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**BYLAWS OF  
KENDALL CAMP  
PROPERTY OWNERS ASSOCIATION, INC.**

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KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC.

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BYLAWS  
OF  
KENDALL CAMP  
PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE 1 -- NAME AND LOCATION

The name of the corporation is KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 23789 Garrett Highway, Suite 5, McHenry, Maryland, 21541 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 2 -- DEFINITIONS

Unless otherwise defined in these Bylaws, words or phrases defined in the Kendall Camp Property Owners Association, Inc. Declaration of Covenants, Conditions, Easements and Restrictions recorded or to be recorded in the Garrett County Land Records (the "Declaration") shall have the same meaning in these Bylaws. The Declaration is incorporated by reference.

ARTICLE 3 --MEETING OF MEMBERS

Section 3.1. Annual Meetings. The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association. Each subsequent regular meeting shall be held on the same day of the same month of each year thereafter or such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2. Special Meetings. Special meetings 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-third (1/3<sup>rd</sup>) of all the votes of the Class A membership.

Section 3.3. Notice of Meetings. Written notice of each meeting 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, or by hand delivering a copy of such notice, at least ten (10) days (but not more than ninety (90) days) before such meeting to each Member of each class 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 may be waived upon the declaration of an emergency by the person calling the meeting. 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 3.4. Quorum. The presence at the meeting of Members of each class entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the respective classes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or

represented at any meeting, the Members present shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 3.5. Voting and Delinquent Payment. Voting at meetings of members shall be by written ballot. At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership which such member owns on each question or issue. Each of the Class B Members shall have the right to cast three (3) votes for each Class B membership which such member owns on each question or issue. The Class B membership shall cease, subject to revival upon additional land being annexed pursuant to the Declaration, and be converted to a Class A membership upon the earliest of the following events:

- (i) when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership; or
- (ii) December 31, 2015.

Upon the lapse or surrender of the Class B membership as provided for in this Article, the Declarant shall thereafter become a Class A member of the Association as to each and every lot in which the Declarant then holds the interest otherwise required for such Class A membership.

The vote of Members representing fifty-one percent (51%) of the total of the votes of all the memberships at the meeting, in person or by proxy, calculated as aforesaid shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or the Articles of Incorporation, the Declaration or these By-Laws, a different vote is required, in which case, such express provision shall govern and control.

No Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

All election materials prepared with Association funds must list candidates in alphabetical order and must not suggest a preference among candidates.

Section 3.6. Absentee Ballots. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the Member on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 3.7. Proxies. At all meetings of the Association, each Member may vote in person or by proxy. Every proxy shall be revocable unless stated otherwise and is coupled with an interest sufficient in law to support an irrevocable power. No proxy shall be valid after eleven (11) months from its date, unless otherwise provided in the proxy. All proxies shall be in writing and shall be filed with the Secretary, in such form as is approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of Maryland shall be deemed to be satisfactory and approved as to form by the Board of Directors. Notwithstanding anything herein

to the contrary, only a directed proxy may be utilized to vote for members of the Board of Directors. A nondirected proxy may be counted toward a quorum and may vote on any matters of business other than the election of Directors.

Section 3.8. Meetings.

(a) All meetings of the Association shall be open to every Member and/or their representative. Such meetings may be held in closed session for the following purposes:

(i) Discussion of the employment, assignment, appointment, promotion, demotion, compensation, discipline, removal or resignation of employees over whom the Association has jurisdiction, or any other personnel matter affecting one or more particular individual(s);

(ii) Protection of the privacy or reputation of individuals in matters not related to Association business;

(iii) Consultation with legal counsel;

(iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;

(v) Investigative proceedings concerning possible or actual criminal misconduct;

(vi) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure;

(vii) On an individually recorded affirmative vote of two-thirds (2/3) of the Members present, for some other exceptional reason;

(viii) Acquisition of capital items previously specifically approved as part of a published budget adopted in an open meeting;

(ix) Discussion of short-term investments of funds of the Association in liquid assets if authorized by an investment policy previously adopted in an open meeting;

(x) Conducting collective bargaining negotiations or considering related matters and issues; or

(xi) Discussions concerning public security, including the deployment of personnel in connection therewith and the development and implementation of emergency plans.

(b) If a meeting is held in closed session pursuant to the procedures established above:

(i) No action may be taken and no matter may be discussed other than those permitted above; and

(ii) A statement of the time, place and purpose of each closed meeting, the record of the vote of each member of the Board of Directors by which any meeting was closed, and the authority under this Section 3.8 for closing any meeting shall be made available so as to reasonably notify Members of the Association within fourteen (14) days after the meeting.

#### ARTICLE 4 -- BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number. The affairs of the Association shall initially be managed by a Board of Directors initially consisting of three (3) natural persons at least eighteen (18) years of age who shall be designated by Declarant and who shall hold office until the election of their successors at the first annual meeting of the Association, following the lapse of the Class B membership. Until the lapse of the Class B membership, all three (3) Directors shall be appointed by Declarant.

Commencing with the first annual meeting of the Association following the lapse of the Class B membership, the Board of Directors shall consist of an uneven number of not less than three (3) nor more than seven (7) Directors who shall be elected by the Members in accordance with these Bylaws and the Declaration.

