

CROFTON SWIM & TENNIS CLUB, INC.
BY-LAWS

Including Amendments adopted January 5, 1971; February 24, 1975; June 21, 1981; February 25, 1986; February 22, 1990; February 26, 1992; April 16, 1999; February 19, 2002; February 24, 2004; February 22, 2005, and February 24, 2009.

ARTICLE I. – NAME

The name of this Corporation shall be the Crofton Swim & Tennis Club, Inc.

ARTICLE II. – PURPOSE

The purpose for which the Corporation is formed is to promote the health and general welfare of its members through the construction, ownership, and operation of a swimming pool, tennis courts and other recreational facilities. For this purpose, the Corporation shall be considered a nonprofit entity operating in this capacity.

ARTICLE III. - MEMBERSHIP

Section 1. Geographical Area. Membership shall be limited to residents of the Crofton Community Area.¹ The Crofton Community Area is determined as that triangular area bounded by the east side of U.S. Rt. 3, the west side of MD Rt. 424, and the north side of MD Rt. 450.

Section 2. Definition. A member shall be an individual or husband and wife who permanently reside in the Crofton Triangle Area. Membership entitles all members and their immediate family unit to utilize the Corporation's facilities upon payment of annual dues as set by the Board of Directors. An immediate family unit is defined as:

- All persons related by blood or marriage to the member and permanently residing at the same address as the member;
- All persons who are legally dependent on the member and permanently residing at the same address as the member;

The following are not considered part of the immediate family unit:

- Household employees, including, but not limited to nannies, au pairs and/or other childcare providers;
- A separated or divorced spouse of a member who does not live at the same address as the member.

Members shall be required at least annually to provide the full name, age, address and relationship of all persons comprising the immediate family unit of the member. Upon request by the Board of

Directors, members shall be required to provide documentation of legal residence, blood or marriage relationship, or legal dependence for any persons comprising the immediate family unit of the member. Failure to provide adequate documentation shall be grounds for removing the undocumented persons from the membership.²

Section 3. Types of Membership. Membership in the Corporation shall consist of three types: permanent; inactive; and temporary.

a. Permanent Member. A permanent member is a member who has purchased and paid for a membership certificate as well as paid all dues and assessments for the current year, as declared by the Board of Directors.

b. Inactive Member.

i. A member who cannot use the pool or other facilities of the Corporation during any fiscal year(s) may, at the discretion of the Board of Directors, become an inactive member for a period not to exceed three (3) years, and provided the member maintains or otherwise owns a residence within the Crofton Community Area in which he plans to reside upon return to an active status. To warrant consideration by the Board of Directors for the status of inactive members or the termination of memberships for the purpose of refunding annual dues, written notice must be received by the Treasurer prior to the opening day of that season. A portion of annual dues shall be refunded when said notification is received subsequent to that date, but not before payment of dues has been made by a new member.

ii. When a membership is declared inactive, the Corporation may utilize the vacancy for either another permanent membership or for a temporary membership. When the inactive member returns, he will be returned to active status immediately. If neither a permanent nor a temporary member can be found, the member who is declared inactive must pay the annual dues.

c. Temporary Member. A temporary member is a non-permanent member who is subject to the payment of an annual amount as established by the Board of Directors.

d. Long Term Member. A Long Term Member shall be a permanent member who has purchased and paid for a membership certificate as well as paid all dues and assessments for the current year, as declared by the Board of Directors. In addition, one member must be at least age 62, have been a member for 10 consecutive years, and have no dependants listed on their membership. Proof of age will be required upon request. Dues will be set annually at a reduced amount as determined by the Board of Directors.³

Section 4. Number of Memberships

a. Permanent Memberships. Permanent memberships in the Corporation shall be limited to a maximum of 575 family units, or a lesser number as set by the Board of Directors.⁴

b. Temporary Memberships. Temporary memberships may be sold as determined by the Board of Directors so long as total memberships do not exceed the number of permanent memberships augmented by inactive members seeking active status.

