

BY-LAWS

BY-LAWS
OF
PROPHECY HOMEOWNERS ASSOCIATION, INC.
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BY-LAWS
OF
PROPHECY HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION. The name of the corporation is Prophecy Homeowners' Association, Inc., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 10210 Greenbelt Road, Seabrook, Prince George's County, Maryland, but meetings of members and directors may be held at such places within the State of Maryland, County of Prince George's, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Prophecy Homeowners' Association, Inc., a Maryland corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the members of the Association.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Dwelling Unit" shall mean a building or portion thereof situated within the Properties originally designated and intended for use and occupancy or a residence by a single family.

Section 6. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. "First Mortgagee" shall mean and refer to the holder of the first mortgage or deed of trust on any "Lot" which is improved by a "Dwelling Unit."

Section 9. "Declarant" shall mean and refer to Enterprise Developers, Inc., a Maryland corporation, as assignee from Urban Systems Development Corporation of all of the property herein described, and the successors and assigns from Enterprise Developers, Inc., if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development.

Section 10. "Declaration" shall mean and refer to the Amended Declaration of Covenants, Conditions and Restrictions applicable to the Properties dated January 14, 1975 and recorded among the Land Records of Prince George's County, Maryland, in Liber 4453 at folio 61 and any and all amendments thereto from time to time made and recorded.

ARTICLE III

MEMBERSHIP

Section 1. Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject to the Declaration 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. No Owner shall have more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Ownership of such Lot shall be the sole qualification for membership.

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

Section 3. The rights of any person whose interest in the Properties is subject to assessments under Article III, Section 2, hereof, to vote and to use the recreational facilities may be suspended by action of the directors during the period when the assessments remain 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 Common Areas 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 sixty (60) days.

ARTICLE IV

VOTING RIGHTS

The Association shall have two classes of voting membership:

CLASS A - Class A Members shall be all those Owners as defined in Article III, Section 1, hereof, with the exception of Declarant, until such time as Declarant's membership is converted as hereinafter provided. Class A Members shall be entitled to one vote for each Lot, in which said Member holds the interest required for membership by Article III, Section 1, hereof; provided, however, that, where more than one person holds such interest in any one Lot, all such persons shall be Members, the vote for such Lot to be exercised as they themselves determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B - Class B Member shall be the Declarant. The Class B Member shall be entitled to three votes for each Lot in which it holds the interest required for membership by Article III, Section 1, hereof; provided, however, that the Class B membership shall cease and be converted to Class A membership, with the voting rights therein applicable, upon the happening of either of the following events, whichever occurs earlier: (a) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership, or (b) on January 1, 1980.

ARTICLE V

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within six months from the date of conveyance of the common area as required by the Declaration and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter, at the hour of 7:30 o'clock p.m. If the day for the annual meeting of the Members is a legal holiday, then the meeting will be held at the same hour on the first day following which is not a legal holiday.

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 or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 5 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, one-tenth of the votes of the 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 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 the Member of his Lot.

ARTICLE VI

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed and controlled by a Board of Directors, five or more in number. Directors need not be Members of the Association.

Section 2. Term of Office. At the first annual meeting the Members shall elect two directors for a term of one year, two directors for a term of two years, one director for a term of three years, and at each annual meeting thereafter the Members shall elect directors for a term of three years.

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 VII

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 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 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 VIII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. 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. Should said meetings

fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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 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 IX

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 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) to appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation. Nothing contained in these By-Laws shall be construed to prohibit the employment of any Member, officer or director of the Association in any capacity whatsoever.

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

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

(e) procure and maintain comprehensive public liability and property damage insurance covering all common areas. Such insurance shall contain a "Severability of Interest" endorsement which shall preclude the insurer from denying the claim of an owner or members in the properties because of negligent acts of the association or other owners or members;

(f) procure and maintain fire and extended coverage insurance for no less than 100 percent of replacement cost on all insurable common property;

(g) procure and maintain fidelity coverage against dishonest acts on the part of directors, managers, trustees, employees or volunteers responsible for handling funds collected and held for the benefit of the owners and the Association. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers;

(h) cause the common area to be maintained.

(i) notify First Mortgagee of any default by any Owner in the performance of his obligation under the Declaration which is not cured within thirty (30) days, including but not limited to the non-payment of assessments.

Section 3. Matters Requiring First Mortgagee Approval.

Notwithstanding any provision of these By-Laws or Laws of Maryland expressly or impliedly to the contrary, neither the membership of the Association nor the Board of Directors of the Association shall without the prior written approval of at least seventy-five (75%) percent of the First Mortgagees (based upon one vote for each mortgage) be entitled to:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer any Common Areas or improvements thereon which are owned, directly or indirectly, by the Association.

The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Area by the Association shall not be deemed a transfer within the meaning of this clause;

(b) change the method of determining the obligations, assessments or other charges which may be levied against any Owner;

(g) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

(h) enter into agreements with First Mortgagees permitting First Mortgagees to jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any common property, and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such property and First Mortgagees making such payments shall be owed immediate reimbursement therefor from the association.

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 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) establish an adequate reserve fund for the replacement of the improvements on and to the Common Areas, which fund must be funded by the annual assessment rather than by special assessment.

(3) send written notice of each assessment to every Owner subject thereto;

(4) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(d) issue, or to 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;

(c) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural control or the exterior appearance of Dwelling Units, the exterior maintenance of Dwelling Units, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and plantings.

(d) fail to maintain Fire and Extended Coverage on insurable Common Area improvements 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 Common Area improvements for other than the repair, replacement or reconstruction of such improvements;

(f) annex additional properties;

(g) amend the Declaration, the Articles of Incorporation or these By-Laws.

ARTICLE X

OFFICERS AND THEIR DUTIES

Section 1. 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 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 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 of 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 other 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; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant 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 XI

COMMITTEES

The Association shall appoint an Architectural Control 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 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 and by any First Mortgagee. 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 XIII

CORPORATE SEAL

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

ARTICLE XIV

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Directors or at a regular or special meeting of the Members, by a vote of two-thirds of a quorum of Members or Directors present in person or by proxy, provided, however, that no amendment shall be effective or valid without the prior written approval of at least seventy-five (75%) percent of the First Mortgagees.

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

DISSOLUTION

The Association may be dissolved with the assent given in writing

and signed by not less than seventy-five (75%) percent of First Mortgages and not less than two-thirds (2/3) of each class of Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XVI

FHA/VA APPROVAL

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans' Administration should same have a financial interest in the properties arising out of initial financing to an owner: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of Articles of Incorporation and By-Laws.

ARTICLE XVII

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 the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of the Prophecy Homeowners' Association, Inc., have hereunto set our hands this _____ day of _____, 1975.

CERTIFICATION

I, the undersigned, do hereby certify:
That I am the duly elected and acting secretary of the Prophecy Homeowners' Association, Inc., a Maryland corporation, and