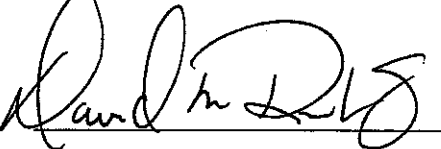
Section 15.4 ***Waiver.*** No restriction, condition, obligation or provision of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 15.5 ***Captions and Gender.*** The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.


[SIGNATURE PAGE FOLLOWS]

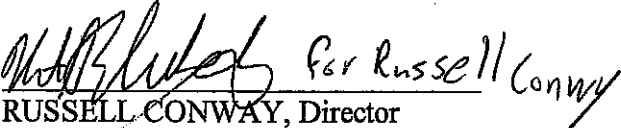
IN WITNESS WHEREOF, we, being all of the Directors of Cornerstone Hill Community Association, Inc., have hereunto set our hands this 20 day of July, 2009.

WITNESS:

  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_

  
\_\_\_\_\_  
NATHAN BLATCHLEY, Director

  
\_\_\_\_\_  
DAVID RIEKSE, Director

  
\_\_\_\_\_  
RUSSELL CONWAY, Director

State of Maryland Land Instrument Intake Sheet

Baltimore City  County: Allegany

Information provided is for the use of the Clerk's Office, State Department of Assessments and Taxation, and County Finance Office Only.  
(Type or Print in Black Ink Only—All Copies Must Be Legible)