Section 5. Application for Membership. Persons desiring membership shall apply to the Board of Directors on forms provided by the Corporation. Applicants for memberships, after the maximum permissible under these By-Laws has been issued, will be placed on a waiting list to be maintained by the Board of Directors. Memberships will be made available to applicants in the order of their appearance on the waiting list as they become available, except for those memberships granted under Article V, Section 4c. Acceptance of all memberships shall be subject to a two-thirds vote by the Board of Directors. Membership shall not be denied because of race, religion, or color. In the event that the Board of Directors does not approve the membership application, the rejected applicant shall have the right to appeal the rejection, and the Board's action may be reversed by a majority vote of the members present at a duly-called special meeting after an opportunity to be heard has been given both the applicant and a representative of the Board of Directors. The Board of Directors shall notify the membership when a rejected applicant seeks review.

ARTICLE IV. – PRICE OF MEMBERSHIP; ANNUAL DUES AND ASSESSMENTS

Section 1. Price of Membership. Charter membership certificates granted to members joining on or before September 12, 1970 shall cost \$400.00. Subsequent to September 12, 1970, the cost of membership certificates shall be \$450.00, or such other amount as determined by the Board of Directors.

Section 2. Annual Dues. Each family unit, as defined by Article III, Section 2 of these By-Laws, shall be assessed and required to pay a pro rata share of the approved operating budget, and said amount shall be defined as Annual Dues. No dues shall be refunded in the event that operations of the Corporation's facilities are suspended for any period, unless otherwise provided by the Board.

Section 3. Date of Payment of Dues. Dues may be paid without penalty if received by the Corporation's Treasurer on or before April 16. After that date a penalty of up to 15% of the annual dues shall be charged for payments received after April 16th. In the event that all dues and penalty payments have not been received by the Corporation's Treasurer on or before May 16, the membership shall be subject to revocation under the provisions of Article V, /section 5, and an additional penalty of 15% of the annual dues shall be charged to the member. The entire annual dues, as determined in Section 2 above shall be chargeable against any membership on the books of the Corporation as of April 30 of each year. No member of any family unit shall be entitled to the use of any of the Corporation's facilities until the entire annual dues for that family unit, together with penalties, where applicable have been paid.⁵

Section 4. Special Assessments. A special assessment upon the membership for any purpose shall only be levied after the approval of a majority present at the annual meeting or at a special meeting called for that purpose.

ARTICLE V. - MEMBERSHIP RIGHTS AND PRIVILEGES

Section 1. Use of Facilities. Members who pay their annual dues and fees in accordance with the procedures set forth in these By-Laws and abide by the established rules and regulations of the Corporation shall be considered in good standing and shall enjoy the use of the Corporation's facilities as long as they remain in good standing.

Section 2. Voting. Each family unit holding a permanent membership shall be entitled to one vote at corporate meetings that may be cast only by an adult member or his written proxy. Such written proxies are valid for no more than thirty (30) days.

Section 3. Holding Office. Only permanent members shall be entitled to hold office.

Section 4. Transfer of Membership.

a. Memberships are not transferable. When a permanent member resigns or the membership is terminated, refund of the cost of membership will be made by the Corporation when the certificate is reissued or as otherwise provided by action of the Board of Directors. Cost of membership, as referred to above, shall be defined as the prevailing selling price of membership at the time the membership is reissued as determined by the Board of Directors.

Members may, upon approval of the Board of Directors, transfer their membership to their adult child who resides at an address in the Crofton Triangle, and meets all other requirements for membership. Requests for transfers must be made in writing to the Board of Directors. If granted, transfer of membership will be subject to a transfer fee as determined by the Board of Directors. The membership certificate will transfer to the adult child, and the original member surrenders all rights to the membership bond. The new member becomes responsible for all dues and fees as set forth by the Board. When the bond is ultimately sold, the remaining value will be returned to the last bondholder.⁶

b. The Corporation shall assess a transfer fee of Two Hundred Dollars (\$200.00) to the terminating member. Additionally, the Corporation shall exercise the right to offset amounts owed to it by the outgoing member.

c. If the holder of a charter membership sells his house, he shall have the privilege of requesting that his membership be reissued to the buyer of the house, subject to the approval of the Board of Directors. The Board of Directors shall give first consideration for the purchase of that membership to the buyer of that house.

