

BY-LAWS OF

THE RESERVE AT HOLY CROSS PROPERTY OWNERS ASSOCIATION, INC.

Article I

Name

The name of the corporation is The Reserve at Holy Cross Property Owners Association, Inc., hereinafter referred to as the " Association."

Article II

Definitions

SECTION 1. "Association" means and refers to The Reserve at Holy Cross Property Owners Association, Inc., a Maryland corporation, its successors and assigns.

SECTION 2. "Property" means the property described in the subdivision plat or plats of The Reserve at Holy Cross Subdivision recorded from time to time among the Land Records of Garrett County, Maryland.

SECTION 3. "Association Property" means all property owned by the Association for the use and enjoyment of the owners.

SECTION 4. "Lot" means a lot or parcel of land in the Property shown as such on the plats of the subdivision.

SECTION 5. "Owner" means the record owner, whether one or more persons or entities, of the fee simple title to any Lot, but excluding those having such interest merely as security for the performance of any obligation.

SECTION 6. "Declarant" means HC Reserve, LLC, a Maryland limited liability company, and its successors and assigns to which it shall convey or otherwise transfer its right, title and interest to all or any part of the Property and in so doing expressly designates the transferee as a Declarant hereunder.

SECTION 7. "Declaration" means the Declaration of Covenants, Conditions and Restrictions applicable to the Property and recorded among the Land Records of Garrett County, State of Maryland, as amended.

SECTION 8. "Member" means a person or entity entitled to membership in the Association as provided in the Declaration.

Article III

Meeting of Members

SECTION 1. Annual Meetings.

The first annual meeting of the members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular meeting of the members shall be held on the same day of the same month of each year thereafter, or on such other annual date, and at a time fixed by the Board of Directors.

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 of all of the votes of the Class A membership.

SECTION 3. Notice of Meetings.

Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary of the Association or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

SECTION 4. Quorum.

The presence at the meeting of members entitled to cast, or of proxies entitled to cast, 33-1/3 percent 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 a 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 as aforesaid shall be present or be represented.

SECTION 5. 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 conveyance by a Member of his Lot.

Article IV

Board of Directors, Selection, Term of Office

SECTION 1. Number.

The affairs of this Association shall be managed by a Board of at least three (3) directors, who need not be members of the Association.

SECTION 2. Term of Office.

At the first annual meeting the members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and (1) director for a term of three (3) years; and at each annual meeting thereafter the members shall elect a director for a term of three (3) years. The directors shall be elected each year at the annual meeting and each director shall serve until his successor shall be elected.

SECTION 3. Removal.

Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

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 V

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 at the annual meeting. 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 Association. The Nominating Committee shall be appointed by the Board of Directors prior to each 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 nonmembers.

SECTION 2. Election.

Election to the Board of Directors shall be by secret written 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 provisions of the Declaration. The persons receiving the largest number of votes

shall be elected. Cumulative voting is not permitted.

Article VI

Meeting of Directors

SECTION 1. Regular Meetings.

Regular meetings of the Board of Directors shall be held 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 (2) 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 which a quorum is present shall be regarded as the act of the Board.

Article VII

_____ 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, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of the recreational facilities 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 sixty (60) 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 a manager, an independent contractor, and such other employees as they deem necessary , and to prescribe their duties.

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 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 Class A members who are entitled to vote.

(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 at least thirty

(30) days in advance of each annual assessment period.

(2) Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) Foreclose at its discretion the lien against any property for which assessments are not paid within thirty (30) days after due date and/or to 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 property owned by the Association, and adequate officers and directors indemnity insurance.

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

(g) Cause the Association Property to be maintained.

(h) Enter into an agreement with first mortgagees of Lots in the properties to provide that such first mortgagees, jointly or singly, may pay taxes or other charges which are in default and which may or have become a charge against the Common Area of the Association, and such mortgagees may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy for such property, and such first mortgagees, upon making such payments, shall be owed immediate reimbursement therefor from the Association.

(i) Establish, levy, assess and collect all assessments referred to or authorized in the Declaration.

Article VIII

Officers and Their Duties

SECTION I. Enumeration of Officers.

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 or until his successor is elected and has qualified, 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: 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, promissory notes, deeds and other written instruments.

Vice President: 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: 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 other duties as required by the Board.

Treasurer: 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; keep proper books of account; cause an annual audit or review of the Association books to be made at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

Article IX

Indemnification of Officers and Directors

The Association shall provide any indemnification required or permitted by the laws of Maryland and shall indemnify directors, officers, agents and employees as follows:

(a) The Association shall indemnify any director or officer of the Association who was or is a party or is threatened to be made a party to any threatened, pending, or completed

action,
suit or proceedings, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was such director or officer or an employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith, and in a manner which he reasonably believed to be in or not opposed to the best interest of the Association, and with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) The Association shall indemnify any director or officer of the Association who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was such a director or officer or an employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action or suit was brought, or any other court having jurisdiction in the premises, shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper .

