



# By-laws

*DIAMOND FARM HOMES CORPORATION*

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BY - LAWS

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ARTICLE I

Definitions

Section 1. The following words when used in these By-Laws (unless the context shall prohibit) shall have the following meanings:

(a) "Corporation" shall mean and refer to the Diamond Farm Homes Corporation, a non-stock, non-profit Corporation organized and existing under the laws of the State of Maryland.

(b) "Declaration of Covenants" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions (and all supplements thereto) applicable to Diamond Farm and recorded by the Developer in the land records for Montgomery County, Maryland on the 7th day of May, 1969, in Liber 3857 at Folio 149 and wherein the Diamond Farm Homes Corporation is granted or charged with property rights or obligations for the described area.

(c) "Diamond Farm" shall mean and refer to a community situated within the city of Gaithersburg in Montgomery County, Maryland, and made up of such existing properties and additions thereto as are subject to the Declaration of Covenants and as are described in Article II thereof as being located within Diamond Farm.

(d) "Community Properties" shall mean and refer to all land, improvements and other properties heretofore or hereafter owned by the Diamond Farm Homes Corporation.

(e) "Private Dwelling Unit" shall mean and refer to all living units within Diamond Farm.

(f) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Private Dwelling Unit situated within Diamond Farm which is subject to the Declaration of Covenants, but, notwithstanding any applicable theory of the mortgage or deed of trust, as the case may be, shall not mean or refer to the mortgagee or

trustee unless and until such mortgagee or trustee has acquired title pursuant to foreclosure or any procedure in lieu of foreclosure.

(g) "Developer" shall mean and refer to DANAC Real Estate Investment Corporation or such other construction company that undertakes to develop real estate in Diamond Farm under an agreement with the owners of the land.

(h) "Member" shall mean and refer to members of the Diamond Farm Homes Corporation.

## ARTICLE II

### Office

Section 1. The principal office of the Corporation shall be located at 2351 Shady Grove Road, Rockville, Montgomery County, Maryland, 20850.

## ARTICLE III

### Membership

Section 1. Every person or entity who is a record Owner of a fee or undivided fee interest in any Private Dwelling Unit located within Diamond Farm shall automatically be a Member of the Corporation, provided that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a Member and provided further that no voting or other privileges and no assessments or charges hereinafter provided for shall be effective for any Private Dwelling Unit until such Unit has first been occupied; thereafter, all voting and other privileges and all assessments and charges shall be fully effective whether such Private Dwelling Unit be occupied or not.

Section 2. The rights of membership are subject to the payment of annual and special assessments levied by the Corporation. The obligation for said assessments is imposed against each Owner of and becomes a lien upon the property against which such assessments are made as provided by Article V of the Declaration of Covenants. Article V provides in part that the maximum annual assessment payable to the Corporation shall be \$150.00 per Private Dwelling Unit and that, in the case of any special assessment levied by the Corporation, such assessment shall require the assent of two-thirds (2/3) of the total votes of all classes of Members who are voting in person or by proxy at a meeting duly called for that purpose, written notice of which shall be sent to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 3. The membership rights of any person whose interest in Diamond Farm is subject to assessments or charges under Article III, Section 2 hereof, whether or not he be

personally obligated to pay such assessments, may be suspended by action of the Board of Directors during the period when the assessment remains unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of the Community Properties and facilities, and the personal conduct of any person thereon, as provided in Article IX, Section 1 hereof, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for a period not to exceed thirty (30) days.

#### ARTICLE IV

##### Voting Rights

Section 1. The Corporation shall have one class of voting membership:

Voting members shall be all those Owners as defined in Article III, Section 1 hereof. Voting members shall be entitled to one (1) vote for each Private Dwelling Unit in which they hold the interests required for membership under Article III, Section 1 hereof. When more than one person holds such interest or interests in any Private Dwelling Unit, all such persons shall be Members, and the vote for such Private Dwelling Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Private Dwelling Unit.