Section 5. Suspension of Membership Privileges and Revocation of Membership.

Membership privileges for any given individual or family unit may be suspended by the management for a period not exceeding three days. Membership privileges may be suspended for a longer period of time, or the member can be expelled, for due causes and after having been granted an opportunity for a hearing before the Board of Directors, by a two-thirds vote of the entire membership of the Board of Directors. Due cause for suspension or expulsion shall, in general, consist of violation of these By-Laws or the standing rules of the Corporation, or of conduct detrimental to its members. Failure to pay required operating dues will cause membership privileges to be suspended until such dues are paid, and failure to pay required operating dues by May 30 of the current year shall be cause for expulsion. A member expelled by the Board of Directors may be

reinstated by a majority vote of members at a duly called special or general membership meeting after an opportunity to be heard has been given both the member and a representative of the Board of Directors.

Section 6. Guest Privileges. The Board of Directors will establish from time to time appropriate rules regarding the use of pool facilities, including limitations to use to insure adequate member access during high usage periods and to limit guest privileges for those eligible for membership when memberships are available.⁷ A member must accompany guests. On Saturdays, Sundays and holidays, guests must be arranged for in advance to assure admittance. The number of guests shall be based on anticipated attendance by members who at all times will be allowed use of the pool. Other considerations and admission fees pertaining to guests will be set forth in the “Rules and Regulations Governing the Use of Pool Facilities”. The Corporation will furnish each member with appropriate identification.

Section 7. Use of Pool by Other Organizations. Use of pool facilities by organizations and groups may be permitted, subject to such conditions as the Board may prescribe.

Section 8. Membership Responsibility and Liability. Adult members shall be held responsible for the conduct of their children, dependents and guests. If the misconduct of one of the aforementioned results in damages to Club property, the owner or owners of the membership shall be liable for whatever damages were incurred.

ARTICLE VI. - NOTICES AND WAIVERS

Section 1. All notices mentioned in these By-Laws shall be mailed to the address of the person entitled thereto shown on the books of the Corporation, as of the time of mailing, and the mailing of same, postage prepaid, shall constitute good notice.

Section 2. Whenever any notice is required to be given by law, or under the provisions of the Certificate of Incorporation or of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated in the waiver, shall be deemed equivalent to the notice unless such waiver is expressly prohibited by law.

ARTICLE VII – MEMBERSHIP MEETINGS

Section 1. Annual Meetings. The annual meeting of the members of the Corporation shall be held during the month of February of each year at a time and place to be designated by the Board of Directors. Members shall be notified of this meeting in writing not less than ten (10) days prior thereto. At such meeting the members shall nominate and elect members to the Board of Directors and transact such other business as may properly come before it.

Section 2. Special Meetings. The Chairman of the Board of Directors may call special meetings of the members of the Corporation at any reasonable time. A special meeting shall be called by the Chairman upon request in writing of not less than ten (10) percent of the members or by two-thirds (2/3) of the members of the Board of Directors. Due notice of special meetings shall be given to the members, in writing, not less than ten (10) days prior thereto. The purpose for which

a special meeting is called shall be stated in the notice of said meeting and no other business shall be entertained or transacted at that meeting.

Section 3. Quorum. Ten percent (10%) of the permanent members present in person or by proxy shall constitute a quorum at all meetings of the Corporation for the transaction of business except as otherwise provided by statute, these By-Laws, or by Certificate of Incorporation. If a quorum is not present, an adjournment shall be taken to a date not less than 15 nor more than 30 days thereafter, and the members present at any such later meetings shall constitute a quorum, regardless of the number of members present. The same notice shall be given for the later meeting as is prescribed in these By-laws for the original meeting. The transfer books of the Corporation shall be closed and a list of members eligible to vote shall be made up at least seven (7) days prior to an annual meeting and at least three (3) days prior to any special meeting except that it shall be noted that this is the second meeting and that the members present at any such later meeting shall constitute a quorum.

Section 4. Majority Vote Controlling. When a quorum is present at any meeting, the vote of the majority of the permanent members present in person or represented by proxy shall decide any questions brought before such meeting, unless the question is one upon which by express provision of State statute or of the Certificate of Incorporation or of these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question.

