

BY-LAWS OF
CRADLEROCK NEWS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

Name and Location

The name of the corporation is Cradlerock News Homeowners Association, Inc., hereinafter referred to as the "Association. The principal office of the corporation shall be located at c/o Talkin & Abramson, 5560 Sterrett Place, Columbia, Maryland 21044, but meetings of members and directors may be held at such places within the State of Maryland, County of Howard, as may be designated by the Board of Directors.

ARTICLE II

Definitions

The terms "Owner," "Property," "Common Area," "Member," "Lot" and "Declaration," as used herein, shall be and are defined as set forth in that Declaration of Covenants, Conditions and Easements, herein "Declaration" between The Ryland Group, Inc. and Owen Brown "B" Development Corporation, dated November 18, 1981.

ARTICLE III

Membership and Membership Rights

Section 1. Membership. Every individual or entity who is an Owner or who holds an undivided, common or joint interest in any Lot which is subject by the Declaration to assessment by the Association, including contract sellers,

shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. Rights of Membership. The rights of membership are subject to payment of annual and special assessments levied by the Association, the obligation of which assessment is imposed against each Owner of and becomes a lien upon the Lot against which such assessments are made as provided in Article V of the Declaration.

Section 3. Suspension of Rights of Membership. The voting rights of any person whose interest in the Property is subject to assessments as set forth in Section 2 hereof whether or not he be personally obligated to pay such assessments, may be suspended by action of the Directors of the Association during the period when the assessments remain unpaid; but, upon payment of such assessment, his voting rights shall be automatically restored. If the directors of the Association have adopted and published rules and regulations governing the use of the Common Area and the personal conduct of any person thereon, as provided herein in Article VIII, Section 1, they may in their discretion,

suspend the voting rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

ARTICLE IV

Meeting of Members

Section 1. Annual Meeting. The first annual meeting of the Members shall be held on or about the 30th day of October next following the date of incorporation of the Association and each subsequent regular annual meeting of the Members shall be held on or about the same day of the same month of each year thereafter.

Section 2. 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-one-fourth (1/4) of all of the votes of any class of membership.

Section 3. Notice of Meetings. Notice of any meetings shall be given to the Members by the secretary. Notice may be given to the Member either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Association. Each Member shall register his address with the Secretary and notices of meetings shall be mailed to him at such address. Notice of any meeting, regular or special, shall be mailed

at least fifteen (15) days in advance of the meeting and shall set forth in general the nature of the business to be transacted, provided, however, that if the business of any meeting shall involve any action governed by the Articles of Incorporation or by the Declaration applicable to the Property, notice of such meeting shall be given or sent as therein provided.

Section 4. Place of Meetings. All meetings of Members shall be held within the State of Maryland, County of Howard, at such places therein which the notice thereof designates.

Section 5. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-fourth (1/4) 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, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum as aforesaid shall be present or be represented

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyal by the Member of his interest in the Properties.

ARTICLE V

Board of Directors

Section 1. Selection and Term of Office. The Board of Directors shall consist of 9 members who shall be selected for the term of office as set forth in Article VIII of the Articles of Incorporation.

Section 2. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association.

Section 3. Vacancies. A director elected by the Board of Directors to fill any vacancy shall hold office until his successor is elected by the Members, who may make such election at the next annual meeting of the Members or at a special meeting duly called for that purpose.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

Nomination and Election of Directors

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor of the annual meeting. The Nominating Committee 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 shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall 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.

Section 2. Election. Election to the Board of Directors shall be by secret ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provision of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VII

Meetings of Directors

Section 1. Regular Meeting. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at such a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

Powers and Duties of the Board of Directors

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities thereon, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

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

(e) employ and remove at pleasure a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties and fix their compensation. Nothing contained in these By-Laws shall be construed to prohibit the employment of any Member, officer or a Director of the Association in any capacity whatsoever.

(f) to call special meetings of Members whenever it deems necessary and it shall call a meeting at any

time upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes of either class of membership, as provided in Article IV, Section 2.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its act 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 meeting is requested in writing by Members who are entitled to vote one-fourth (1/4) of the vote of either class of membership.

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

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

(1) fix the amount of the annual assessment against each Lot, all in accordance with Article V of the Declaration, and to provide for monthly payments thereof;

(2) send written notice to each assessment to every Owner subject thereto at least thirty (30) days prior to the date such assessment is due; and

(3) at its discretion foreclose the lien against any Lot for which assessments are not paid within thirty (30) days after due date, and/or bring an action at law against the Owner personally obligated to pay the same.

(d) fix the amount of the annual budget in accordance with Article IX of these By-Laws.

(e) establish, levy, assess and collect all assessments referred to or authorized in the Declaration;

(f) issue, or cause an appropriate officer to issue, upon demand by any Owner, 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;

(g) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(h) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(i) cause the Common Area to be maintained.

ARTICLE IX

Adoption of Annual Budget

The annual budget of the Association to be adopted by the Board of Directors for each fiscal year shall not

exceed the total revenue expected to be received by the Association through the payment of Owners of annual assessments levied by the Association against Lots and Owners as provided in Article V of the Declaration for that fiscal year.

ARTICLE X

Officers and Their Duties

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 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.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 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 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 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 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 replaces. .

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages

deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board or Members,

shall sign all checks and promissory notes of the Association provided that such checks and promissory notes shall also be signed by the president or vice-president; keep proper books of accounts; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year, if same shall be requested in writing by Members who are entitled to vote one-fourth (1/4) of all of the votes of any class, of income and expenditures to be presented by the Board of Directors and to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE XI

Committees

The Board of Directors shall appoint a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XII

Books and Records

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member and copies shall be provided to any Member at reasonable cost.

ARTICLE XIII

Corporate Seal

The Association shall have a seal in circular form having within its circumference the words:

MARYLAND

CRADLEROCK MEWS HOMEOWNERS ASSOCIATION, INC.

1981

ARTICLE XIV

Amendments

Section 1. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members of each class present in person or by proxy, provided that those provisions of these By-Laws which are governed by the Articles of Incorporation of the Association may not be amended except as provided in the Articles of Incorporation or applicable law, and provided further, that any matter herein which is governed by the Declaration applicable to the Property may not be amended except as provided in the Declaration, and provided further that so long as there is a Class B Member, all amendments must be approved by the FHA/VA.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XV

Miscellaneous

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that first fiscal year shall begin on the date of incorporation.

Maurice Simpkins, President

Gary Thatcher, Vice-President

Joseph Keppler, Secretary-Treasurer

Dated: _____