



Montego Bay Civic Association

OPERATIONAL AND PROCEDURES

MANUAL

March 12, 2011

SECTION 1: Bylaws

1.1 ARTICLE I – General: Office Hours

The seasonal office hours of Montego Bay Civic Association principal office are established below and are subject to change by majority vote of the Board of Directors and Officers. The current schedule is:

March 15 - September 15	9AM-3PM, Mon., Tues., Wed., Fri., Sat.
September 16 – March 14	9AM-3PM, Mon., Wed., Fri., Sat.

1.2 ARTICLE II – Purpose: *(refer to Bylaws Article II)*

1.3 ARTICLE III – Membership: Privileges of Ownership

1.3.1 Recreational facilities and other amenities. Owners and their guests, and family members residing with the Owners shall have the privilege of using the recreational facilities and other amenities owned by the Association and the areas designated as parks or pedestrian easements in the Subdivision plats; subject to the rules and regulations, including fees, adopted by the Board of Directors. The Board may suspend the right of a member to use any of the parks, amenities, or recreational facilities owned or controlled by the Association during any period the member has failed to pay the annual charges levied by the Association, is in continuing violation of the Declarations

of Restrictions after the existence of the violation has been declared by the Board, or a lien has been placed on their property by the Association.

1.3.2 Voting Rights The voting rights of an Owner shall be as described and enumerated in this Section of the Operational and Procedures Manual that may, from time-to-time, be changed by a majority vote of the General Membership.

1.3.2.1 Each property has one vote that can be cast by the Owner(s).

1.3.2.1.1 If a residential lot is owned by one person, the vote attributable thereto shall be cast by that person.

1.3.2.1.2 If a residential lot is owned by more than one person, the vote attributable thereto shall be deemed properly cast if cast by any one of the owners.

1.3.2.1.3 If a residential lot is owned by a legal entity, the vote attributable thereto shall be deemed properly cast if cast by any officer of the legal entity.

1.3.2.2 An Owner may vote for positions on the Board of Directors, for Officers of the Association, for each proposal submitted on a referendum, and on motions and business raised by Owners at General Membership meetings. The results of such votes cannot be overturned, modified, or circumvented by the Board of Directors and Officers; unless there is a justified concern by two-thirds of the Board and Officers that the motion passed by a majority of Owners present at a General Membership Meeting should go out (as a referendum) to the General Membership and be decided by a majority of responses received.

1.3.2.3 A member may vote in person or as provided in Section 1.9 on any proposals submitted to the members for a vote at the annual meeting or a special meeting of the General Membership. The results of such votes cannot be overturned, modified, or circumvented by the Board of Directors and Officers; unless there is a justified concern by two-thirds of the Board and Officers that the motion passed by a majority of Owners present at a General Membership Meeting should go out (as a referendum) to the General Membership and be decided by a majority of responses received.

1.3.3 Eligibility to Vote

1.3.3.1 Owner's will be listed as not eligible to vote if 35 days before the voting deadline, the Owner has failed to pay the annual charge, including any assessed interest or penalties legally levied by the Association. However, the Owner may pay all fees before the voting deadline, including the day of the General Membership meeting, and will be allowed to attend the meeting and vote.

1.3.3.2 The voting rights of an Owner may also be suspended during any period the Owner is in continuing violation of the Declarations of Restrictions after the existence of the violation has been declared by the Board of Directors. However, the Owner may correct all violations and show evidence to that fact before the voting deadline, including the day of the General Membership meeting, and will be allowed to attend the meeting and vote.

