

Regency Estates Swim Club, Inc.

By-Laws

Article I

Name and Purpose

Section 1. The name of this organization shall be the Regency Estates Swim Club, Inc., hereinafter referred to as Club.

Section 2. The purpose of this Club is to promote the health and general welfare of its Members through the construction, ownership, and operation, on a non-profit basis, of a swimming pool.

Article II

Qualifications for Membership

Section 1. The Club membership shall consists of family units residing in the Regency Estates community and nearby communities in Montgomery County, Maryland. A family unit shall consist of the head of a household and the permanent resident Members of the family and, upon approval by the Board of Directors, any other person temporarily residing with the family unit.

Section 2. Each application for membership must be made in writing, and must be presented to the Board for action at a regular or special meeting.

Section 3. An applicant shall not be admitted to membership except by the affirmative vote by a majority of the Directors present at the meeting at which the application is voted upon.

Section 4. The membership (family unit with a Certificate of Membership or Joining Fee Receipt) shall be limited to 350 family units. In addition, a limited number of associate memberships will be issued to families on the waiting list for swimming privileges in off-peak hours. Memberships can be paid in full or within a 30-day period immediately following approval of membership.

Section 5. A Certificate of Membership, in a form to be determined by the Board of Directors, shall be issued to each family unit.

Section 6. Notice of voluntary withdrawal shall consist of written notice to the Club's Secretary accompanied by the Certificate of Membership if one was issued, or, if lost,

a notarized statement of loss.¹ Upon withdrawal from membership in the Club, a Member may seek a purchaser and sell his Certificate of Membership to such purchaser at a price not exceeding the Member's original acquisition cost as reflected in the books and records of the Club, provided the purchaser is acceptable to the Board of Directors and provided the Certificate of Membership sale and transfer be made through the offices of the RESC with all delinquencies removed prior to transfer.

Article III

Inactive Members

Section 1. A Member who is unable to utilize the facilities of the Club, because of change of residence or otherwise, may upon written application and approval thereof by the Board of Directors retain his membership in the Club provided that such inactive status shall not exceed a period of four consecutive years unless extended by the Board. The Member shall be responsible for annual dues.

Section 2. A Member granted inactive status may designate an alternate family unit which, upon approval by the Board of Directors and upon payment of the annual dues, shall be accorded the use of the facilities of the Club. Approval of alternate family units will not normally be granted unless the family unit so designated is renting or otherwise occupying the Member's residence. Alternate family units shall not be entitled to vote.

Section 3. If an alternate family unit is not designated by a Member assuming inactive status or if a family unit designated as an alternate is not accepted by the Board of Directors, a temporary membership may be offered to a family unit selected from the list of applicants for regular membership. A temporary Member may be required by the Board of Directors to accept a regular membership at any time that a vacancy shall occur in the regular membership. If he does not wish to accept membership at that time, he must deny in writing at which time his name will be dropped from the waiting lists.

Article IV

Meeting of Members

Section 1. All meetings of Members shall be held in Montgomery County, Maryland. At least five (5) days notice shall be given to the Members of the time and place fixed by the Board of Directors.

¹ Such notice shall be signed by both the head of the household and spouse as so indicated on the face of the Certificate of Membership. If the Certificate has been lost, a notarized statement of loss, signed by both parties named on the Certificate, must be sent to the Club Secretary.

Section 2. Annual meetings of the Club shall be held during the first week in December, at which time the Members shall elect Directors in accordance with the provisions of Article V herein, and transact such other business as may properly be brought before the meeting. Failure to hold the annual meeting at the designated time shall not work of forfeiture or dissolution of the Club, but if the annual meeting shall not be called and held within two (2) months after the designated time, any Member may call such a meeting by written request to the Secretary, who shall then notify Members of the time and place. This meeting and must be held within 30 days of receipt of request.

Section 3. Special meetings of the Club, for any purpose, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the Board of Directors or by request of fifteen (15) Members presented in writing to the Secretary. Such request shall state the purpose of the proposed meeting, after receipt of which the Secretary shall call the special meeting requested within thirty (30) days. Written notice of a special meeting of the Club, stating the time, place, and purpose thereof, shall be given to each Member entitled to vote, at least five (5) days before the date fixed for the meeting. Business transacted at any special meeting shall be limited to the purpose stated in the notice.

Section 4. Twenty (20) voting Members (exclusive of the Board of Directors), present in person, shall constitute a quorum at all meetings of the Club for the transaction of business except as otherwise provided by statute.