ARTICLE VIII - OFFICERS AND THEIR DUTIES

Section 1. The officers of the Corporation shall be a President, Vice-President, Treasurer, and Secretary, all of who shall be elected by the Board of Directors, from their own number. Officers shall be elected at the first meeting of the Board of Directors following the annual meeting of the members. Unless sooner removed as herein provided, they will hold office for a term of one (1) year and until the election and qualification of their respective successors.

Section 2. President. The President shall:

- a. Be the chief executive officer of the Corporation and Chairman of the Board of Directors;
- b. Preside at all meetings of the members and all meetings of the Board of Directors
- c. Direct and supervise all employees of the Corporation. This authority may be delegated.

Section 3. Vice-President. The Vice-President shall have and exercise all the powers, authority, and duties of the President during the absence or disability of the President.

Section 4. Treasurer. The Treasurer shall:

- a. Have custody of all funds, securities, valuable papers and other assets of the Corporation, subject to such limitations and control as may be imposed by the Board of Directors;
- b. Sign checks, drafts and other orders for the disbursement of the Corporation's funds and collect the Corporation's revenue. All disbursements of the funds of the Corporation, except as provided by Article XI, Section 4 of these By-Laws, shall be made by check;

c. Provide and maintain full and complete records of all the assets and liabilities of the Corporation;

d. Render to the members and the Board of Directors, at regular meetings, or when the board of Directors so requires, an accounting of all his transactions as Treasurer and of the financial condition of the corporation;

e. Prepare such financial reports and tax returns as are required by law;

f. Be bonded in such amount as the Board of Directors may require. The Corporation shall pay the necessary premium for such bond.

g. Render his accounts for a financial review at least once each year to a Certified Public Accountant selected by the Board of Directors who shall not be a Director of the Corporation. ⁸

Section 5. Secretary. The Secretary shall:

a. Attend to the giving and serving of all notices; he shall sign with the President, or with the Vice-President, all documents and affix the seal of the Corporation thereto; he shall keep charge of the books of certificates of membership, and such other books and papers as the Board of Directors may direct; and he shall perform in general all the duties incident to the office of Secretary subject to the control of the Board of Directors;

b. Submit such reports to the Board as may be requested by them;

c. Insure that the list of candidates for the elected offices, received from the Nominating Committee in accordance with Article IX, Section 3, are members in good standing and shall insure that the names of the candidates are published with the annual meeting notice;

d. The secretary shall keep the Minutes of all meetings of the Board of Directors and of the meetings of the membership of the Corporation and of any other meeting to which the Secretary is designated by the Chairman of the Board to attend.

Section 6. In addition to the specific enumerated duties of officers as prescribed herein, any officer shall perform such other duties as customarily appertain to his office or as he may be directed to perform by resolution of the Board of Directors not inconsistent with these By-Laws or existing statutes.

Section 7. When any officer is absent, disqualified, or otherwise unable to perform the duties of his office, the Board of Directors may designate another member of the Board to act temporarily in his place.

Section 8. If an officer fails to attend three consecutive meetings of the Board of Directors, or otherwise fails to perform any of the duties devolving upon him as an officer, his office may, after the Board notifies him in writing at least five (5) days prior to a regular Board meeting of such contemplated action and after his having been granted an opportunity for a hearing, be declared vacant by a majority vote of the Board of Directors and the vacancy filled as herein provided. The validity or reasonableness of an officer's explanation shall be determined by the Board.

Section 9. Any officer of the Corporation may be removed from office by the affirmative vote of two-thirds (2/3) of the members present at a special meeting held for that purpose, but only after an opportunity to be heard has been given him.

Section 10. The officers shall receive no remuneration for their services as officers.

ARTICLE IX. – DIRECTORS AND THEIR DUTIES

Section 1. The affairs of the Corporation shall be managed by a Board of Directors consisting of not less than six (6) and not more than nine (9) members, all of whom shall be members of the Corporation at the time of their election.

