

OLNEY MILL SWIM CLUB INC.

BY-LAWS

Article I Name and Purpose

- Section 1.** The name of this Corporation shall be the Olney Mill Swim Club, Inc., hereinafter referred to as the Club".
- Section 2.** The purpose of the Club is to promote the health and general welfare of its members through the ownership, maintenance and operation of a swimming pool and other recreation facilities, no part of the net earnings of which is to inure to the benefit of any member, shareholder, or other individuals.

Article II Membership

- Section 1.** Applications for membership for non-Olney Mill residents will not be processed as long as there are Olney Mill residents on the waiting list.
- Section 2.** Membership in the Club may be applied for by mailing an application to the Board of Directors.
- Section 3.** The Board of Directors shall promptly consider each application for membership. Upon notification of acceptance the prescribed membership fee is due in full within 20 days. Upon receipt of this payment the applicant shall, together with other members of their family units, become members and are entitled to all privileges of membership and subject to all of the liabilities thereof.
- Section 4.** One Membership Certificate shall be issued to, and owned by one adult member of the family unit. Such adult member hereinafter shall be referred to as the "Owner/Member". A family unit shall consist of the members of the family who permanently reside in the same housing unit, and upon written approval of the Board of Directors, any other person who resides permanently with the family in the same housing unit. Each family unit shall be entitled to one vote in the proceedings of the Club. Only adult members may vote. A family unit may vote by proxy through any adult member of another family unit designated in writing. No adult member may vote more than five (5) proxies at any one meeting of the Club.
- Section 5.** Membership Certificates shall be sold at such prices as the Board of Directors may establish from time to time. The maximum number of family unit memberships in the Club shall be as prescribed by the Montgomery County Health Department. Following attainment of the maximum number of family unit memberships, and continuing thereafter as long as such full quota is maintained, each prospective new member shall be required to deposit with the Club ten percent (10%) of the then prevailing fee for Membership Certificate. Such deposit shall be applied to the purchase of a Membership certificate or shall be refunded upon withdrawal of membership application. Every Owner/Member shall be entitled to have a certificate signed by, or in the name of the Club by, the President or a Vice President and the Treasurer or Membership Chairman of the Club, certifying the number of the certificate.

Section 6. An Owner/Member who wishes to withdraw from membership may proceed to sell his membership by notifying the Club in writing. Such memberships will be repurchased at the fee originally paid by the member, less a \$25.00 transfer charge. Memberships will be repurchased in the order of request to sell and resold to new applicants in the order of application. If there are no applicants on the waiting list to buy memberships, the Club will not be obligated to repurchase a membership until a buyer is available. Refund to the seller will be made within 30 days after the Club receives the applicant's payment in full.

Article III Meeting of Members

Section 1. All meetings of members shall be held in Montgomery County, Maryland. At least ten (10) days' notice shall be given to Owner/Members, at their last known address as shown by the Club records, of the time and place fixed by the Board of Directors.

Section 2. The annual meeting of the members, for the election of directors and members of the nominating committee and for the transaction of any other business that may properly be brought before the meeting, shall be held in November of each year at a time and place to be fixed by the Board of Directors.

Section 3. Special meetings of the Club, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the Board of Directors or by request of at least ten percent (10%) of the Owner/Members or their spouses presented in writing to the Secretary. Such request shall state the purpose or purposes of the proposed meeting, after receipt of which the Secretary shall call the special meeting requested within thirty (30) days. Written notice of a special meeting of the Club, stating the time, place and purpose thereof, shall be given to each Owner/Member at least ten (10) days before the date fixed for the meeting. Business transacted at any special meeting shall be limited to the purpose stated in the notice.

Section 4. Five percent (5%) of the Owner/Members, in good standing (See Article IX, Section 1) present in person or by proxy, shall constitute a quorum at all meetings of the Club for the transaction of business except as otherwise provided by statute or by the certificate of incorporation.

Section 5. When a quorum is present at any meeting, the vote of the majority of the family units present, or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the certificate of incorporation or of these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such questions.

Article IV Directors

Section 1. Board of Directors shall be limited to active adult members of the member family units. The number of directors which shall constitute the whole Board shall be thirteen (13), until the first annual meeting of the Club. At such first annual meeting nine (9) directors shall be elected, three of whom shall serve until the first meeting of the Board following the fourth annual meeting of members, three of whom shall serve until the first meeting of the Board following the third annual meeting of the members, and three of whom shall serve until the first meeting of the Board following the second annual meeting of the members. At each successive annual meeting of the members, directors

shall be elected to fill the vacancies on the Board. Such newly elected directors shall serve until the first meeting of the directors following the third anniversary of their election to the Board.