Section 5. When a quorum is present at any meeting, the vote of the majority of the voting Members present in person shall decide any question brought before such meeting, unless the question is one upon which the express provision of the statutes or of the certificate of incorporation or by 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. Each family unit shall be entitled to one vote at Club meetings which may be cast by any adult Member of the family unit.

Section 7. If an otherwise properly called meeting cannot proceed because a quorum has not attended, the presiding officer may, except as otherwise provided in these articles, adjourn the meeting to such time and place as the Board of Directors may determine; but in the case of any meeting called for the election of Directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed in the article, shall nevertheless constitute a quorum for the purpose of electing Directors only.

Article V

Directors

Section 1. The number of Directors which shall constitute the whole Board shall be nine (9). Directors shall be elected to a two-year term, and shall function in office through the first Board meeting following the election of his successor. Each Director shall be an adult Member of a family unit.

The first order of business at that meeting shall be the orderly transfer of authority and records. This Board meeting shall be called by the out-going President within 15 days of the annual meeting.

Section 2. Any vacancy in the Board of Directors shall be filled by vote of a plurality of the remaining Directors; but the Director so chosen shall hold office only until a successor is elected, at the next annual meeting of the Members. Each Director so selected is elected to a full two-year term.

Section 3. The Board of Directors shall have the general direction and control of the affairs of the Club. In addition to the duties customarily performed by the Board of Directors, the Board shall:

- (a) Elect Officers as provided in Article VIII herein.
- (b) Transact all business necessary and proper for the efficient management of the Club including the appointment and removal of such agents or employees as it may deem necessary, including the fixing of their duties and compensation.
- (c) Act upon application for membership.
- (d) Fill vacancies in the Board of Directors.
- (e) Constitute and appoint all committees necessary for the functioning of the Club.
- (f) Fix the terms and conditions by which guests of Members may use the facilities of the Club.
- (g) Prescribe the rules and regulations for operation of the swimming pool and other recreational facilities.
- (h) Designate the depository and conditions of deposit for the funds of the Club, provided that all checks, drafts, and other instruments for the payment of money by the Club over \$500.00 must bear the signatures of two directors. Disbursement of \$500.00 or less shall require the signature of only one Director.

(i) Established membership fees.

Section 4. The Board of Directors shall meet at least once per month during the months of March through October, at such place as shall be determined by the President.

Section 5. Meetings of the Board may be called by the President on two days' notice to each Director either personally or by mail, e-mail, or another electronic notification method.

Section 6. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the action a majority of the Directors present at any meeting at which there is a quorum shall be the action of the Board Directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation or by these By-Laws.

Section 7. Any member of the Board of Directors may be removed from office by a majority vote of the Members present in person at either the annual meeting of the Association or a special meeting called in accordance with the By-Laws.

Section 8. Members of the Board of Directors shall receive no compensation as such.

Section 9. All plans for new construction, remodeling, or other changes to the land, buildings, fences or pools belonging to the Club, in excess of 10% of the season's approved operating budget, shall be presented to the membership for its approval. These plans shall include blueprints, drawings, or sketches where appropriate as well as firm cost estimates of the work contemplated, and the proposed means of financing the project. Such information (except blueprints) shall be communicated to the membership at least seven (7) days prior to the meeting at which it will be discussed. Nothing in this provision shall be construed to limit the Board of Directors to conduct normal maintenance, replacement of defective motors, pumps, etc.

Article VI

Notices

Section 1. Notices to Members shall be in writing and delivered personally, mailed to the Members at their addresses appearing on the books of the corporation, or transmitted by e-mail or another electronic method if the Member has provided a valid e-mail address or an alternate electronic notification method. Notice by mail or any electronic method shall be deemed to be given at the time when the same shall be mailed or transmitted. The notice of annual meeting shall include all pertinent items of which the Board is aware and the membership should consider.

Section 2. Whenever any notice is required to be given under the provisions of the statutes or 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 therein, shall be deemed to equivalent thereto.

Article VII

Nominations

Section 1.

- (a) There shall be a nominating committee to be composed of five active Members of the Club. Three Members shall be elected at the annual meeting of the Club; two shall be elected by the Board of Directors, from among the Directors whose terms of office shall not expire at the ensuing annual meeting of the Club. Vacancies occurring among the three Members chosen by the Club shall be filled by the remaining Members or Member. A vacancy occurring among the two Members chosen by the Directors shall be filled by the Directors.
- (b) The nominating committee shall nominate from among the active membership candidates for the vacancies in the Board of Directors to be filled at the next annual meeting and three candidates for the following year's nominating committee; and shall report such nominations to the Secretary at least thirty (30) days prior to the annual meeting, after which the Secretary shall list the nominations in a notice of the annual meeting sent to all Members.