Before expiration of the Declarant's rights as provided in the Declaration, the number of Directors shall be determined from time to time by Declarant; thereafter, the number of Directors from each class shall be determined by a vote of the Members at any annual or special meeting of Members and the number of Directors from each class may be changed by a vote of the Members at any subsequent annual or special meeting of the Members; provided, however, that: (a) the limitations of this Section 4.2 shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 4.2. Term of Office. Except for members of the Board of Directors appointed by Declarant, who shall serve until removed and/or replaced by Declarant or until replaced by a Director elected by the Members as provided herein, the term of office of each member of the Board of Directors shall be two (2) years. In the alternative, the Members may resolve at any annual or special meeting following the expiration of Declarant's rights as provided in the Declaration, to establish the term of office for all Directors to be one (1) year, or to establish staggered terms for the Directors from one (1) to three (3) years. Any change in the number of Directors or term of office of Directors shall not act to extend or curtail the term of office of any incumbent Director. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 4.3. Removal. After the first annual meeting of the Members following lapse of Class B membership, any Director may be removed from the Board with or without cause, by a majority vote of the Association. Prior to the first annual meeting of the Members following the lapse of Class B membership, any Director may be removed from the Board with or without cause, by the Declarant. 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 4.4. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

Section 4.5. 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 and by filing such approval with the minutes of the proceedings of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

#### ARTICLE 5 -- NOMINATION AND ELECTION OF DIRECTORS

Section 5.1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee commencing with the first annual meeting of Members following the membership lapse of the Class B membership. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the class. The Nominating Committee, if any, may be appointed by the Board of Directors before each annual meeting of the Members and such appointment may be announced at each annual meeting. The Nominating Committee, if any, may make as many nominations for election to the Board of Directors for the class 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 5.2. 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. Votes shall not be counted until after the time allotted by the Association for voting has ended. Cumulative voting is permitted.

#### ARTICLE 6 -- MEETING OF DIRECTORS

Section 6.1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods, at such time and place as shall have been made known to all Members in writing or upon written notice provided by mail or hand delivery not less than seventy-two (72) hours nor more than ninety (90) days before the date of the meeting.

Section 6.2. 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 entire Board of Directors.

#### ARTICLE 7 -- POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. Powers. The Board of Directors shall have power to:

- (a) adopt and publish "Rules and Regulations" governing the use of the Common Areas, and to establish penalties for the infraction thereof; and
- (b) 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 Bylaws, the Articles of Incorporation, or the Declaration.



Section 7.2. 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-sixth (1/6) of the Members who are entitled to vote;
- (b) fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of the Declaration, and to pay all expenses in connection therewith, including all office expenses, licenses, taxes or governmental charges levied or imposed against the property of the Association and all other expenses incident to the conduct of the business of the Association;
- (c) acquire (by gift, purchase or otherwise), own, hold improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs incurred;
- (d) borrow money, and, in accordance with the provisions of the Declaration, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;
- (e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication, sale or transfer shall be effective unless accomplished in accordance with the provisions of the Declaration;
- (f) participate in mergers and consolidations with other non-profit non stock corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall be accomplished in accordance with the provisions of the Declaration; and
- (g) 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 Bylaws, the Articles of Incorporation, or the Declaration.

ARTICLE 8 -- OFFICERS AND THEIR DUTIES

Section 8.1. 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, all of which officers are to be elected by the Board of Directors.

Section 8.2. 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; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.

Section 8.3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until their successors are duly elected and qualified, unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4. 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 8.5. 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 8.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officers appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7. Multiple Offices. Except for the offices of President and Vice President, any other office may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the Declaration, the Articles of Incorporation or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article 8 and except as otherwise provided in this Section 8.7.

Section 8.8. Duties. The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Board of Directors to a management agent):

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 but is not required to 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 the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required 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 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 moneys 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's 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 Board, and deliver copies thereof to the Members.

Section 8.9 Compensation. No officer shall receive compensation for any service rendered to the Association. However, any officer may be reimbursed for actual expenses incurred in the performance of such officer's duties.

### ARTICLE 9 -- LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 9.01 Liability. The Association may indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which such officer or Director may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith.

Section 9.02 Indemnification. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

Section 9.03 Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. A contract or other transaction between the Association and any of its Directors, or between the Association and any corporation, firm or other entity in which any of its Directors is a director or has a material financial interest is not void or voidable solely because of the common directorship or interest, or because the Director is present at the meeting of the Board of Directors which authorizes, approves or ratifies the contract or transaction, or because the vote of the Director was counted for the authorization, approval or ratification of the contract or transaction, if any of the following exist:

(a) the fact of the common directorship or interest is disclosed or known to the Board of Directors and the Board of Directors authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested Directors, even if the disinterested Directors constitute less than a quorum; or

(b) the fact of the common directorship or interest is disclosed or known to the Members of the Association entitled to vote, and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the Members entitled to vote other than the votes appurtenant to memberships owned by the interested Director or corporation, firm or other entity; or

(c) the contract or transaction is fair and reasonable to the Association at the time it was authorized, approved or ratified.

Common or interested Directors or the votes which they are entitled to cast or which are entitled to be cast by an interested corporation, firm or other entity may be counted in determining the presence or a quorum at a meeting of the Board of Directors or at a meeting of the owners, as the circumstances may require, at which the contract or transaction is authorized, approved or ratified. If a contract or transaction is not authorized, approved or ratified in the manner provided for in subparagraphs (a) or (b) of this Section, the person asserting the validity of the contract or transaction bears the burden of proving that the contract or transaction was fair and reasonable to the Association at the time it was authorized, approved or ratified.

#### ARTICLE 10 – COMMITTEES

The Board of Directors may appoint committees as deemed appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Section 6.1 of these Bylaws.