Section 2. The incorporators of the Corporation shall elect, at a special meeting called for that purpose, six (6) Directors of the Corporation. At such special meeting three (3) Directors shall be elected to serve until the second annual meeting and three (3) shall be elected to serve until the third annual meeting. The remaining three (3) Directors shall be elected at the first annual meeting to serve until the fourth annual meeting. Thereafter, at each annual meeting there shall be elected to the Board of Directors three (3) members, each of whom shall serve for a period of three (3) years. Each Director shall be an adult member or a family unit holding a permanent membership in the Corporation.

Section 3. The Board of Directors shall, at least forty-five (45) days prior to the annual meeting, appoint a Nominating Committee composed of at least three (3) members to nominate at least one (1) member for each office. No member of the Nominating Committee shall be a member of the Board of Directors. The Nominating Committee shall make its selections and notify the Secretary in writing at least twenty (20) days prior to the annual membership meeting. The members may nominate from the floor provided the consent of the nominee has been obtained.

Section 4. Preceding each membership vote for Directors, the Board of Directors shall appoint three (3) members of the Corporation who are not members of the Board to be judges of the election. These appointed members should receive and count such votes and report promptly to the full membership the results of votes for Directors elected by the membership. All such votes shall be by secret ballot.

Section 5. In case of any vacancy in the membership of the Board of Directors, the remaining Directors by an affirmative vote of a majority thereof, may elect a successor; but the successor so elected shall hold office only until the qualification of a Director who shall be elected at the next annual meeting of the members of the Corporation to complete the unexpired term.

Section 6. If a Director fails to attend three (3) consecutive meetings of the Board of Directors, or otherwise fails to perform any of the duties devolving upon him as a Director, his office may, after the Board notifies him in writing at least five (5) days prior to a regular Board meeting of such contemplated action and after he has been granted an opportunity of a hearing, be declared vacant by a majority vote of the Board of Directors and the vacancy filled as herein provided. The validity or reasonableness or a Director's explanation of absence shall be determined by the Board.

Section 7. Any Director of the Corporation may be removed from office by the affirmative vote of two-thirds (2/3) of the members present at a special meeting held for that purpose, but only after an opportunity to be heard has been given him at such meeting.

Section 8. Regular meetings of the Board shall be held at least once each month at a time and place designated by the President. Notices shall be given to each director at least five (5) days prior thereto. All meetings shall be open to the general membership.

Section 9. Special meetings of the board may be called at any time by the President or upon request in writing of not less than two-thirds (2/3) of the Directors. Notice of such special meeting stating the purpose thereof shall be given to all Directors in writing at least three (3) days prior to the date of the meeting, excluding Sundays and holidays.

Section 10. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the action of a majority of the Directors present at any meeting at which there is a quorum shall be the action of the Board of Directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation or by these By-Laws.

Section 11. In the absence of the Chairman of the Board from a meeting the Vice-President shall act in his place. In the absence of both the Chairman and Vice-Chairman a Director previously designated by the Chairman may serve as acting Chairman. If no acting Chairman has been so designated, the Directors attending the meeting shall elect a temporary Chairman.

Section 12. The Directors shall receive no remuneration for their service as Directors. And furthermore, the Corporation shall employ no member of the Board of Directors.

Section 13. Each person who acts as a Director of the Corporation shall be indemnified by the Corporation against expense actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he is made a part by reason of his being or having been a Director, except in relation to matters as to which he shall be judged in such action, suit or proceeding to be liable for gross negligence or willfull misconduct in the performance of his duties.

Section 14. Duties and Powers. In the Board of Directors shall be vested the authority for the general direction and control of the affairs of the Corporation. In the management and control of the property, business, and affairs of the Corporation, the Board of Directors is hereby vested with all of the powers possessed by the Corporation itself, so far as its delegation of authority is not inconsistent with the laws of the State of Maryland, with a Certificate of Incorporation or with these By-Laws.

ARTICLE X. – COMMITTEES AND THEIR DUTIES

Section 1. On the recommendation or approval of the Board of Directors, the President shall appoint such standing committees or temporary committees as may be deemed necessary or expedient to further the purpose of the Corporation.

Section 2. The Chairman and Vice-Chairman of the Board of Directors shall be members, ex-officio, of all committees.

Section 3. The Board of Directors shall designate the Chairman of all standing and temporary committees.