- Section 2.** Preceding each membership vote for Directors, the Board of Directors shall appoint three adult members of the Club who are not members of the Board to be judges of election. These appointed members shall receive, count votes, and promptly report the results at this meeting. The type of secret ballot used will be determined by the Board of Directors.
- Section 3.** Vacancies on the Board of Directors shall be filled by vote of a plurality of the remaining directors; but the director so selected shall hold office only until a successor is elected at the next annual meeting of the members, to complete the unexpired term.
- Section 4.** The Board of Directors shall direct and control all affairs of the Club. The duties include the following:
- A. Elect officers as provided in Article VII herewith.
 - B. Transact all business necessary and proper for the efficient management of the Club including the appointment and removal of such agents or employees as it may deem necessary. They shall also fix their duties and compensation.
 - C. Act upon applications for membership.
 - D. Fill interim vacancies on the Board of Directors.
 - E. Constitute and appoint all committees necessary for the functioning of the Club.
 - E. Prescribe the rules and regulations, not expressly provided herein, for the operation of the swimming pool and other recreational facilities.
 - G. Designate the depository and conditions of deposit for the funds of the Club provided that all checks, drafts, and other instruments for the payment of money by the Club shall bear the signature of the Treasurer and one other of the officers for amounts up to \$5,000 and the Treasurer and two other of the officers for amounts \$5,000 and above. These same conditions shall apply to all other financial transactions.
- Section 5.** The Board of Directors shall meet at least one during each month, at such place in Montgomery County, Maryland as shall be determined by the Board.
- Section 6.** Special meetings of the Board may be called by the President on three (3) days' notice to each director, either personally or by mail.
- Section 7.** At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the action of a majority of the directors present at any meeting at which there is a quorum shall be the action of the Board of Directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation or by these By-Laws.
- Section 8.** Any member. of the Board of Directors may be removed from office by a two-thirds vote of the Owner/Members present in person or represented by proxy, at either the annual meeting of the Club or a special meeting called in accordance with these By-Laws.

Article V

Notices

- Section 1.** Notices to directors and Owner/Members shall be in writing and delivered personally or mailed to the directors or members at their addresses appearing on the books of the Club. Notice by mail shall be deemed to be given at the time when the same shall be mailed.
- Section 2.** Whenever any notice is required to be given under the provisions of the statutes or the certificate of incorporation or of these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after stated therein, shall be deemed equivalent thereto.

Article VI

- Section 1.** A. There shall be a nominating committee to be composed of five active adult members of the Club. Three members shall be elected at each annual meeting and two shall be elected by the Board of Directors, from among the directors whose terms of office shall not expire at the ensuing annual meeting of the Club. Vacancies occurring among the three members chosen by the Club, shall be filled by the remaining members. A vacancy occurring among the two members chosen by the directors shall be filled by the directors.
- B. The nominating committee shall nominate from among the active membership, but not from among those on the committee, candidates for the vacancies on the Board of Directors to be filled at the next annual meeting and three candidates for the following year's nominating committee, and shall report such nominations to the Secretary at least thirty (30) days prior to the annual meeting, after which the Secretary shall list the nominations in a notice of the annual meeting sent to all members.
- Section 2.** Additional nominations from among the active membership of candidates for election may be made by a letter signed by fifteen (15) Owner/Members, and delivered to the Secretary at least thirty (30) days before the annual meeting. These nominations shall be included in the notice of such meeting.
- Section 3.** Nominations may be made from the floor at the annual meeting.
- Section 4.** Consent of all nominees to accept office shall be obtained in advance of their nominations.

Article VII Officers

- Section 1.** The officers of the Club shall be chosen by the Board of Directors and shall be a President, Vice President, a Secretary, and a Treasurer, all of whom shall be chosen from among the Directors. No person shall hold more than one office.
- Section 2.** The Board of Directors at its first meeting after each annual meeting shall choose officers, all of whom shall serve until the first meeting of the Board following the next annual meeting of the members.
- Section 3.** The Board may appoint and remove such other officers, agents, clerks, servants, or employees as it shall deem necessary who shall hold their offices or their positions or employment for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.
- Section 4.** Any officer elected or appointed by the Board may be removed at any time by the affirmative vote of two-thirds (2/3) of the whole Board of Directors. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors.
- Section 5.** The President shall be the chief executive officer of the Club; shall preside at all meetings of the members and directors; shall be an ex-officio member of all committees of directors and of all standing committees; shall generally supervise the affairs and property of the Club; shall, subject to the approval of the Board of Directors, appoint all committees; and shall see to it that all orders and resolutions of the Board are carried into effect. The President shall execute bonds, notes, mortgages except where required or permitted by law to be otherwise signed and executed when the execution and signing thereof shall be expressly delegated by the Board of Directors to some officer or agent of the Club.