#### ARTICLES 11 - INSURANCE

Section 11.01. Insurance. In addition to the insurance coverage required to be maintained by the Declaration, the Board of Directors of the Association may obtain and maintain, to the extent reasonably available, the following:

(a) workmen's compensation insurance for employees of the Association to the extent necessary to comply with any applicable law;

(b) a "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any such officer or Director shall have been made a party by reason of his or her services as such; and; and

(c) such other policies of insurance, including Director and officer liability insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by these Bylaws, as are or shall thereafter be considered appropriate by the Board of Directors.

Section 11.02. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions, or other provisions, as appropriate:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of "B/III" or better in the current edition of Best's Key Rating Guide (or its equivalent).

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, or its authorized representative.

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of other property or their mortgagees and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) All policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insurers named thereon.

(e) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the Members of the Association and their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

## ARTICLE 12 -- BOOKS AND RECORDS/FISCAL MANAGEMENT

Section 12.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, except for the first fiscal year of the Association which shall begin on the date of recordation of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 12.2. Principal Office - Change of Same. The principal office of the Association shall be as set forth in the Articles of Incorporation of the Association. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

Section 12.3. Books and Accounts. Books and accounts of the Association shall be kept under the discretion of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the general and limited Common Areas and Facilities, services required or provided with respect to the same and any other expenses incurred by the Association.

Section 12.4. Auditing. At the close of each fiscal year and at the election of the Board of Directors, the books and records of the Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, if any, the Association shall furnish the Members with an annual financial statement, including the receipts and disbursements of the Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 12.5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice to the President of the Board of Directors. The Declaration, the Articles of Incorporation and the Bylaws 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.

Section 12.6. Fidelity Insurance. The Board of Directors shall require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity insurance or equivalent coverage against acts of dishonesty. The premiums on such insurance shall be paid by the Association.

#### ARTICLE 13 --CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC., a Maryland corporation.

#### ARTICLE 14 -- AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Members, entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the Association by a vote of a majority of such quorum of Members present in person or by proxy.

#### ARTICLE 15 -- INTERPRETATION/MISCELLANEOUS

Section 15.1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. If there is any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 15.2. Notices. Unless another type of notice is specifically provided for, any and all notices called for in these Bylaws shall be given in writing, including by electronic mail.

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Section 15.3. Severability. If any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 15.4. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 15.5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof.

Section 15.6. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

[Signatures to Follow on Next Page]

IN WITNESS WHEREOF, we, being all of the Directors of KENDALL CAMP  
PROPERTY OWNERS ASSOCIATION, INC., have hereunto set our hands this 20th day of  
September, 2005.

WITNESS:

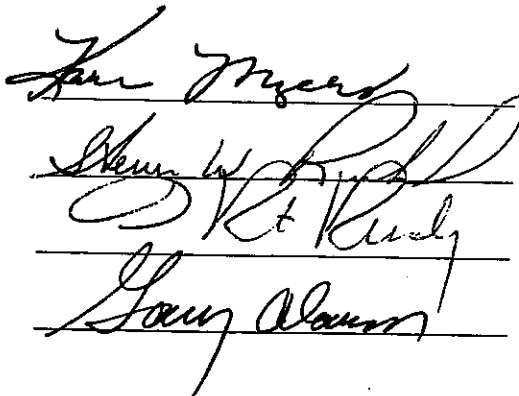
Name

Karen Myers

Steven R. Richards

I. Robert Rudy

Gary A. Daum



\* \* \*

#### CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary or Assistant Secretary of KENDALL  
CAMP PROPERTY OWNERS ASSOCIATION, INC., a Maryland nonstock corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly  
adopted at a meeting of the Board of Directors hereof, held on the 20th day of September, 2005.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said  
Association this 20th day of September 2005.

By: 

Title: Sec.

# 2036063\_v1



**Department of  
Assessments and Taxation**



Charter Division

**C. John Sullivan, Jr.**  
Director

**Paul E. Anderson**  
Administrator

**KAREN MYERS  
212 MARSH HILL RD  
MC HENRY MD 21541**

Date: 11-16-2005

This letter is to confirm acceptance of the following filing:

ENTITY NAME : KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC.  
DEPARTMENT ID : D10965580  
TYPE OF REQUEST : ARTICLES OF INCORPORATION  
DATE FILED : 11-10-2005  
TIME FILED : 08:54-AM  
RECORDING FEE : \$100.00  
ORG. & CAP FEE : \$20.00  
EXPEDITED FEE : \$50.00  
POSTAGE FEE : \$5.00  
FILING NUMBER : 1000361992155055  
CUSTOMER ID : 0001697751  
WORK ORDER NUMBER : 0001140789

PLEASE VERIFY THE INFORMATION CONTAINED IN THIS LETTER. NOTIFY THIS DEPARTMENT IN WRITING IF ANY INFORMATION IS INCORRECT. INCLUDE THE CUSTOMER ID AND THE WORK ORDER NUMBER ON ANY INQUIRIES. EVERY YEAR THIS ENTITY MUST FILE A PERSONAL PROPERTY RETURN IN ORDER TO MAINTAIN ITS EXISTENCE EVEN IF IT DOES NOT OWN PERSONAL PROPERTY. A BLANK RETURN WILL BE MAILED BY FEBRUARY OF THE YEAR FOR WHICH THE RETURN IS DUE.