Section 4. The membership in each committee will expire at the annual meeting of the members of the Corporation.

ARTICLE XI. – PROPERTY AND FINANCES

Section 1. The Board of Directors shall approve and authorize in the annual budget and supplements and amendments thereto, amounts of expenditures and obligations to be incurred by officers of the Corporation in accordance with the purposes for which the Corporation was organized. A tentative budget, as approved by the Board of Directors, shall then be submitted to the membership for its opinions and review at the annual meeting of the membership held in February. The Board of Directors shall therefore approve the budget. If proposed capital expenditures for a fiscal year exceed a cumulative total of \$10,000, the total budget for capital expenditures must be approved by the membership at the annual meeting. The approved annual budget shall be mailed to the membership. .

Section 2. The Board shall not have the power and authority to encumber more than a total of \$10,000 in any one fiscal year for expenditures over and above the approved annual budget for unforeseen-or unanticipated expenses without approval of the membership. Any total expenditure in excess of \$10,000 shall require approval of the majority of the membership present at a regular or special meeting of the Corporation.

Section 3. All disbursements of funds of the Corporation shall be made by check, provided, however, that the Board of Directors may, by resolution, provide for the establishment of a petty cash fund to be monitored by the Treasurer in an amount not less than twenty-five dollars (\$25.00) and not more than two hundred dollars (\$200.00), for postage and other expense items of the Corporation. The Corporation's checking account shall require two (2) signatures from any combinations of the Corporation's Officers, on all checking expending corporate funds.⁹

Section 4. All funds of the Corporation shall be deposited within a reasonable time of receipt in accounts established for that purpose. Funds of the Corporation must be maintained in insurance limits of depository institutions or invested in or guaranteed by securities of the U.S. Government or agencies.¹⁰

Section 5. No funds may be loaned to or otherwise benefit any officer, Director, member, or employee of the Corporation.¹¹

Section 6. The Board of Directors shall provide for a competent financial review of the corporation's books and records subsequent to the close of the fiscal year by a Certified Public Accountant who shall not be a Director of the Corporation. The Certified Public Accountant shall provide a written report of his findings. Copies of the report shall be provided to members of the Corporation upon request.¹²

ARTICLE XII. - AMENDMENTS TO THE BY-LAWS

Section 1. Amendments to these By-Laws may be made by a two-thirds (2/3) vote of those members voting who are in good standing, providing, however, that this Article XII may only be amended by an affirmative vote of eighty percent (80%) of all of the permanent members.

Section 2. Proposed amendments may originate with the Board of Directors or by petition signed by fifty (50) members of the Corporation who are in good standing.

Section 3. All proposed amendments must be submitted to the Board of Directors for its recommendation to the membership before being voted on by the members.

Section 4. The proposed amendments must be printed and circulated by mail to each member, the costs of which are to be borne by the Corporation.

Section 5. Voting on proposed amendments to these By-Laws shall be conducted by mail. Regular members shall return their ballots within twenty-one (21) days from the date of the notice.

Section 6. Amendments to the By-Laws, when adopted, shall be effective thirty (30) days after mailing of the ballots to the membership unless a specific effective date is set forth in the particular amendment.

ARTICLE XIII. – GENERAL CONSIDERATIONS

Section 1. All books of account, minutes of meetings, committee reports and other records of this Corporation shall be available to members of the Corporation at reasonable times and upon request made to the Secretary in writing.

Section 2. Copies of these By-Laws and any amendment thereto shall be made available to all members.

Section 3. The latest edition of "Roberts Manual of Parliamentary Rules" shall be the parliamentary guide and shall govern the proceedings of meetings for the membership, Board of Directors, committees, and all other activities of the Corporation, when not in conflict with the specific provisions of these By-Laws.

¹ Amended April 16, 1999.

² Amended February 22, 2005.

³ Amended February 22, 2005.

⁴ Amended February 19, 2002.

⁵ Amended February 24, 2004.

⁶ Amended February 22, 2005.

⁷ Amended April 16, 1999.

⁸ Amended February 24, 2009

⁹ Amended February 19, 2002.

¹⁰ Amended April 16, 1999.

¹¹ Amended April 16, 1999.

¹² Amended February 24, 2009