1.4 ARTICLE IV – Directors and Officers – Qualifications of Directors and Officers and Other Requirements

1.4.1 All Directors and Officers must be lot owners and members in good standing of the Montego Bay Civic Association.

1.4.2 A Director or Officer cannot be a paid employee of the Association.

1.4.3 All Directors and Officers must be accessible to the Owners and Officers and other Board Members.

- 1.4.3.1** The Association will provide, upon request, an e-mail address for use by the Officer or Board Member.
- 1.4.3.2** The Association will provide at least one computer for use of Officer or Board Members at the MBCA Office.
- 1.4.4** No Owner shall hold more than one office (President, Vice President, Secretary, Treasurer, or Director), unless serving in an acting capacity as allowed in the Bylaws, at the same time.
- 1.4.5** No more than one member of a household or property ownership may hold more than one elected office (either Director or Officer) at a time.
- 1.4.6** Board members and Officers who do not personally attend four meetings (Regular and Special Board Meetings and the two General Membership Meetings), in a term-year will be automatically removed from the Board. Other than the two General Membership Meetings, Board Members and Officers may participate electronically in two meetings that will, for purposes of attendance, be considered as being present and eligible to vote. Board members and Officers participating in more than two meetings electronically may vote but, for purpose of attendance, will be considered as not personally attending the meeting.
- 1.4.7 Additional Qualifications and Requirements of Officers**
- 1.4.7.1** Candidates for Officer positions must be full-time residents of Montego Bay Residential Community.
- 1.4.7.2** Candidates for President must have served at least one term on the Board of Directors or one complete term in a single Officer position elected by the General Membership.
- 1.4.7.3** All Officers may make motions. No Officer may second a motion.
- 1.4.7.4** All Officers, other than the President, may vote on motions. The President will vote on motions only in the event the motion results in a tie vote.
- 1.4.8** Voting The votes of Members of the Board of Directors and Officers of the Association shall be recorded and published in the minutes of a meeting or following a meeting as outlined in these Bylaws. Voting by secret ballot is not permitted. Unless indicated otherwise in these Bylaws, determinations by the Board are decided on the majority of votes cast.
- 1.4.9** Compensation or reimbursement of Directors and Officers of the Association may be compensated for services in connection with these positions by proposing an amount annually (to be disbursed on a monthly basis) in the operational budget of the Association. Any such compensation approved will be accounted for by providing the compensated individual an IRS Form 1099.
- 1.4.10** Insurance:
- 1.4.10.1** Liability and Indemnification of Directors and Officers As set forth in Section 2-148 of the Corporations and Associations Article of the Annotated Code of Maryland, the Association may indemnify every officer and director of the Association against any and all expenses.
- 1.4.10.2** Fidelity Insurance The Association shall maintain fidelity insurance as required by Section 11B-111.6 of the Maryland Homeowners Association Act.
- 1.4.11** **Duties of the Officers:** The duties of the officers shall include (but not be limited to) those set forth in this Section, which may, from time-to-time, be changed by a majority vote of the General Membership.

- 1.4.11.1** Negotiable Instruments and Other Evidences of Indebtedness: All checks, drafts or orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Association shall be signed (electronically or in person) by the President and any one of the remaining Officers. All check signers shall be bonded under the Association's Insurance.
- 1.4.11.2** **DUTIES OF THE PRESIDENT:** The President shall be the chief executive officer of the Association. They shall have all of the general powers and duties which are usually vested in the office of president of a corporation, including, but not limited to, the following:
- 1.4.11.2.1** Preside at all Association General Membership, Board of Directors, Special, and Executive Committee meetings.
- 1.4.11.2.2** Manage and direct the business of the Association.
- 1.4.11.2.3** Sign, along with one Officer (the Treasurer whenever possible) promissory notes and such checks and contracts as specified by the Board under Article IV and Article IX of the Bylaws; and
- 1.4.11.2.4** Sign, along with one Officer (the Treasurer whenever possible) all leases, mortgages, deeds, permit approvals; and other instruments approved by the Board of Directors.
- 1.4.11.2.5** May delegate, in writing, signature authority, other than for financial transactions, to another Director or Officer.
- 1.4.11.2.6** Cause to be presented at the Annual August General Membership Meeting of the Association a full and true report of the affairs of the Association, including a balance sheet and operating statement setting forth the financial condition of the Association.
- 1.4.11.2.7** Hire and terminate employees, prepare job descriptions, propose wages and benefits as part of the annual operational budget, and establish and implement human resources policies, all with the approval of the Board of Directors. May select (*without the need for Board approval*) individuals to advise them in carrying out these duties.
- 1.4.11.2.8** Authorize, in an emergency to avoid further harm or deterioration to the Association, with the concurrence of one officer and the Chairman of the Budget/Finance Committee or two officers, an expenditure up to \$5,000 for the emergency action. The justification and the names of those approving the emergency expenditure will be made part of the minutes of the next Board Meeting.
- 1.4.11.2.9** Ensure orders, motions, decisions, and Resolutions of the Board, and the General Membership, are carried out.
- 1.4.11.2.10** Conduct weekly meetings or briefings with the other Officers to review the activities and state of the Association.
- 1.4.11.2.11** Recommend to the Board of Directors, for their approval, Chairmen of all Standing Committees and all Special and Other Committees.
- 1.4.11.2.12** Be a non-voting ex-officio member of all Committees.
- 1.4.11.2.13** Perform other duties, consistent with the spirit and intent of the duties specified herein, which may be assigned by the Board of Directors. Such additional duties will be established by majority vote and reflected in Board meeting minutes and shall be recorded within this section of the Operational and Procedures Manual.
- 1.4.11.3** **DUTIES OF THE VICE PRESIDENT:** The Vice President shall perform all duties ordinarily incident to the Office of Vice President of an Association including, but not limited to, the following.