Charter Division  
Baltimore metro area (410)767-1350  
Outside metro area (888)246-5941

301 West Preston Street-Room 801-Baltimore, Maryland 21201-2395  
Toll free in Maryland (888)246-5941  
MRS (Maryland Relay Service) (800)735-2258 TTY/Voice- Fax (410)333-7097  
Website: [www.dat.state.md.us](http://www.dat.state.md.us)

0003720636

cheat

**Maryland Department of Assessments and Taxation 2****Taxpayer Services Division**

301 West Preston Street Baltimore, Maryland 21201

[Main Menu](#) | [Security Interest Filings \(UCC\)](#) | [Business Entity Information \(Charter/Personal Property\)](#) [New Search](#) | [Get Forms](#) | [Certificate of Status](#) | [SDAT Home](#)**Taxpayer Services Division****Entity Name: KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC.**  
**Dept. ID #: D10965580****General Information** | **Amendments** | **Personal Property** | **Certificate of Status****Principal Office (Current):**SUITE 5  
23789 GARRETT HIGHWAY  
MCHENRY, MD 21541**Resident Agent (Current):**KAREN MYERS  
SUITE 5  
23789 GARRETT HIGHWAY  
MCHENRY, MD 21541**Status:**

INCORPORATED

**Good Standing:**

Yes

**Business Code:**

Ordinary Business - Non-Stock

**Date of Formation or Registration:**

11/10/2005

**State of Formation:**

MD

**Stock/Nonstock:**

Nonstock

**Close/Not Close:**

Not Close

**Link Definition****General Information**

General information about this entity

**Amendments**

Original and subsequent documents filed

**Personal Property**

Personal Property Return Filing Information and Personal Property Assessments

**Certificate of Status**

Get a Certificate of Good Standing for this entity.

**ARTICLES OF INCORPORATION**  
**OF**  
**KENDALL CAMP**  
**PROPERTY OWNERS ASSOCIATION, INC.**

In compliance with the requirements of Corporations and Associations, Titles 2 and 5, Annotated Code of Maryland (1993), and any amendments thereto ("MGCL"), the undersigned, Karen Myers, whose post office address is 23789 Garrett Highway, Suite 5, McHenry, Maryland 21541, being at least eighteen (18) years of age, has this day, by execution of these Articles, voluntarily declared herself to be an incorporator for the purpose of forming a nonstock corporation pursuant to the general laws of Maryland, and does hereby certify:

**ARTICLE 1**  
**NAME OF CORPORATION**

The name of the corporation is KENDALL CAMP PROPERTY OWNERS ASSOCIATION, INC., hereinafter called the "Association".

**ARTICLE 2**  
**PRINCIPAL OFFICE**

The post office address of the principal office and the principal place of business of the Association is 23789 Garrett Highway, Suite 5, McHenry, Maryland 21541, Attention: Karen Myers.

**ARTICLE 3**  
**RESIDENT AGENT**

The name of its resident agent is Karen Myers whose post office address is 23789 Garrett Highway, Suite 5, McHenry, Maryland 21541.

**ARTICLE 4**  
**POWERS AND PURPOSES**

This Association does not contemplate pecuniary gain or profit, direct or indirect, to the Members thereof, and the specific purposes for which it is formed are to provide for and assure the maintenance of the Common Area and Common Improvements within the Property described in the Kendall Camp Property Owners Association, Inc. Declaration of Covenants, Conditions, Easements and Restrictions recorded or to be recorded among the Land Records of Garrett County, Maryland, hereinafter referred to as the "Declaration," including such additions as may be brought within the jurisdiction of the Association, and to promote the health, safety and welfare of the property owners with use of the Property and any additions as may be brought within the jurisdiction of the Association. The Declaration is incorporated by

reference. For this purpose, the Association shall have the power and authority to, in compliance with the MGCL:

(a) exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration as the same may be amended from time to time as provided;

(b) fix, levy, collect and enforce payment by any lawful means of, all charges or assessments pursuant to the terms of the Declaration, and to pay all expenses in connection therewith, including all office expenses, licenses, taxes or governmental charges levied or imposed against the property of the Association and all other expenses incident to the conduct of the business of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs incurred;

(d) borrow money, and, in accordance with the provisions of the Declaration, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication, sale or transfer shall be effective unless accomplished in accordance with the provisions of the Declaration;

(f) participate in mergers and consolidations with other non-profit non stock corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall be accomplished in accordance with the provisions of the Declaration; and

(g) have and exercise any and all powers, rights and privileges which a nonstock corporation organized under the laws of the State of Maryland by law may now or hereafter have or exercise.

## ARTICLE 5 NO CAPITAL STOCK

This Association is not authorized to issue any capital stock and shall not be operated for profit. The Association does not anticipate distributing dividends, gains or profits to its Members. No Member shall have any personal liability for the debts or obligations of the Association.

**ARTICLE 6**  
**MEMBERSHIP**

The Association shall have two (2) classes of voting membership:

Class A: With the exception of the Declarant (until expiration of the Class B memberships), all Owners (as defined in the Declaration) shall be entitled to one (1) vote for each lot owned. When more than one person holds an interest in any lot, all such persons shall be members, but in no event shall more than one (1) vote be cast with respect to any lot.

Class B: The Class B Member shall be the Declarant (as defined in the Declaration), its nominee or nominees, and shall be entitled to three (3) votes for each lot owned. The Class B membership shall cease, subject to revival upon additional land being annexed pursuant to the Declaration, and be converted to a Class A membership upon the earliest of the following events:

- (i) when the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership;  
or
- (ii) December 31, 2015.

**ARTICLE 7**  
**VOTING RIGHTS**

Every Member of the Association shall have certain voting rights as provided in the Declaration. The manner in which such votes are cast and other provisions relating to voting are contained in the Bylaws.