#### ARTICLE V.

##### Property Rights in the Community Properties

Section 1. Each Member shall be entitled to the use and enjoyment of the Community Properties as provided by deed of dedication and the Declaration of Covenants.

Section 2. Every Member may delegate his rights of enjoyment in the Community Properties to each of his tenants and to each member of his family who resides with him within Diamond Farm and to such other persons as may be permitted under duly adopted Rules and Regulations of this Corporation. Such Member shall notify the secretary of the Corporation in writing of the name of any such person and of the relationship of the Member to such person. The rights and privileges of such person are subject to suspension under Article III, Section 3 hereof, to the same extent as those of the members.

#### ARTICLE VI

##### Corporation Purposes and Powers

Section 1. The corporation has been organized for the purposes set forth within the paragraph designated "THIRD" of its Articles of Incorporation.

Section 2. Land added to the land located within Diamond Farm may be made only in accordance with the provision of the Declaration of Covenants. Such additions of land, when properly made under the applicable covenants, shall extend the jurisdiction, functions, duties and membership of this Corporation to such properties. Where the Declaration of Covenants requires that certain additions be approved by this Corporation, such approval must have the assent of two-thirds (2/3) of the total votes of all classes of Members of those voting upon written ballot which shall be mailed or personally delivered to all Members at least thirty (30) days in advance of the canvass thereof. The balloting shall be done as provided in Article XIV hereof.

Section 3. Subject to the provision of the Declaration of Covenants, and to the extent permitted by law, the Corporation may participate in mergers and consolidations with other non-profit corporations or similar organizations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds (2/3) of the total votes of all classes of members of those voting upon written ballot which shall be mailed or personally delivered to all Members at least thirty (30) days in advance of the canvass thereof. The balloting shall be done as provided in Article XIV hereof.

Section 4. The Corporation shall have the power to mortgage its properties only to the extent authorized under the Declaration of Covenants.

The total debts of the Corporation, including the principal amount of such mortgages, outstanding at any time, shall not exceed the total of two (2) years' assessments or charges current at the time, provided that authority to exceed said maximum in any particular case may be given by an affirmative vote of two-thirds (2/3) of the total votes of all classes of Members of those voting upon written ballot which shall be mailed or personally delivered to all Members at least thirty (30) days in advance of the canvass thereof. The balloting shall be done as provided in Article XIV hereof.

Section 5. The quorum required for any action governed by Sections 2, 3 and 4 of this Article shall be as follows:

A return at the first canvass of ballots representing sixty (60) percent of the total votes of all classes of Members shall constitute a quorum. If the required quorum is not forthcoming at any canvass, another canvass may be taken, subject to the notice requirements set forth in said Sections, and the required quorum at any subsequent canvass shall be one-half (1/2) of the required quorum at the preceding canvass, provided that no such subsequent canvass shall be taken more than sixty (60) days following the preceding canvass.

Section 6. The Corporation shall have power to dispose of its real properties only as authorized under the Declaration of Covenants or its Articles of Incorporation.

## ARTICLE VII

### Board of Directors

Section 1. The business and affairs of the Corporation shall be managed by a Board of nine (9) Directors who need not be Members of the Corporation. The initial Board of Directors shall consist on nine (9) Directors who shall hold office until the election of their successors for the terms stated in the Articles of Incorporation. Beginning with the first annual meeting to be held on or before May 15, 1970, the Members, at each annual meeting, shall elect three (3) Directors, each for a term of three (3) years.

Section 2. Vacancies in the Board of Directors shall be filled by a majority vote of the remaining Directors. Any such Director so elected shall hold office during the unexpired term of his predecessor.

## ARTICLE VIII

### Nomination and Election of Directors

Section 1. Nominations for election to the Board of Director shall be made by a Nominating Committee which shall be one of the standing committees of the Corporation. The Nominating Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two (2) or more Members of the Corporation. The members of the Nominating Committee shall be appointed by the Board of Directors at least thirty (30) days prior to each annual meeting of the Members to serve until their successors are appointed.

Section 2. 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 and such nominations may be made from among Members or non-members of the Corporation.