(c) To the extent that a director or officer of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraph (a) or (b) of this Article IX, or in defense of any claim, issue, or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith, without the necessity for the determination as to the standard of conduct as

provided in paragraph (d) of this Article IX.

(d) Any indemnification under paragraph a or b of this Article IX (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraph (a) or (b) of this Article IX. Such determination shall be made (i) by the Board of Directors of the Association by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or even if obtainable, such a quorum of disinterested directors so directs, by independent legal counsel (who may be regular counsel for the Association) in a written opinion; and any determination so made shall be conclusive.

(e) Expenses incurred in defending a civil or criminal action, suit or proceeding will be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized in the particular case, upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article IX.

(f) Agents and employees of the Association who are not directors or officers of the Association may be indemnified under the same standards and procedures set forth above, in the discretion of the Board of Directors of the Association.

(g) Any indemnification pursuant to this Article IX shall not be deemed exclusive of any other rights to which those indemnified may be entitled and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Article X

Committees

The Association shall appoint an Architectural Committee, as provided in the Declaration, and 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 XI

Books and Records

The books, records and papers of the Association shall, 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 at the principal office of the Association, where copies may be purchased at reasonable cost.

Article XII

Assessments

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum, and be subject to a late fee of Five Dollars (\$5.00) or five percent (5%) of the assessment, whichever is greater, and the Association may bring an action at law against the owner personally obligated to pay the same and/or foreclosure the lien against the Lot, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Association Property or abandonment of his Lot.

The Association may establish and enforce the lien or any assessment, annual, special or additional established pursuant to the Declaration aforesaid pursuant to the Maryland Contract Lien Act. The Lien is imposed upon the Lot against which such assessment is made. The lien may be established and enforced for damages, costs of collection, late charges permitted by law, and attorney's fees provided for in the Declaration or awarded by a Court for breach of any of the covenants of the Declaration.

Article XIII

Rights of Mortgagees

SECTION 1. Unpaid Assessments.

The Association may, upon request and for a reasonable charge, report to a mortgagee of any Lot any unpaid assessment due from the Owner of the Lot or any default by the mortgagor of the Lot in the performance of the mortgagor's obligations as a Lot Owner hereunder which is not cured

within thirty (30) days. In the event a first mortgagee requests a notice of default, and pays the charge therefor, if no notice of default is given within thirty (30) days after receipt of the request, the Association shall thereafter be estopped to claim any default that occurred prior to the receipt of the Request as respects the said first mortgagee, or any purchaser therefrom upon foreclosure or other exercise of lien rights under the mortgage.

SECTION 2. Approval Required.

In addition to the other provisions of the Declaration, and these By-Laws, and the applicable laws of the State of Maryland, unless at least Fifty Percent (50%) of the first mortgagees (based upon 1 vote for each mortgage) of individual Lots within the Properties, have given their prior written approval, the Association shall not be entitled to:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements thereon which are owned, directly or indirectly, by the Association, for the benefit of the Lots, i.e., the Association Property .

The granting of easements for public utilities or for other public purposes consistent with the intended use of the Association Property or the conveyance of roadways to a public body shall not be deemed a transfer within the meaning of this clause.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner.

(c) By act or omission change, waive or abandon any scheme or regulations or enforcement thereof pertaining to the architectural design or the exterior appearance of any Lot, the exterior maintenance of Lots, the maintenance of party walls or common fences or driveways, or the upkeep of lawns and plantings in the Properties. .

(d) Fail to maintain fire and extended coverage on insurable Association Common Area property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost).

(e) Use hazard insurance proceeds for losses to any Association Property for other than the repair, replacement or reconstruction of such improvements.

Article XIV

Corporate Seal

The Association may have a seal in circular form having within its circumference the name of the Association, or in lieu thereof the word "[SEAL]" may be placed adjacent to the signature of an authorized officer of the Association.

Article XV

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 present in person or by proxy.

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 XVI

Miscellaneous

SECTION 1. Fiscal Year.

The fiscal year of the Association shall be as established by the Board of Directors.

SECTION 2. Examination of Books.

Owners and first mortgagees shall have the right to examine the books and records of the Association.

IN WITNESS WHEREOF, We, being the directors of The Reserve at Holy Cross Property Owners Association, Inc., adopt the foregoing Bylaws effective the 20th day of August, 2006.



Glen Adrian



Richard B. Orr



William G. Weissgerber, Jr.