**ARTICLE 8**  
**BOARD OF DIRECTORS**

The affairs of this Association shall be managed by a Board initially consisting of three (3) directors whose names and addresses are listed in these Articles of Incorporation, each of which are at least eighteen (18) years of age. The names and addresses of the persons who are to initially act in the capacity of directors until the selection of their successors are:

Name

Address

Karen Myers

212 Marsh Hill Road  
McHenry, Maryland 21541

Steven R. Richards

215 Ruffed Grouse Lane  
Oakland, Maryland 21550

I. Robert Rudy

121 N. Second Street  
Oakland, Maryland 21550

Gary A. Daun

3000 Oakhurst Drive  
Bethel Park, Pennsylvania 15102

The number, qualifications, powers, duties and tenure in office of the directors and the manner by which directors are to be chosen shall be as prescribed and set forth in the Bylaws of the Association. Officers of the Association shall be elected and shall serve as provided for in the Bylaws.

#### ARTICLE 9 DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each class of Members. Written notice of a proposal to dissolve, setting forth the reasons therefore and the disposition to be made of the assets (which shall be consonant with this ARTICLE 10, shall be mailed to every Member not less than ten (10) days nor more than fifty (50) days in advance of any action to be taken. 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 10 DURATION

The Association shall exist perpetually.

#### ARTICLE 11 AMENDMENTS

Amendment to these Articles requires the agreement of each class, via the votes of seventy-five percent (75%) of those Members entitled to vote in the respective class. Each class shall vote independently on such amendment.

#### ARTICLE 12 LIABILITY

Directors of the Association shall not be personally liable to the Association or its Members for monetary damages for breach of fiduciary duty except that this Article shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Association or its Members; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or (iii) under Section 2-405.2 of the MGCL.

The Association may, to the fullest extent permitted by Section 2-418 of the MGCL, as the same may be amended and supplemented, indemnify any and all persons whom it shall have

power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to in or covered by said section and the indemnification provided for herein shall be deemed exclusive of any other rights to which those indemnified may be entitled under any Bylaw, agreement, vote of Members or disinterested directors or otherwise, both as to action in the indemnified individual's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE 13  
MISCELLANEOUS

Unless it is plainly evident from the context that a different meaning is intended, words or phrases defined in the Declaration shall have the same meaning in these Articles. In the event of any conflict between these Articles or the Bylaws and the Declaration, the term and provisions of the Declaration shall control. In the event of any conflict between these Articles and the Bylaws, these Articles shall control.

IN WITNESS WHEREOF, Karen Myers has signed, sealed and delivered these Articles of Incorporation as her own free act and deed on this 9th day of November, 2005.

WITNESS:

Cesette D. Harman

Karen Myers (SEAL)  
Karen Myers

I AM THE REGISTERED AGENT LISTED IN ARTICLE 3 AND HEREBY CONSENT TO ACT AS RESIDENT AGENT IN MARYLAND FOR THE ENTITY NAMED IN THE ATTACHED INSTRUMENT.

Karen Myers

Karen Myers

Nov. 7, 2005  
Date

---

Return the receipt, certified copies, certification of status  
and the original articles to:

Karen Myers  
212 Marsh Hill Road  
McHenry, MD 21541

# 2036032\_v1



BYLAWS  
OF  
DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC.

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BYLAWS  
OF  
DEEP CREEK MOUNTAIN RESORT  
PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE 1 -- NAME AND LOCATION

The name of the corporation is DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 212 Marsh Hill Road, McHenry, Maryland, 21541 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 2 -- DEFINITIONS

Unless otherwise defined in these Bylaws, words or phrases defined in the Deep Creek Mountain Resort Property Owners Association, Inc. Declaration of Covenants, Conditions, Easements and Restrictions recorded or to be recorded in the Garrett County Land Records (the "Declaration") shall have the same meaning in these Bylaws. The Declaration is incorporated by reference.

ARTICLE 3 --MEETING OF MEMBERS

Section 3.1. Annual Meetings. The first annual meeting of the Members shall be held within twelve (12) months from the date of filing of the Articles of Incorporation of the Association. Each subsequent regular meeting shall be held on the same day of the same month of each year thereafter or such other reasonably similar date as may be selected by the Board of Directors. If the day for the annual meeting is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.2. Special Meetings. Special meetings 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-third (1/3<sup>rd</sup>) of all the votes of the Class A membership.

Section 3.3. Notice of Meetings. Written notice of each meeting 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, or by hand delivering a copy of such notice, at least ten (10) days (but not more than ninety (90) days) before such meeting to each Member of each class 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 may be waived upon the declaration of an emergency by the person calling the meeting. 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 3.4. Quorum. The presence at the meeting of Members of each class entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the respective classes shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws. If, however, such quorum shall not be present or

represented at any meeting, the Members present shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented.

Section 3.5. Voting and Delinquent Payment. Voting at meetings of members shall be by written ballot. At every meeting of the Members, each Class A Member shall have the right to cast one (1) vote for each Class A membership which such member owns on each question or issue. Each of the Class B Members shall have the right to cast three (3) votes for each Class B membership which such member owns on each question or issue. Each Class B membership shall lapse and become a nullity upon the first to happen of the following:

- (i) Twenty (20) years from the date of recordation of the Declaration; provided, however, that if the Declarant is delayed in the improvement and development of the Property on account of a sewer, water or building permit moratorium or any other cause or event beyond the Declarant's control, then the aforesaid twenty (20) year period shall be extended by a period of time equal to the length of the delays or an additional five (5) years, whichever is less; or
- (ii) Upon the surrender of said Class B memberships by the then holders thereof for cancellation on the books of the Association.

Upon the lapse or surrender of the Class B membership as provided for in this Article, the Declarant shall thereafter become a Class A member of the Association as to each and every property interest in which the Declarant then holds the interest otherwise required for such Class A membership.