Section 3. All elections to the Board of Directors shall be made by secret written ballot which shall: (a) describe the vacancies to be filled; (b) set forth the names of those nominated by the Nominating Committee for such vacancies; and (c) contain space for a write-in vote by the Members for each vacancy. Such ballots shall be prepared and mailed to the Members at least fifteen (15) days in advance of the date set forth therein for a return ( which shall be a date not later than the day of the annual meeting or special meeting called for elections).

Section 4. The Members or their proxies may cast, with respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration of Covenants.

The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. An Election Committee which shall consist of five (5) members shall be appointed by the Board of Directors and shall be responsible for maintaining the safekeeping of the written ballots once collected by the secretary or such other officer of the Corporation deemed responsible therefor and shall be required to follow such verification procedures as may be adopted by the Board of Directors regarding votes cast, genuineness of signatures, validity of proxies and such other matters as will insure a fair election.

## ARTICLE IX

### Powers and Duties of the Board of Directors

Section 1. The Board of Directors shall have power:

(a) To call special meetings of the Members whenever it deems necessary and in such other instances as provided in Article XIII, Section 2 hereof.

(b) To appoint and remove at pleasure all officers, agents and employees of the Corporation, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit the employment of any Member, officer or Director of the Corporation in any capacity whatsoever.

(c) To establish, levy and assess and collect the assessments or charges referred to in Article III, Section 2 hereof.

(d) To adopt and publish rules and regulations governing the use of the Community Properties and facilities and the personal conduct of the Members and their guests thereon and to establish penalties for any violation thereof.

(e) To exercise for the Corporation all powers, duties and authority vested in or delegated to this Corporation, except those reserved to the Members.

(f) To 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.

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

(a) To 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 one-fourth (1/4) of the total

voting membership or one-fourth (1/4) of the Class A membership, as more specifically provided in Article XIII, Section 2 hereof.

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

(c) To prepare a roster of all properties within Diamond Farm and assessments or charges applicable thereto which shall be kept in the office of the Corporation.

(d) To fix the amount of the assessment or charges against each Private Dwelling Unit for each assessment period at least thirty (30) days in advance of such date or period and, at the same time, send written notice of each assessment or charge to every Owner subject thereto, all as otherwise more fully provided herein and in the Declaration of Covenants.

(e) To issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment or charge has been paid. A reasonable charge may be made by the Board for the issuance of the certificate. Such certificate shall be conclusive evidence of any assessment or charge therein stated to have been paid.

(f) To procure and maintain adequate liability insurance covering the Corporation, its Directors, officers, agents and employees and to procure and maintain adequate hazard insurance on such of the Corporation's real and personal properties as deemed appropriate by the Board.

(g) To provide for the maintenance of all Community Properties and facilities.

## ARTICLE X

### Director's Meetings

Section 1. A regular meeting of the Board of Directors shall be held not less than quarterly at such time and place as determined by the Board.

Section 2. Notice of such regular meeting is hereby dispensed with. If the day for the regular meeting shall fall upon a legal holiday, the meeting shall be held at the same hour on the first day following which is not a Saturday, Sunday or legal holiday, and no notice thereof need be given.

Section 3. Special meetings of the Board of Directors shall be held when called by the president or vice-president of the Corporation or by any two (2) Directors after not less than three (3) days' notice in writing to all Directors which shall be delivered personally or mailed to the Directors at their addresses appearing on the Corporation's records. Notice by mail shall be deemed given at time of mailing.

Section 4. A majority of the Board of Directors shall constitute a quorum thereof and the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 5. The Board of Directors shall have the right to take any action in the absence of a meeting which it could take at a meeting by obtaining the written approval of all Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

## ARTICLE XI

### Officers and Their Duties

Section 1. The officers shall be a president, a vice-president, a secretary, a treasurer and such other officers as the Board may deem appropriate to create by resolution. The president and vice-president shall be members of the Board of Directors.

Section 2. The officers shall be chosen by majority vote of the Directors.