- Section 6.** The Vice President shall in the absence or disability of the President, perform the duties and exercise the power of the President, and shall perform such other duties as the Board of Directors shall prescribe.
- Section 7.** The Secretary shall attend all sessions of the Board and all meetings of the members and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. Shall give, or cause to be given, notice of all meetings of the members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Director or the President. The Secretary shall keep the Club seal in safe custody and only use it when authorized by the Board of Directors.
- Section 8.** The Treasurer shall have custody of the Club funds and securities and shall keep full and accurate accounts or receipts and disbursements in books belonging to the Club. The Treasurer shall disburse the funds of the Club as may be ordered by the Board of Directors in accordance with Article IV, Section 4, Paragraph G, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings, or when the Board of Directors so requires, an accounting of all transactions as Treasurer and of the financial condition of the Club. The. Treasurer and any designated officers and employees who have the custody or control of any funds of the Club shall give the Club bonds or insurance satisfactory to the Board. The premiums for such bonds shall be paid by the Club.

Article VIII

Annual Dues and Special Assessments

- Section 1.** The Board of Directors shall determine the annual dues for members, necessary for the expenses of the Club and proper maintenance and improvements of its property. The total amount to be realized from annual dues shall be determined on the basis of an annual operating budget, as approved by two-thirds (2/3) of the Board of Directors. In setting annual dues, the Board of Directors may also establish a schedule of lesser amounts of dues for those who become members during the swimming season.
- Section 2.** Special assessments shall be levied only upon a majority vote of the Owner-Members present, personally or by proxy, at an annual meeting or a special meeting called for this purpose. The special assessment shall be payable on the date established at that meeting.
- Section 3.** All dues shall be payable on or before the first day of April each year. No dues shall be refunded in the event that operations of the Club facilities are suspended for any period unless otherwise provided by the Board. Special assessments shall be due as provided in Article VIII, Section 2. A delinquency penalty of ten percent (10%) of the amount of annual dues or special assessments shall be added and immediately due with payment mailed or delivered after the date due of April 1 and until May 1. On May 2 through the 15th, the late penalty shall be fifteen percent (15%) of the amount of annual dues. From May 16th until the opening day of the pool season, the late penalty shall be twenty-five percent (25%) of the annual dues. If a membership remains unpaid, including all late fees, until June 15th, the Board of Directors reserves the right to cancel the membership and release the proceeds of the sale of the membership equity stake.
- Section 4.** Any Owner/Member delinquent in the payment of annual dues or special assessments is suspended and refused all rights and privileges of the Club. Any Owner/Member who is thus suspended shall immediately be notified in writing by the Secretary of the suspension and if the indebtedness shall not be paid within fifteen (15) days after receipt of notice, the membership of the delinquent Owner/Member may be revoked by a majority vote of the Board.

Article IX

General Provisions

- Section 1.** An Owner/Member in good standing shall be one who is not delinquent in the payment of annual dues or special assessments. Suspension of the rights and privileges of the Owner/Member for non-payment of annual dues or special assessments includes all members of the family unit.
- Section 2.** Any Owner/Member of the Club may withdraw by written notice of the Board of Directors at any time subject to the provisions of Article II and there shall be no refund of the current year's dues except as may be provided otherwise by the Board.
- Section 3.** The Board of Directors may, for cause and after reasonable notice in writing and if requested a hearing, suspend or revoke the membership of any family unit or any member thereof. An affirmative vote of two-thirds (2/3) of the directors present shall be required for suspension. An affirmative vote of seven (7) directors shall be required for revocation. Cause for suspension or revocation shall consist of willful violation of the By-Laws or rules and regulations of the Club. No annual dues or special assessments shall be refunded in the event of revocation of membership of family unit, but its Membership Certificate shall be repurchased in accordance with Article II, Section 6 as if such family unit has become ineligible for membership. No revocation of membership shall become effective until ten (10) days after the date of the vote of the Board of Directors. If within this ten (10) day period the member files an appeal in writing with the Secretary, the revocation shall not become effective except upon two-thirds (2/3) vote of the Owner-Members present in person or by proxy at the next annual meeting of the members or a special meeting called for this purpose.
- Section 4.** Board of Directors may delegate to a committee, or to a responsible employee of the Club, the power to enforce the rules and regulations of the Club and to deny recreational privileges to any member(s) of a family unit or guest for violation of Club rules and regulations from a period of forty-eight (48) hours not to exceed two weeks. A report of such suspension, containing reasons thereof, shall be submitted to the President or other director of the Club and to the suspended member, or to their parent/guardian in the case of a minor, within forty-eight (48) hours.
- Section 5.** The use of the Club's facilities shall be limited to family unit members and guests, in accordance with rules and regulations set forth by the Board of Directors. All such rules and regulations shall be posted in the Club bathhouse.
- (1) No member shall knowingly use the facilities of the Club, or permit another member or guest to do so, while suffering from any contagious disease or open sore or wound.
 - (2) Members and their guests use the Club's facilities at their own risk.
 - (3) The Club assumes no responsibility, and members or guests can have no claim against the Club for the property of members or any guest, which may be brought to the Club grounds. Any property of the Club broken or damaged by a member or guest shall promptly be paid for by such member, unless otherwise provided by the Board.
 - (4) The Club assumes no responsibility, and members or their guests can have no claim against the Club, for any accident or injury to any person or their property.
- Section 6.** The Board of Directors shall present at each annual meeting and when called for by a vote of the members at any special meeting of the members, a full and clear statement of the business and financial condition of the Club.
- Section 7.** The Club is not authorized to contract for any obligation in excess of its net worth.
- Section 8.** Any obligation of the Club's assets requires the prior approval of a majority of the directors present at a duly held meeting of the Board of Directors.