The vote of Members representing fifty-one percent (51%) of the total of the votes of all the memberships at the meeting, in person or by proxy, calculated as aforesaid shall be necessary to decide any question brought before such meeting, unless the question is one upon which, by the express provision of law or the Articles of Incorporation, the Declaration or these By-Laws, a different vote is required, in which case, such express provision shall govern and control.

No Member shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors, who is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association.

All election materials prepared with Association funds must list candidates in alphabetical order and must not suggest a preference among candidates.

Section 3.6. Absentee Ballots. Any unsigned absentee ballot, to be valid, shall be received in a signed, sealed envelope bearing the identification of the Member on the outside, and shall be opened only at a meeting at which all candidates or their delegates have a reasonable opportunity to be present.

Section 3.7. Proxies. At all meetings of the Association, each Member may vote in person or by proxy. Every proxy shall be revocable unless stated otherwise and is coupled with an interest sufficient in law to support an irrevocable power. No proxy shall be valid after eleven

(11) months from its date, unless otherwise provided in the proxy. All proxies shall be in writing and shall be filed with the Secretary, in such form as is approved by the Board of Directors, which approval may not be unreasonably withheld, before the appointed time of each meeting. Any written proxy which conforms with the applicable laws of Maryland shall be deemed to be satisfactory and approved as to form by the Board of Directors. Notwithstanding anything herein to the contrary, only a directed proxy may be utilized to vote for members of the Board of Directors. A nondirected proxy may be counted toward a quorum and may vote on any matters of business other than the election of Directors.

Section 3.8. Meetings.

(a) All meetings of the Association shall be open to every Member and/or their representative. Such meetings may be held in closed session for the following purposes:

(i) Discussion of the employment, assignment, appointment, promotion, demotion, compensation, discipline, removal or resignation of employees over whom the Association has jurisdiction, or any other personnel matter affecting one or more particular individual(s);

(ii) Protection of the privacy or reputation of individuals in matters not related to Association business;

(iii) Consultation with legal counsel;

(iv) Consultation with staff personnel, consultants, attorneys or other persons in connection with pending or potential litigation;

(v) Investigative proceedings concerning possible or actual criminal misconduct;

(vi) Complying with a specific constitutional, statutory or judicially imposed requirement protecting particular proceedings or matters from public disclosure;

(vii) On an individually recorded affirmative vote of two-thirds (2/3) of the Members present, for some other exceptional reason;

(viii) Acquisition of capital items previously specifically approved as part of a published budget adopted in an open meeting;

(ix) Discussion of short-term investments of funds of the Association in liquid assets if authorized by an investment policy previously adopted in an open meeting;

(x) Conducting collective bargaining negotiations or considering related matters and issues; or

(xi) Discussions concerning public security, including the deployment of personnel in connection therewith and the development and implementation of emergency plans.

(b) If a meeting is held in closed session pursuant to the procedures established above:

(i) No action may be taken and no matter may be discussed other than those permitted above; and

(ii) A statement of the time, place and purpose of each closed meeting, the record of the vote of each member of the Board of Directors by which any meeting was closed,

and the authority under this Section 3.8 for closing any meeting shall be made available so as to reasonably notify Members of the Association within fourteen (14) days after the meeting.

#### ARTICLE 4 -- BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number. The affairs of the Association shall initially be managed by a Board of Directors initially consisting of three (3) natural persons at least eighteen (18) years of age who shall be designated by Declarant and who shall hold office until the election of their successors at the first annual meeting of the Association, following the lapse of the Class B membership. Until the lapse of the Class B membership, all three (3) Directors shall be appointed by Declarant.

Commencing with the first annual meeting of the Association following the lapse of the Class B membership, the Board of Directors shall consist of an uneven number of not less than three (3) nor more than seven (7) Directors who shall be elected by the Members in accordance with these Bylaws and the Declaration.

Before expiration of the Declarant's rights as provided in the Declaration, the number of Directors shall be determined from time to time by Declarant; thereafter, the number of Directors from each class shall be determined by a vote of the Members at any annual or special meeting of Members and the number of Directors from each class may be changed by a vote of the Members at any subsequent annual or special meeting of the Members; provided, however, that: (a) the limitations of this Section 4.2 shall continue to apply; and (b) no such change shall operate to curtail or extend the term of any incumbent Director.

Section 4.2. Term of Office. Except for members of the Board of Directors appointed by Declarant, who shall serve until removed and/or replaced by Declarant or until replaced by a Director elected by the Members as provided herein, the term of office of each member of the Board of Directors shall be two (2) years. In the alternative, the Members may resolve at any annual or special meeting following the expiration of Declarant's rights as provided in the Declaration, to establish the term of office for all Directors to be one (1) year, or to establish staggered terms for the Directors from one (1) to three (3) years. Any change in the number of Directors or term of office of Directors shall not act to extend or curtail the term of office of any incumbent Director. Directors shall hold office until their successors have been elected and hold their first regular meeting.

Section 4.3. Removal. After the first annual meeting of the Members following lapse of Class B membership, any Director may be removed from the Board with or without cause, by a majority vote of the Association. Prior to the first annual meeting of the Members following the lapse of Class B membership, any Director may be removed from the Board with or without cause, by the Declarant. 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 4.4. Compensation. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of such Director's duties.

Section 4.5. 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 and by filing such approval with the minutes of the proceedings of the Board of Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

#### ARTICLE 5 -- NOMINATION AND ELECTION OF DIRECTORS

Section 5.1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee commencing with the first annual meeting of Members following the membership lapse of the Class B membership. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the class. The Nominating Committee, if any, may be appointed by the Board of Directors before each annual meeting of the Members and such appointment may be announced at each annual meeting. The Nominating Committee, if any, may make as many nominations for election to the Board of Directors for the class 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 5.2. 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. Votes shall not be counted until after the time allotted by the Association for voting has ended. Cumulative voting is permitted.