Section 2. Additional nominations from among the active membership of candidates for election may be made by a letter signed by fifteen (15) active Members, and delivered to the Secretary at least thirty (30) days prior to the annual meeting. These nominations shall be included in the annual meeting notice.

Section 3. Nominations may be made from the floor at the annual meeting.

Section 4. Consent of all nominees to accept office shall be obtained in advance of their nomination.

Article VIII

Officers

Section 1. The Officers of the Corporation shall be chosen by the Board of Directors and shall be a President, a Vice-President, a Secretary, and a Treasurer. The Board of Directors may choose additional Vice-Presidents, and one or more assistance Secretaries and Assistant Treasurers. Two or more offices may not be held by the same person.

Section 2. The Board of Directors at its first meeting after each annual meeting of Members shall choose from among the Directors a President, one or more Vice-Presidents, a Secretary and Treasurer, all of whom shall serve for one year.

Section 3. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 4. The Officers of the Corporation shall hold office for one year or until their successors are chosen and qualified. Any Officer elected or appointed by the Board of Directors may be removed at anytime by the affirmative vote of a majority of the Board of Directors. Any vacancy occurring in any office of the Club by death, resignation, removal or otherwise shall be filled by the Board of Directors.

The President

Section 5. The President shall be the chief executive officer of the Club, shall preside at all meetings of the Members and the Board of Directors, shall be ex-officio a member of all standing committees, shall have general and active management of the business of the Club, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

Section 6. He shall execute bonds, mortgages and other contracts requiring a seal, under the Seal of the Club, except where required or permitted By-Law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other Officer or agent of the Club.

The Vice-Presidents

Section 7. The Vice-Presidents in the order of their seniority, unless otherwise determined by the Board of Directors, shall in the absence or disability of the President, perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the Board of Directors may prescribe.

The Secretary and Assistant Secretaries

Section 8. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Club and record all the proceedings of the meetings of the Club and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the Members and meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors, or the President, under whose supervision he shall be. He shall keep in safe custody the Seal

of the Club, and, when authorized by the Board of Directors, shall fix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary.

Section 9. The Assistant Secretaries in the order of their seniority unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

The Treasurer and Assistant Treasurer

Section 10. The Treasurer shall have the custody of the Club funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Club, and shall deposit all monies and other valuable effects in the name and to the credit of the Club in such depositories as may be designated by the Board of Directors.

Section 11. He shall disburse the funds of the Club as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its 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 Club. All checks for disbursements over \$500.00 shall be countersigned by at least one other member of the Board of Directors.

Section 12. The Treasurer and designated Assistants shall give the Club bonds in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of their offices and for restoration to the Club, in the case of death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in their possession or under control belonging to the Club. The bond premiums shall be paid by the Club.

Section 13. The Assistant Treasurers in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the Board of Directors may prescribe.

Article IX

Dues

Section 1. The Board of Directors shall recommend annual dues and per capita apportionment for Members, necessary for the expenses of the Club and proper

maintenance and improvement of its property. The total amount to be realized from annual dues shall be determined on the basis of an annual operating budget, prepared by the Board of Directors and approved by a majority of the Members present at a meeting called for the purpose during the month of March.

Section 2. The Board of Directors may recommend additional dues or assessments, if it should be necessary, no later than July 15, payable no later than August 15. These supplemental dues will be subject to the same approval as required for the regular budget as provided in Section 1 above.

Section 3. All dues shall be payable on or before April 15th each year, unless otherwise determined by the Board. No dues shall be refunded in the event that operations of the Club facilities are suspended for any period, unless otherwise provided by the Board.

Section 4. Any Member delinquent in the payment of dues or charges for thirty (30) days following receipt of a statement from the Treasurer as to such indebtedness may be suspended by the Board and refused all rights and privileges of the Club. Any Member who is thus suspended shall immediately be notified in writing by the Secretary of his suspension and if his indebtedness shall not be paid within fifteen (15) days after receipt of such notice, the membership of such delinquent Member may be revoked by majority vote of the Board. Any membership so revoked shall be liable for the current and subsequent year's dues up to the face value of the Certificate of Membership at which time the Certificate may be reissued at full face value.

Article X

General provisions

Section 1. Any Member of the Club may withdraw by written notice to the Board of Directors at any time subject to the provisions of Article II, and there shall be no refund of the current year's dues except as may be provided otherwise by the Board.