Space Reserved for Circuit Court Clerk Recording Validation

<b>1</b>	<b>Type(s) of Instruments</b>	<input type="checkbox"/> Check Box if addendum Intake Form is Attached.						
	Deed <input type="checkbox"/> Deed of Trust <input type="checkbox"/>	Mortgage Lease <input type="checkbox"/>	<input checked="" type="checkbox"/> Other _____	Other _____				
<b>2</b>	<b>Conveyance Type Check Box</b>	Improved Sale Arms-Length [1] <input type="checkbox"/>	Unimproved Sale Arms-Length [2] <input type="checkbox"/>	Multiple Accounts Arms-Length [3] <input type="checkbox"/>	Not an Arms-Length Sale [9] <input type="checkbox"/>			
<b>3</b>	<b>Tax Exemptions (if applicable)</b>	Recordation _____						
	Cite or Explain Authority	State Transfer _____						
		County Transfer _____						
<b>4</b>	<b>Consideration and Tax Calculations</b>	<b>Consideration Amount</b>			<b>Finance Office Use Only Transfer and Recordation Tax Consideration</b>			
		Purchase Price/Consideration	\$		Transfer Tax Consideration	\$		
		Any New Mortgage	\$		X ( ) % =	\$		
		Balance of Existing Mortgage	\$		Less Exemption Amount	\$		
		Other:	\$		Total Transfer Tax	\$		
		Other:	\$		Recordation Tax Consideration	\$		
		Full Cash Value:	\$		X ( ) per \$500 =	\$		
				TOTAL DUE	\$			
<b>5</b>	<b>Fees</b>	<b>Amount of Fees</b>		<b>Doc. 1</b>	<b>Doc. 2</b>	<b>Agent:</b>		
		Recording Charge	\$ 20.00	\$		<b>Tax Bill:</b>		
		Surcharge	\$ 75.00	\$		<b>C.B. Credit:</b>		
		State Recordation Tax	\$	\$		<b>Ag. Tax/Other:</b>		
		State Transfer Tax	\$	\$				
		County Transfer Tax	\$	\$				
		Other	\$	\$				
		Other	\$	\$				
<b>6</b>	<b>Description of Property</b> SDAT requires submission of all applicable information. A maximum of 40 characters will be indexed in accordance with the priority cited in Real Property Article Section 3-104(g)(3)(i).	<b>District</b>	<b>Property Tax ID No. (1)</b>	<b>Grantor Liber/Folio</b>	<b>Map</b>	<b>Parcel No.</b>	<b>Var. LOG</b>	
		<b>Subdivision Name</b>		<b>Lot (3a)</b>	<b>Block (3b)</b>	<b>Sect/AR (3c)</b>	<b>Plat Ref.</b>	<b>SqFt/Acreage (4)</b>
		<b>Location/Address of Property Being Conveyed (2)</b>						
		<b>Other Property Identifiers (if applicable)</b>					<b>Water Meter Account No.</b>	
		<b>Residential</b> <input type="checkbox"/> <b>or Non-Residential</b> <input type="checkbox"/>	<b>Fee Simple</b> <input type="checkbox"/> <b>or Ground Rent</b> <input type="checkbox"/>	<b>Amount:</b>				
		<b>Partial Conveyance?</b> <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> <input type="checkbox"/>	<b>Description/Amt. of SqFt/Acreage Transferred:</b>					
		<b>If Partial Conveyance, List Improvements Conveyed:</b>						
		<b>Doc. 1 – Grantor(s) Name(s)</b>			<b>Doc. 2 – Grantor(s) Name(s)</b>			
		<b>Doc. 1 – Owner(s) of Record, if Different from Grantor(s)</b>			<b>Doc. 2 – Owner(s) of Record, if Different from Grantor(s)</b>			
		<b>Doc. 1 – Grantee(s) Name(s)</b>			<b>Doc. 2 – Grantee(s) Name(s)</b>			
	<b>New Owner's (Grantee) Mailing Address</b>							
<b>9</b>	<b>Other Names to Be Indexed</b>	<b>Doc. 1 – Additional Names to be Indexed (Optional)</b>			<b>Doc. 2 – Additional Names to be Indexed (Optional)</b>			
<b>10</b>	<b>Contact/Mail Information</b>	<b>Instrument Submitted by or Contact Person</b>				<input type="checkbox"/> Return to Contact Person		
		Name: Jeffrey S. Getty, Esquire				<input type="checkbox"/> Hold for Pickup		
		Firm Geppert, McMullen, Paye & Getty				<input type="checkbox"/> Return Address Provided		
		Address: 21 Prospect Square Cumberland, Maryland 21502 Phone: (301) 777-1515						
<b>11</b>	<b>IMPORTANT: BOTH THE ORIGINAL DEED AND A PHOTOCOPY MUST ACCOMPANY EACH TRANSFER</b>							
	<b>Assessment information</b>	<input type="checkbox"/> Yes <input type="checkbox"/> No	Will the property being conveyed be the grantee's principal residence?					
		<input type="checkbox"/> Yes <input type="checkbox"/> No	Does transfer include personal property? If yes, identify: _____					
		<input type="checkbox"/> Yes <input type="checkbox"/> No	Was property surveyed? If yes, attach copy of survey (if recorded, no copy required).					
	<b>Assessment Use Only – Do Not Write Below This Line</b>							
	<b>Terminal Verification</b>	<b>Agricultural Verification</b>	<b>Whole</b>	<b>Part</b>	<b>Tran. Process Verification</b>			
	<b>Transfer Number</b>	<b>Date Received:</b>	<b>Deed Reference:</b>		<b>Assigned Property No.:</b>			
	<b>Year</b>	<b>20</b>	<b>20</b>	<b>Geo.</b>	<b>Map</b>	<b>Sub</b>	<b>Block</b>	
	<b>Land</b>			<b>Zoning</b>	<b>Grid</b>	<b>Plat</b>	<b>Lot</b>	
	<b>Buildings</b>			<b>Use</b>	<b>Parcel</b>	<b>Section</b>	<b>Occ. Cd.</b>	
	<b>Total</b>			<b>Town Cd.</b>	<b>Ex. St.</b>	<b>Ex. Cd.</b>		
	<b>REMARKS:</b>							

Space Reserved for County Validation

## Exhibit D

### Community Codes

Pursuant to Section 10.2 and 10.5 of the Declaration, the Declarant adopted the following Community Codes:

(a) No noxious or offensive trade or activity shall be carried on within the Community Property or within any Living Unit, nor shall anything be done therein or thereon which may be or become an annoyance to the neighborhood or the other Owners.