#### ARTICLE 6 -- MEETING OF DIRECTORS

Section 6.1. Regular and Special Meetings. All meetings of the Board of Directors or any committee created by the Board of Directors shall be held only upon regularly scheduled and established dates or periods, at such time and place as shall have been made known to all Members in writing or upon written notice provided by mail or hand delivery not less than seventy-two (72) hours nor more than ninety (90) days before the date of the meeting.

Section 6.2. 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 entire Board of Directors.

#### ARTICLE 7 -- POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 7.1. Powers. The Board of Directors shall have power to:

(a) adopt and publish "Rules and Regulations" governing the use of the Common Areas, and to establish penalties for the infraction thereof; and

(b) 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 Bylaws, the Articles of Incorporation, or the Declaration.

Section 7.2. 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-sixth (1/6) of the Members who are entitled to vote;

(b) fix, levy, collect and enforce payment by any lawful means of all charges or assessments pursuant to the terms of the Declaration, and to pay all expenses in connection therewith, including all office expenses, licenses, taxes or governmental charges levied or imposed against the property of the Association and all other expenses incident to the conduct of the business of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs incurred;

(d) borrow money, and, in accordance with the provisions of the Declaration, mortgage, pledge, deed in trust, or hypothecate any or all of the real or personal property owned by the Association as security for money borrowed or debts incurred;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members of the Association. No such dedication, sale or transfer shall be effective unless accomplished in accordance with the provisions of the Declaration;

(f) participate in mergers and consolidations with other non-profit non stock corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall be accomplished in accordance with the provisions of the Declaration; and

(g) 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 Bylaws, the Articles of Incorporation, or the Declaration.

ARTICLE 8 -- OFFICERS AND THEIR DUTIES

Section 8.1. 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, all of which officers are to be elected by the Board of Directors.

Section 8.2. 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; provided that the initial Board of Directors shall elect the first group of officers at its first organizational meeting.



Section 8.3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until their successors are duly elected and qualified, unless they shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 8.4. 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 8.5. 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 8.6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officers appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7. Multiple Offices. Except for the offices of President and Vice President, any other office may be held by the same person, but in no event shall the same officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law, the Declaration, the Articles of Incorporation or these Bylaws to be executed, acknowledged or verified by two (2) or more officers. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 8.4 of this Article 8 and except as otherwise provided in this Section 8.7.

Section 8.8. Duties. The duties of the officers are as follows (any of which may be assigned, in whole or in part, by the Board of Directors to a management agent):

#### 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 but is not required to 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 the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required 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 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 moneys 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 or other review of the Association's books to be made by a public accountant or appropriate party at the completion of each fiscal year, at the discretion of the Board; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Board, and deliver copies thereof to the Members.

Section 8.9. Compensation. No officer shall receive compensation for any service rendered to the Association. However, any officer may be reimbursed for actual expenses incurred in the performance of such officer's duties.

## ARTICLE 9 -- LIABILITY AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 9.01 Liability. The Association may indemnify every officer and Director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon an officer or Director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which such officer or Director may be made a party by reason of being or having been an officer or Director of the Association, whether or not such person is an officer or Director at the time such expenses are incurred. The officers and Directors of the Association shall not be liable to the Members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith.

Section 9.02 Indemnification. The officers and Directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or Director of the Association or former officer or Director of the Association may be entitled.

Section 9.03 Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. A contract or other transaction between the Association and any of its Directors, or between the Association and any

corporation, firm or other entity in which any of its Directors is a director or has a material financial interest is not void or voidable solely because of the common directorship or interest, or because the Director is present at the meeting of the Board of Directors which authorizes, approves or ratifies the contract or transaction, or because the vote of the Director was counted for the authorization, approval or ratification of the contract or transaction, if any of the following exist:

(a) the fact of the common directorship or interest is disclosed or known to the Board of Directors and the Board of Directors authorizes, approves or ratifies the contract or transaction by the affirmative vote of a majority of disinterested Directors, even if the disinterested Directors constitute less than a quorum; or

(b) the fact of the common directorship or interest is disclosed or known to the Members of the Association entitled to vote, and the contract or transaction is authorized, approved or ratified by a majority of the votes cast by the Members entitled to vote other than the votes appurtenant to memberships owned by the interested Director or corporation, firm or other entity; or

(c) the contract or transaction is fair and reasonable to the Association at the time it was authorized, approved or ratified.

Common or interested Directors or the votes which they are entitled to cast or which are entitled to be cast by an interested corporation, firm or other entity may be counted in determining the presence or a quorum at a meeting of the Board of Directors or at a meeting of the owners, as the circumstances may require, at which the contract or transaction is authorized, approved or ratified. If a contract or transaction is not authorized, approved or ratified in the manner provided for in subparagraphs (a) or (b) of this Section, the person asserting the validity of the contract or transaction bears the burden of proving that the contract or transaction was fair and reasonable to the Association at the time it was authorized, approved or ratified.

#### ARTICLE 10 – COMMITTEES

The Board of Directors may appoint committees as deemed appropriate in carrying out its purposes. All committees appointed by the Board of Directors shall hold meetings in accordance with Section 6.1 of these Bylaws.