- Section 9.** Personal property of the Club, tangible and intangible, may be sold or transferred only for the benefit of the Club, and only after the Board of Directors shall have approved such transfer.
- Section 10.** Real property may be acquired by the Board of Directors; however, no real property may be sold or transferred unless approved by a majority of the membership present at a duly held meeting of the members.
- Section 11.** The funds of the Club shall be deposited only in institutions the deposits of which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.
- Section 12.** All funds of the Club shall be deposited in such qualified depository or depositories as the Board of Directors may from time to time by written resolution designate, and shall be so deposited within a reasonable time of their receipt.
- Section 13.** No obligation or expenditure may be made by an officer, committee, or member of the Board of Directors without prior approval of the Board of Directors, by either a general or specific resolution, except in the case of an operating emergency.
- Section 14.** The funds of the Club, except those on deposit as provided in Article IX, Section 11, or those invested in recreational facilities, may be invested only in obligations of the United States government, or with Government-insured financial institutions. They may not be loaned to or invested with any officer, director, or member of the Club.
- Section 15.** The fiscal year of the Club shall be fixed by resolution of the Board of Directors. A full audit will be made at the end of each fiscal year by a CPA chosen by the Board of Directors.
- Section 16.** The corporate seal shall have inscribed thereon the name of the Club, the year of its organization, and the words, "Corporate Seal, Maryland."
- Section 17.** The Board of Directors may receive reduced dues for their services. The position of Treasurer and Membership will not be required to pay annual dues while that person holds the position. The other board members will pay reduced annual dues of 50% of cost. No member of the Board may be required to bear any of the expenses of the holding of meetings, and the Board may, by resolution, provide for any reasonable expense incurred in the proper conduct of its business. The Board may also provide for similar expenses incurred in connection with the holding of meetings of special or standing committees.
- Section 18.**
- A. Each person who acts as a director or officer of the Club shall be indemnified by the Club against expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he is made a party by reason of his being or having been a director or officer of the Club, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to have acted outside the scope of his authority or be liable for gross negligence or willful misconduct, and accept any sum paid for the Club in settlement of such action, suit or proceeding based on actions outside the scope of his authority or gross negligence or willful misconduct in the performance of his duties.
 - B. The right of indemnification provided herein shall insure to each director and officer referred to in Section 18, of this Article whether or not he is such director or officer at the time such costs or expenses are imposed or incurred, and in the event of his death, shall extend to his legal representatives.
- Section 19.** In the event of dissolution of the Club after the discharge of all liabilities, any assets remaining shall first be applied to retire existing memberships at the original purchase price. If assets are insufficient to retire all memberships in full in accordance with the preceding, then such assets shall be distributed in payments reduced proportionately and equally among Owner/ Members at which time all memberships shall be considered

retired. Any assets remaining after all memberships are retired in full in accordance with this Section 19 shall be distributed in equal shares to all Owner/Members.

Article X

By-Laws

Section 1. Any question as to the proper interpretation of the provisions of these By-Laws shall be resolved by majority vote of the Board of Directors.

Section 2. Amendments to these By-Laws shall be made in accordance with the following procedure:

- A. Proposed amendments shall be submitted by the Board of Directors or by petition signed by ten percent (10%) of the Owner/Members, and filed with the Secretary. Proposed amendments originating by petition must be submitted at least thirty (30) days prior to being voted upon.
- B. All proposed amendments must be mailed to each Owner-Member by the Secretary at least ten (10) days prior to being voted upon.
- C. Approval of amendments to these By-Laws shall be by affirmative vote of two-thirds (2/3) of the Owner/Members present or represented by proxy at any annual or special meeting, provided that, such proposed amendments are contained in the notice of such meeting.