

# TILGHMAN-ON-CHESAPEAKE COMMUNITY ASSOCIATION II, INC.

## BY-LAWS

### ARTICLE I NAME AND LOCATION

The name of the corporation is TILGHMAN-ON-CHESAPEAKE COMMUNITY ASSOCIATION II, INC., hereinafter referred to as the "Association." The principal office of the Association shall be located at c/o Lovell America, Inc., 9200 Rumsey Road, Suite 200, Columbia, Maryland 21045, but meetings of members and directors may be held at such places within the State of Maryland as may be designated by the Board of Directors.

### ARTICLE II DEFINITIONS

Section 1. "Association" shall mean and refer to Tilghman-On-Chesapeake Community Association II, Inc., its successors and assigns.

Section 2. "Common Area" shall mean all real property owned by the Association for the common use, benefit and enjoyment of the Owners.

Section 3. "Company" shall mean and refer to Avalon Limited Partnership, a Maryland limited partnership, and any personal representatives, successors or assigns thereof to whom Avalon Limited Partnership shall expressly (i) convey or otherwise transfer all its right, title and interest in the Property, or the last thereof, as an entirety, without reservation of any kind; and (ii) transfer, set over or assign all its right, title and interest under the Declaration, or any amendment or modification thereof.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Tilghman-on-Chesapeake II made by the Company, and recorded or intended to be recorded among the Land Records of Talbot County, Maryland, and any additions, amendments, modifications, restatements or supplements thereto.

Section 5. "Lot" shall mean and refer to any plot of land subject to assessment by the Association, and shown upon any recorded subdivision map or plat of the Property, with the exception of the Common Area.

Section 6. "Member" or "Members" shall mean and refer to those persons entitled to membership in the Association, as provided in the Declaration.

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

Section 8. "Property" shall mean and refer to that certain real property described in the Declaration and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 9. Any other terms used herein shall have the meanings given to them in the Articles of Incorporation of the Association, as the same may be amended from time to time, or 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 that an assessment is imposed on any Lot, 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 a time and place within the State of Maryland selected by the Board of Directors of the Association. If the day for the annual meeting of the Members is a Saturday, Sunday or legal holiday, the meeting will be held on the first day following which is not a Saturday, Sunday or 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 (i) entitled to vote one-fourth (1/4) of all of the votes of the Class A membership, or (ii) entitled to vote one-fourth (1/4) of all of the votes of the Class B 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 ten (10) days but not more than sixty (60) days before such meeting to each Member entitled to vote at the meeting, 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, in person or by proxy, of fifty-one percent (51%) of the Members entitled to cast votes 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, another meeting may be called subject to the same notice requirements, and the required quorum at any subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5. Proxies. At all meetings of Members, each member may vote in person or by proxy. All proxies (other than the proxy given by each Builder to the Company pursuant to the provisions of the Declaration) shall be in writing and filed with the Secretary. Every proxy (other than the proxy given by each Builder to the Company pursuant to the provisions of the



Declaration) shall be revocable and shall automatically cease upon conveyance by the Member of his, her or its Lot.

ARTICLE IV  
BOARD OF DIRECTORS: SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed initially by a Board of three (3) directors, who need not be members of the Association. A majority of the entire Board of Directors is authorized to increase the number of Directors to a maximum of nine (9).

Section 2. Term of Office. From and after the first annual meeting of the Members, the term of office of the directors shall be staggered. At the first annual meeting the Members shall elect one-third (1/3) of the directors for a term of one (1) year, one-third (1/3) of the directors for a term of two (2) years, and one-third (1/3) of the directors for a term of three (3) years; and at each annual meeting thereafter the Members shall elect one-third (1/3) of the total number of directors for a term of three (3) 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 or her successors shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his or her predecessor.

Section 4. Compensation. No director shall receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for actual expenses incurred in the performance of his or her 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 President of the Association 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 from among Members or non-members of the Association.

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  
MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors, but at least one such meeting shall be held annually.