#### ARTICLES 11 - INSURANCE

Section 11.01. Insurance. In addition to the insurance coverage required to be maintained by the Declaration, the Board of Directors of the Association may obtain and maintain, to the extent reasonably available, the following:

(a) workmen's compensation insurance for employees of the Association to the extent necessary to comply with any applicable law;

(b) a "Legal Expense Indemnity Endorsement", or its equivalent, affording protection for the officers and Directors of the Association for expenses and fees incurred by any of them in defending any suit or settling any claim, judgment or cause of action to which any

such officer or Director shall have been made a party by reason of his or her services as such; and; and

(c) such other policies of insurance, including Director and officer liability insurance for other risks of a similar or dissimilar nature and fidelity coverage as required by these Bylaws, as are or shall thereafter be considered appropriate by the Board of Directors.

Section 11.02. Limitations. Any insurance obtained pursuant to the requirements of this Article shall be subject to the following provisions, or other provisions, as appropriate:

(a) All policies shall be written or reinsured with a company or companies licensed to do business in the State of Maryland and holding a rating of "B/III" or better in the current edition of Best's Key Rating Guide (or its equivalent).

(b) Exclusive authority to negotiate losses under said policies shall be vested in the Board of Directors of the Association, or its authorized representative.

(c) In no event shall the insurance coverage obtained and maintained pursuant to the requirements of this Article be brought into contribution with insurance purchased by the owners of other property or their mortgagees and any "no other insurance" or similar clause in any policy obtained by the Association pursuant to the requirements of this Article shall exclude such policies from consideration.

(d) All policies shall provide that such policies may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days' prior written notice to any and all insurers named thereon.

(e) All policies shall contain a waiver of subrogation by the insurer as to any and all claims against the Association, the Board of Directors, the Members of the Association and their respective agents, employees or tenants, and of any defenses based upon co-insurance or invalidity arising from the acts of the insured.

## ARTICLE 12 -- BOOKS AND RECORDS/FISCAL MANAGEMENT

Section 12.1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January every year, ~~except~~ for the first fiscal year of the Association which shall begin on the date of recordation of the Declaration. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should the practice of the Association subsequently dictate.

Section 12.2. Principal Office - Change of Same. The principal office of the Association shall be as set forth in the Articles of Incorporation of the Association. The Board of Directors, by appropriate resolution, shall have the authority to change the location of the principal office of the Association from time to time.

Section 12.3. Books and Accounts. Books and accounts of the Association shall be kept under the discretion of the Treasurer in accordance with generally accepted accounting practices, consistently applied. The same shall include books with detailed accounts, in chronological

order, of receipts and of the expenditures and other transactions of the Association and its administration and shall specify the maintenance and repair expenses of the general and limited Common Areas and Facilities, services required or provided with respect to the same and any other expenses incurred by the Association.

Section 12.4. Auditing. At the close of each fiscal year and at the election of the Board of Directors, the books and records of the Association may be audited by an independent Public Accountant whose report shall be prepared in accordance with generally accepted auditing standards, consistently applied. Based upon such report, if any, the Association shall furnish the Members with an annual financial statement, including the receipts and disbursements of the Association, within one hundred twenty (120) days following the end of each fiscal year.

Section 12.5. Inspection of Books. The books and accounts of the Association, vouchers accrediting the entries made thereupon and all other records maintained by the Association shall be available for examination by the Members and their duly authorized agents or attorneys during normal business hours and for purposes reasonably related to their respective interests and after reasonable notice to the President of the Board of Directors. The Declaration, the Articles of Incorporation and the Bylaws 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.

Section 12.6. Fidelity Insurance. The Board of Directors may require that all officers, Directors and employees of the Association regularly handling or otherwise responsible for the funds of the Association shall furnish adequate fidelity insurance or equivalent coverage against acts of dishonesty. The premiums on such insurance shall be paid by the Association.

#### ARTICLE 13 --CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., a Maryland corporation.

#### ARTICLE 14 -- AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of the Members, entitled to cast, or holding proxies entitled to cast, at least one-sixth (1/6) of the votes of the Association by a vote of a majority of such quorum of Members present in person or by proxy.

#### ARTICLE 15 -- INTERPRETATION/MISCELLANEOUS

Section 15.1. Conflict. These Bylaws are subordinate and subject to all provisions of the Declaration and to the provisions of the Articles of Incorporation of the Association. If there is any conflict between these Bylaws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between these Bylaws and the Articles of Incorporation of the Association, the provisions of the Articles of Incorporation shall control.

Section 15.2. Notices. Unless another type of notice is specifically provided for, any and all notices called for in these Bylaws shall be given in writing, including by electronic mail.

Section 15.3. Severability. If any provision or provisions of these Bylaws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 15.4. Waiver. No restriction, condition, obligation or provisions of these Bylaws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 15.5. Captions. The captions contained in these Bylaws are for convenience only and are not a part of these Bylaws and are not intended in any way to limit or enlarge the terms and provisions of these Bylaws or to aid in the construction thereof.

Section 15.6. Gender, etc. Whenever in these Bylaws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.

[Signatures to Follow on Next Page]

IN WITNESS WHEREOF, we, being all of the Directors of DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., have hereunto set our hands this 8th day of January, 2003.

WITNESS:

Name

Karen Myers

Steven R. Richards

I. Robert Rudy

Gary A. Daum

Karen Myers  
Steven R. Richards  
I. Robert Rudy  
Gary A. Daum

\* \* \*

#### CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary or Assistant Secretary of DEEP CREEK MOUNTAIN RESORT PROPERTY OWNERS ASSOCIATION, INC., a Maryland nonstock corporation, and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors hereof, held on the 8th day of January, 2003.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 8th day of January, 2003.

Steven W. Richards  
By: Steven W. Richards  
Title: Secretary

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