(b) There shall be no obstruction of the Community Property, except as herein provided. Nothing shall be stored upon any Community Property, except as herein provided, without the approval of the Board of Directors. Vehicular parking upon Community property shall be regulated by the Board of Directors.

(c) Nothing shall be done or maintained in any Living Unit, or upon any Community Property, which will increase the rate of insurance on any Living Unit or Community Property, or result in the cancellation thereof, without the prior written approval of the Board of Directors. Nothing shall be done or maintained in any Living Unit or upon Community Property which would be in violation of any law. No waste shall be committed upon any Community Property.

(d) Except for such signs as allowed by law or as may be posted by the Declarant for promotional purposes and signs of a directional nature, no signs of any character shall be erected, posted or displayed upon, in or from or about any Living Unit or Community Property, provided that one temporary real estate sign not exceeding six (6) feet by three (3) feet in area may be erected upon any Living Unit placed upon the market for sale or rent. Any such temporary real estate sign shall be removed promptly following the sale or rental of such Living Unit.

(e) Except as herein elsewhere provided and except as otherwise approved by the Board of Directors, no junk vehicle or other vehicle, on which current registration plates are not displayed, trailer (boat or otherwise), camper, camp truck, house trailer, commercial vehicle, recreational vehicle, any vehicle displaying commercial advertisement, or the like shall be kept upon any Community Property, nor upon any parking lots or roadways, nor shall the repair or maintenance of automobiles or other vehicles be carried out thereon. The foregoing sentence shall not be interpreted as prohibiting an Owner from keeping a passenger car sized taxi-cab, police car, fire car, or other vehicle used by such Owner in connection with his or her occupation.

(f) Except as otherwise provided in this Declaration, no part of the Property shall be used for commercial activities of any character. This subsection shall not apply to the use of Living Units or Community Property by the Declarant for its sole display, promotional or sales purposes or the use of a Living Unit by its Owner as a home office.

(g) No burning of any trash, and no unreasonable or unsightly accumulation or storage of litter, new or used building materials, or trash of any other kind shall be permitted within any Living Unit or upon and Community Property. Trash and garbage containers shall not be permitted to remain in public view, except within locations designated by the Board of Directors. This subsection shall not apply to the Declarant during the period of construction.

(h) No structure of a temporary character, trailer, tent, shack, barn or other outbuilding shall be maintained upon any of the Community Property at any time except as permitted by written permission of the Board of Directors. The foregoing sentence shall not apply to the Declarant during the period of construction.

(i) No items or material shall be hung on the exterior of any building or draped from windows over the exterior of any building except sales material which may be utilized by the Declarant.

(j) The Owner of a Living Unit may lease their living Unit to a third party; provided that, such lease is in writing and for a term not less than twelve (12) months, and otherwise complies with all other provisions of this Declaration.

(k) No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic on public streets or on private streets and roadways.

(l) No decorative lawn ornament, no structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, or other similar structure shall be erected, used or maintained on any Living Unit at any time.

(m) No water pipe, sewer pipe, gas pipe, drainage pipe, cable or other similar transmission line shall be installed or maintained above the surface of the ground and no wire, cable or other similar transmission line may be attached to the exterior of any structure on any Living Unit; provided, however, that such transmission lines, wires or cable providing utility services to any Living Unit (including, but not limited to, electricity telephone, gas, water and cable television) shall be permitted.

(n) Except as specifically permitted by applicable federal governmental regulations, no exterior aerials or antennas of any type, including, but not limited to, satellite dishes for reception or transmission, may be erected or maintained within the Property without the prior written approval of the Design Review Committee, provided, however, that satellite dishes not in excess of one (1) meter in diameter are permitted. The Design Review Committee may impose reasonable rules and regulations regarding the location and screening of any such satellite dish, subject to applicable federal governmental regulations. Aerials and antennas situated entirely within a dwelling unit, and not visible from the exterior, are permitted.

(o) Vegetable gardens shall be maintained only within the rear yard of any Living Unit, and shall be maintained in a neat and attractive manner.