Section 2. Any Member may, for cause and after having been given reasonable notice in writing and opportunity for a hearing, be suspended for a period not exceeding three weeks by a two-thirds vote of the members of the Board of Directors present at any meeting thereof, or his membership may be revoked by a vote of not less than five (5) members of the Board. Cause for suspension or expulsion shall, in general, consist of willful violation of these By-Laws or of the rules of the Club, or of unbecoming conduct. Suspension and expulsion may be applied to a family unit or to any Member thereof. The party or family unit expelled may appeal that decision of the Board at a meeting of the membership. No due shall be refunded in the event of expulsion of a family unit. Any family unit expelled from the Club shall have his Certificate of Membership redeemed in accordance with Section 6 of Article II.

Section 3. The Board of Directors may delegate to an administrative Committee, or to a responsible employee of the Club, the power to deny recreational privileges to any

Member of a family unit for violation of Club rules and regulations for a period not to exceed forty-eight (48) hours. A report of such suspension, containing reasons therefore, shall be submitted to the chairman of the administrative Committee, or to the President or other Officer of the Club within forty-eight (48) hours.

Section 4.

- (a) All Members of the Club shall be accorded the facilities of the Club subject to the rules and regulations which shall be adopted by the Board of Directors and posted at all times in the Club bathhouse.
- (b) Except as otherwise provided in these By-Laws, the Board of Directors at its discretion may extend privileges of the Club to non-Members.
- (c) The Board of Directors shall have the full power to deny the use of the Club's facilities to any non-Member.
- (d) Any property of the Club either willfully or negligently broken or damaged by a Member or his guest shall promptly be paid for by the head of the household of the Member unless otherwise provided by the Board.
- (e) The Club assumes no responsibility, and Members or their guests can have no claim against the Club, for the property of Members or any guest, which may be brought into or left in the buildings or on the grounds.
- (f) No intoxicating liquor shall be brought into the Club grounds except on special occasions specifically authorized by the Board of Directors, nor shall the Club engaged in the sale of alcoholic liquors, malt beverages, or other intoxicants. These special occasions shall not exceed three (3) per swim season and not under any circumstances last later than 12 midnight.

Section 5. The Board of Directors shall present at each annual meeting, and when called for by a vote of the Members at any special meeting of the Members, a full and clear statement of the business and financial condition of the Club and the number of certificates of membership outstanding. Notices for the annual meeting (December) shall contain a summary of the audit of the corporation books, profit and loss statement of source and application of funds.

Section 6. The fiscal year of the Club shall be fixed by resolution of the Board of Directors. There shall be an annual audit.

Section 7. The corporate Seal shall have inscribed thereon the name of the Club, the year of its organization and the words, "Corporate Seal, Maryland." The Seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 8.

(a) Each person who acts as a Director or Officer of the Club shall be indemnified by the Club against expenses actually and necessarily incurred by him in connection with the defense of any 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 Club, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to have acted outside the scope of his authority or be liable for gross negligence or willful misconduct, and except any sum paid for the Club in settlement of such action, suit or proceeding based on actions outside the scope of his authority or gross negligence or willful misconduct in the performance of his duties.

(b) The right of indemnification provided herein shall insure to each Director and Officer referred to in (a) whether or not he is such Director or Officer at the time such costs or expenses are imposed or incurred, and in the event of his death, shall extend his legal representatives.

Section 9. No special assessments shall be levied without a majority vote of the Members present at an annual meeting or a special meeting called for this purpose.

Section 10. Real property shall be disposed of or encumbered only on approval of two-thirds (2/3) of the Members in good standing.

Section 11. A Member or waiting list family delinquent in payment to the Club of any fees, dues, fines, assessments or charges in excess of thirty (30) days shall be assessed a penalty charge of \$10.

Article XI

Dissolution of Corporation

Section 1. In the event of dissolution or liquidation of the Club, after payment of all debts and the liquidation of all liabilities, the assets of the Club shall be disposed of as follows:

(a) There shall be a pro-rata distribution among the holders of outstanding membership certificates at the time of dissolution, an amount not exceeding the cost of that membership certificate. Upon payment to the holder of membership certificate, his certificate shall be assigned to the corporation and cancelled.

Section 2. After retirement and distribution as set forth in (a) above, any excess remaining shall be distributed to such charities as the Members entitled to vote shall decide at a meeting called especially for such purpose.

Article XII

Changes of By-Laws

Section 1. These By-Laws may be altered or repealed, by vote of two-thirds of the Members present, at any regular meeting of the Club, or at any special meeting, by the same vote, if the notice of such proposed alteration or repeal is contained in the notice of such meeting.

Article XIII

Section 1. “Roberts Rules of Order” shall govern at all meetings.

[Revised 05/23/1996; Amended 01/09/1997; Amended 03/23/2005; Amended 12/16/2009; Amended 03/18/2010.]