Section 3. All officers shall hold office for such terms as designated by the Board of Directors and may be relieved of office at any time as may be determined by the Board.

Section 4. The President shall be the chief executive officer of the corporation, shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and shall sign such documents as determined by resolution of the Board of Directors.

Section 5. The Vice-president shall perform all the duties of the president in his absence.

Section 6. The Secretary shall be, ex officio, the secretary of the Board of Directors, and shall record the votes and keep the minutes of all proceedings of the Board in a book to be kept for that purpose. The secretary shall sign all certificates of membership, keep the records of the corporation and shall record in an appropriate book the names of all Members of the Corporation together with their addresses as registered by such Members (see Article XIII, Section 3 hereof).

Section 7. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Corporation 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. All checks and notes of the corporation shall be prepared and signed as determined by resolution of the Board of Directors.

Section 8. The treasurer shall keep proper books of account and cause an annual audit of the corporation books to be made by a certified public accountant at the completion of each fiscal year. The treasurer shall prepare an annual budget and an annual balance sheet statement and the budget and balance sheet statement shall be presented to the membership at its regular annual meeting.

Section 9. In addition to those specific duties listed above in this Article, each officer shall perform such other duties as the Board of Directors may, by resolution, determine to be appropriate.

## ARTICLE XII

### Committees

Section 1. The standing committees of the Corporation shall be:

The Nominating Committee  
 The Recreation Committee  
 The Maintenance Committee  
 The Publicity Committee  
 The Audit Committee

Unless otherwise provided herein, each committee shall consist of a chairman and two (2) or more members and shall include a member of the Board of Directors for Board contact. The committees shall be appointed by the Board of Directors at its first meeting following each annual meeting of the Members and members of the committees shall serve until their successors are appointed. The Board of Directors may appoint such other committees as it deems desirable.

Section 2. The Nominating Committee shall have the duties and functions described in Article VII hereof.

Section 3. The Recreation Committee shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the corporation.

Section 4. The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the Community Properties and facilities of the Corporation.

Section 5. The Publicity Committee shall inform the Members of all activities and functions of the Corporation and shall, after receiving approval from the Board of Directors, make such public releases and announcements as are in the best interest of the Corporation.

Section 6. The Audit Committee shall supervise the annual audit of the corporation's books and approve the annual budget and balance sheet statement to be presented to the membership at its regular annual meeting as provided in Article XI, Section 8 hereof. The treasurer shall be an ex officio member of the committee.

Section 7. With the exception of the Nominating committee, each committee shall have power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties and functions.

Section 8. It shall be the duty of each committee to receive suggestions from Members on any matter involving Corporation functions, duties and activities within its field of responsibility. It shall handle such suggestions as it deems appropriate or refer them to such other committee, officer or Director of the Corporation as is further concerned with the matter presented.

Section 9. In addition to those specific duties listed above in this Article, each committee shall perform such other duties as the Board of Directors may, by resolution, determine to be appropriate.

### ARTICLE XIII

#### Meetings of Members

Section 1. There shall be an annual meeting of the Members held at such time and place within Montgomery County, Maryland, as determined by the Board of Directors.

Section 2. Special meetings of the Members may be called for any purpose at any time by the president or vice-president or by any two or more members of the Board of Directors, or upon written request of the Members or representatives who have a right to vote one-fourth (1/4) of the total votes of all classes of Members or who have a right to vote one-fourth (1/4) of the total votes of the Class A Members.

Section 3. Notice of any meeting, regular or special, shall be given to the Members by, or at the direction of, the secretary. Notice may be given to a Member either personally, or by sending a copy of the notice through the mail, postage pre-paid, to his address appearing on the books of the Corporation. 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 set forth the general nature of the business to be transacted and shall be mailed or personally delivered not less than fifteen (15) days in advance of the meeting unless such other notice requirements be set forth in the Articles of Incorporation, Declaration of Covenants or these By-Laws.