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 the power to:

(a) adopt and publish rules and regulations governing the use of the Common Area, including any improvements and amenities located thereon, 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 any recreational facilities located on any Common Area of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association, and 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, independent contractor, or such other individuals, entities or 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 a statement is requested in writing by one-fourth (1/4) of the Class A Members or of the Class B 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;

(3) foreclose the lien against any Lot for which assessments are not paid within thirty (30) days after the due date thereof 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 and a reasonable charge may be made by the Board for the issuance of these certificates and 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;

(f) cause all officers or employees having fiscal responsibilities to be bonded as it may deem appropriate; and

(g) cause the Common Area to be maintained.

## ARTICLE VIII 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, and thereafter at the meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected from time to time by the Board and each officer shall hold office until such officer's successor is duly elected and

qualified. During any period that no Class B membership interest exists, the officers of this Association shall be elected annually by the Board and each such officer shall hold office for one (1) year unless any officer shall 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 by 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 or she replaced.

Section 7. Multiple Offices. Any two or more of the officers, except President and Secretary, may be held by the same person.

Section 8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Members and of the Board of Directors and shall see that orders and resolutions of the Board are carried out. The President shall have the authority to sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice-President. The Vice-President shall act in the place and stead of the President, in the event of his or her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board. The Vice-President shall likewise have the authority to sign all leases, mortgages, deeds and other written instruments.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and 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.

(d) 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; shall sign all books of account; cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year; and shall prepare or cause to be prepared 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

Each officer and director of the Association, in consideration of his or her services, shall be indemnified by the Association to the maximum extent permitted by law against expenses and liabilities reasonably incurred by him or her in connection with the defense of any action, suit or proceeding, civil or criminal, to which he or she may be a party by reason of being or having been a director or officer of the Association. The foregoing right to indemnification shall be in addition to any other rights to which the director or officer or person may be entitled by law or agreement or vote of the Members or otherwise.

ARTICLE X  
COMMITTEES

The Association shall appoint an Architectural Review Committee, as provided in the Declaration; and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint such other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI  
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 upon reasonable prior written notice. 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, if the delinquency has continued for at least fifteen (15) days, shall be subject to a late charge of Fifteen Dollars (\$15.00) per month until paid or fifteen percent (15%) of the Assessment, whichever is greater, and the Association may bring an action at law against the owner personally obligated to pay the same or foreclose 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 assessment provided for herein by non-use of the Common Area or abandonment of his or her Lot.

ARTICLE XIII  
AMENDMENTS

Section 1. Amendments. These By-Laws may be amended, at a regular or special meeting of the Members, by a vote of two-thirds (2/3) of a quorum of Members present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration, or any successor agencies thereto, shall have the right to veto amendments while there is Class B membership if either agency or any successor agencies thereto have approved the Property, any part thereof, or any Lot, for federal mortgage financing; and provided further, that the Association shall have the unilateral right, power and authority to modify, revise, amend or change any of the terms or provisions of these By-Laws in the event the Veterans Administration or the Federal Housing Administration or any successor agencies thereto shall require such action as a condition precedent to such agency's approval of federal mortgage financing.


Section 2. Conflicts. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

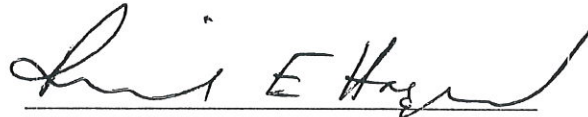
ARTICLE XIV  
MISCELLANEOUS


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 and end on December 31st of the next year.



IN WITNESS WHEREOF, we, being all of the directors of Tilghman-On-Chesapeake Community Association II, Inc., have hereunto set our hands this 17 day of ~~May~~, 2004.  
*September*

  
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Jackson G. Kochen

  
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Richard E. Hayward

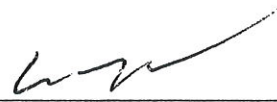
  
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Howard Resneck

CERTIFICATION

I, THE UNDERSIGNED, do hereby certify:

THAT I am the duly elected and acting secretary of Tilghman-On-Chesapeake Community Association II, Inc., a Maryland corporation, and that the foregoing By-Laws constitute the original By-Law's of said Corporation, as duly adopted by unanimous written consent of the Board of Directors thereof on this 17<sup>th</sup> day of ~~May~~, 2004.  
*September*

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Corporation this 17<sup>th</sup> day of ~~May~~, 2004.  
*September*

  
\_\_\_\_\_  
Howard Resneck