

HAMBLETON COVE HOMEOWNERS ASSOCIATION, INC.

BY-LAWS

*Revised
April - 2000*

ARTICLE I
NAME AND LOCATION

The name of the corporation is HAMBLETON COVE HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the Association shall be located at Martingham Circle, St. Michaels, Maryland 21663, 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 Hambleton Cove Homeowners Association, Inc., a Maryland non-stock corporation, its successors and assigns.

Section 2. "Common Area" shall mean all real property owned (including improvements thereon) by the Association for the common use, benefit and enjoyment of the owners, plus any additional property conveyed to the Association.

Section 3. "The Plat" shall mean and refer to the plat entitled "Subdivision Plan @ Hambleton Cove Townhouses, of Martingham, Section Election District, Talbot County, Maryland" prepared by McCrone, Inc., dated April 1990, and recorded among the Land Records of Talbot County at Plat Book PCI, 77AA, 78A.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions, and all Supplementary Declarations, applicable to the Property and recorded or intended to be recorded among the Land Records of Talbot County, Maryland, and any additions, amendments or modifications thereto.

Section 5. "Lot" shall mean and refer to a specific, identifiable and bounded portion or subdivision of the Property, and shall include a Townhouse plus attachments and appurtenances. The location and boundaries of each Lot are shown and designated on the Plat. Each Lot shown on the Plat shall be subject to an easement for supplying and maintaining electrical, heating, air conditioning, plumbing and other utilities necessary to serve adjacent lots.

Section 6. "Townhouse" shall mean and refer to the principal structure erected upon a Lot. Each townhouse shall be physically connected to a Townhouse on one or more adjacent Lots.

Section 7. "Member" or "Members" shall mean and refer to those persons entitled to membership in the Association, as provided in the Declaration.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple (or of leasehold title pursuant to a lease for a term of at least fifteen (15) years) to any Lot which is a part of the Property. Each "Owner," whether one or more persons or entities, shall have one of 28 votes in the Association.

Section 9. "Property" shall mean, refer to and include all of the tract or parcel of land described in the Declaration of Covenants, Conditions and Restrictions.

Section 10. 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. Each regular annual meeting of the Members shall be held at a time and place in April or May within the State of Maryland selected by the Board of Directors of the Association.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President, two or more members of the Board of Directors, or upon written request of one-fourth (1/4) of the Members in good standing of the Association.

Section 3. Notice of Meetings. Written notice of all (each) meetings of the Members shall be given by or at the direction of the Secretary or such other person authorized to call the meeting, by mailing (postage prepaid) or by e-mail or facsimile a copy of such notice to each Member entitled to vote, addressed to the Member's address, including e-mail and facsimile number, last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of such notice. All notices under this provision shall be sent not less than thirty (30) days nor more than sixty (60) days before the scheduled meeting, and shall specify the place, day and hour of the meeting, and in the case of a special meeting, the purpose of the meeting; provided that the Board in its discretion may shorten the required notice period in the event that it determines that a shorter notice is required under the circumstances then prevailing.

Section 4. Quorum. The presence at any meeting of Members or of proxies entitled to cast sixty percent (60%) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these by-laws. If, however, such quorum shall not be present or represented at any meeting, the Members present in person or by proxy entitled to vote at the meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting. Any such adjourned meeting may be called within sixty (60) days of the preceding noticed meeting, subject to such notice as the Board of Directors may prescribe, and the required quorum at the subsequent meeting shall be fifty percent (50%) of the votes of the membership.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically expire after the meeting for which the proxy was given or upon conveyance by the Member of his, her or its Lot.

ARTICLE IV

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Qualifications and Number. The affairs of this Association shall be managed by a Board of five (5) directors.

Section 2. Term of Office. The term of office of each director shall be three years, and the terms of office shall be staggered.

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 successor 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 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, whose recommendations shall be provided to all Owners at least thirty (30) days prior to the annual meeting. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall be appointed by the President of the Association and shall be made known to all Members. The Nominating Committee shall consist of one Board member and two other Members who are not members of the Board. The Board member shall serve as the chairperson of this Committee.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election each of the Members or their proxies may cast, in respect to each vacancy, one vote. When a unit is owned by more than one individual, the unit will be represented by only one vote in toto. The person[s] receiving the largest number[s] of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETING OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held no less frequently than quarterly, at such place and hour as determined by resolution of the Board.

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) adopt and publish rules and regulations governing the activities on individual lots when such activity may have an effect upon neighbors and other residents, and to establish penalties for the infraction thereof;
- (c) suspend the voting rights and right to use the Common Areas by an Owner and his or her guests during any period in which such Member shall be in default in the payment of any assessment or penalty levied by the Association;
- (d) 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;

- (e) 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;
- (f) employ a manager, independent contractor, or such other individuals, entities or employees as they deem necessary and to prescribe their duties;
- (g) dedicate or transfer all or part of the Common Areas to a utility company for such purposes and subject to such conditions as may be agreed upon. No dedication or transfer shall be effective unless an instrument agreeing to dedication or transfer signed by 2/3rds of the Members has been recorded among the Land Records of Talbot County;
- (h) borrow funds for the purpose of maintaining and improving the Common Areas;
- (i) enter upon a Lot to perform maintenance or repairs and add such costs thereof to the assessment to which the owner's Lot is subject pursuant to Article VII of the Declaration; and
- (j) foreclose the lien against any Lot for which assessments are not paid within thirty (30) days after the due date thereof or bring an action at law against the Owner personally obligated to pay the same.

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 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) fix the amount of a special assessment for capital improvements against each Lot for purposes fully set forth in Article IV, Section 4 of the Declaration, provided that any such assessment shall have the assent of two-third (2/3rds) of the votes of the Members who are voting in person or by proxy at a meeting duly called for these purposes; and
 - (3) send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of the date on which any payment on such assessment may be due;

- (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. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (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 following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year or until his or her successor is elected unless any officer shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may appoint 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. Neither the President nor the Vice-President shall hold more than one (1) of any of the offices.

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 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; shall, upon request of the Board, 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.

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 directors 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 a Nominating Committee, as provided in Article V, Section 1 of 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 be available for inspection by any Member upon reasonable notice. Copies of the Declaration, the Articles of Incorporation and the By-Laws of the Association may be purchased at reasonable cost upon request to the Board.

ARTICLE XII
ASSESSMENTS

As more fully provided in Article IV of 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 be subject to a late fee of Twenty-Five Dollars (\$25.00) and shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum. The Association may bring an action at law pursuant to the Maryland Contract Lien Act, against the owner personally obligated to pay the same or foreclose the lien against the Lot, and interest, costs and reasonable attorney's fees or 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. 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.

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

CERTIFICATION

We, **THE UNDERSIGNED**, being duly elected directors of Hambleton Cove Homeowners Association, Inc., a Maryland non-stock corporation, do hereby certify that the foregoing by-laws constitute the by-laws of said Corporation, as duly adopted by the members of Hambleton Cove Homeowners Association, Inc., on the ____ day of _____, 1999.

IN WITNESS WHEREOF, We have hereunto subscribed our names and affixed the seal of the Corporation this ____ day of _____, 1999.

CERTIFICATION

We, **THE UNDERSIGNED**, being duly elected directors of Hambleton Cove Homeowners Association, Inc., a Maryland non-stock corporation, do hereby certify that the foregoing by-laws constitute the by-laws of said Corporation, as duly adopted by the members of Hambleton Cove Homeowners Association, Inc., on the ____ day of _____, 1999.

IN WITNESS WHEREOF, We have hereunto subscribed our names and affixed the seal of the Corporation this ____ day of _____, 1999.