Section 4. Unless otherwise provided in these By-Laws, the Articles of Incorporation or the Declaration of Covenants, the presence at any meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the total votes of all classes of Members shall constitute a quorum for any action governed by these By-Laws. If the required quorum is not forthcoming at any meetings, another meeting may be called, subject to the notice requirements set forth in Section 3 of this Article, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. When a quorum is present at any meeting of Members, the vote of a majority of the votes of all classes of Members present in person or by proxy shall decide any questions brought before such meeting, unless the question is one upon which by express provision of the Declaration of Covenants, the Articles of Incorporation or elsewhere within these By-Laws a different vote is required, in which case such express provision shall govern and control the decision of such question.

Section 6. At all meetings of Members, each Member may vote in person or by proxy.

Section 7. All proxies shall be in writing and filed with the secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease and terminate upon sale or transfer by the Member of his home or other interest in Diamond Farm.

#### ARTICLE XIV

##### Written Ballot in Special Cases

Section 1. Whenever the vote of the Members is required to be taken by written ballot under the provisions of these By-Laws, the Articles of Incorporation or Declaration of Covenants, all Members shall vote in person or by proxy upon such written ballot. The mechanics of such balloting shall conform to the provisions of Article VIII hereof, provided that when a vote is on an issue, such issue shall be plainly stated upon the ballot or accompanying circular.

## ARTICLE XV

### General Provisions

Section 1. The fiscal year of the Corporation shall begin on January 1 and end on December 31 of every year, except that the first fiscal year shall begin on the date of incorporation, namely, April 21, 1969.

Section 2. The books, records and papers of the Corporation shall at all times, during reasonable business hours, be subject to the inspection of any Member.

Section 3. The corporation shall have a seal in circular form having inscribed within its circumference the full name of the Corporation, the year of its organization and the words "Corporate Seal, Maryland".

Section 4. Every person who acts as a Director or officer of the Corporation shall be indemnified by the Corporation for any judgment or award obtained against him as well as expenses actually and necessarily incurred by him, including legal fees if counsel is not provided by the Corporation, in connection with the defense of any claim, action, suit or proceeding in which he is made a party by reason of his being or having been a Director or officer of the Corporation, except in relation to matters as to which he shall be adjudged or determined in such claim, action, suit or proceeding to have acted in bad faith and outside the scope of his authority or to have acted in a grossly negligent manner or with willful misconduct. In the event any such claim, action, suit or proceeding is instituted against a Director or officer of the Corporation, the corporation shall have the right to enter into such settlement or compromise in regard thereto as may be deemed advisable by the Board of Directors.

The right of indemnification as provided in this Article shall be in addition to any rights to which any such Director or officer may otherwise be entitled by contract or as a matter of law. Further, nothing herein contained shall be deemed to restrict the right of the corporation to indemnify the Directors, officers or any agents or employees of the corporation in such cases as it deems appropriate even though not specifically provided in this Article.

Section 5. As provided in Article IX hereof, the Corporation shall maintain a liability insurance policy with a company authorized to transact business in the State of Maryland. In the event said insurance policy provides a greater degree of protection to the Corporation's Directors, officers, agents and employees, for example, to the extent of covering acts of gross negligence and willful misconduct, nothing in Section 4 of this Article shall be construed as prohibiting such additional protection and indemnification to said Directors, officers, agents and employees, or of relieving the insurance company of the duty to provide the full normal coverage of its policy to said Directors, officers, agents and employees.,

Section 6. 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 Articles of Incorporation, these By-Laws and the Declaration of Covenants, the Declaration of Covenants shall control.

## ARTICLE XVI

### Amendments

Section 1. These By-Laws may be altered, amended or repealed at a regular or special meeting of the Members, by a vote of a majority of a quorum (as provided in Article XIII, Section 4 hereof) of all classes of Members present in person or by proxy, provided that any different voting and/or quorum requirements specified for any action under any provision of these By-Laws shall apply also to any amendment of such provision; and provided further than any matter stated herein to be or which is in fact governed by the Articles of Incorporation or by the Declaration of Covenants may not be amended except as provided in such Articles of Incorporation or Declaration of Covenants.