- 1.4.11.3.1 Ensure all arrangements are made for General Membership Meetings including reserving the meeting location, room set-up and tear down, copies of materials, communication and microphone systems, check-in tables, location for ballot counting, etc.
- 1.4.11.3.2 Maintain all Internal Control documents that describe how various processes are to be carried out and ensure that there is consistency in process, interpretations, and vocabulary.
- 1.4.11.3.3 Work with committees with regard to securing multiple bids for contracting services and bringing recommendations to the President and the Board.
- 1.4.11.3.4 Ensure the MBCA Office is staffed and open during the times outlined in this manual.
- 1.4.11.3.5 Ensure all records, files, ledgers, minutes, books, and other properties related to the Executive Operation of the Association are kept at the MBCA Office and are electronically stored on the MBCA computer and that they are readily accessible.
- 1.4.11.3.6 Participate in weekly meetings or briefings with the other Officers to review the activities and state of the Association.
- 1.4.11.3.7 Be a non-voting ex-officio member of all Standing and Special Committees.
- 1.4.11.3.8 Perform other duties, consistent with the spirit and intent of the duties described herein, which may be assigned by the Board of Directors, or the President. Such additional duties will be established by majority vote and reflected in Board meeting minutes and shall be recorded within this section of the Operational and Procedures Manual.
- 1.4.11.4 **DUTIES OF THE SECRETARY:** The secretary position is a conduit for communication about the Association to the Owners and the Board. The Secretary shall perform all duties ordinarily incident to the Office of Secretary of an Association including, but not limited to, the following:
 - 1.4.11.4.1 Keep the minutes of any meetings of the Membership, the Board of Directors, and the Executive Committee in the books provided for that purpose. The minutes of all meetings will also be electronically recorded and retained, until posted on the web or electronically stored in the Association office.
 - 1.4.11.4.2 Ensure procedures for the adoption and publication of Board Resolutions and Motions to be included in the Book of Resolutions and Motions and make such records available on the Association website and/or for inspection by members of the Association.
 - 1.4.11.4.3 Give notices in accordance with the provisions of the Bylaws or as superseded by Law.
 - 1.4.11.4.4 Be custodian of the Seal of the Association.
 - 1.4.11.4.5 Update and maintain the membership transfer books and electronic membership database in a timely manner.
 - 1.4.11.4.6 Oversee and take responsibility of the Association website by authorizing content and ensuring content is updated and loaded promptly. Perform, or ensure that the duties of a Webmaster are performed.
 - 1.4.11.4.7 Perform, or ensure the performance of, such duties related to communication systems, information security, and information technology. The Secretary will determine the need and justification for computer software and hardware upgrades, to include basic office equipment, and bring such recommendations to the Budget and Finance Committee for inclusion as an operational budget item.

- 1.4.11.4.8** Attend to all correspondence except that ordered otherwise by the Board of Directors and perform all duties ordinarily incident to the Office of Secretary of an Association.
- 1.4.11.4.9** Receive and ensure all requests from Owners for copies or access to documents of the Association. Ensure the Association is in compliance with state law governing HOAs and obligations to Owners and also in compliance with the Maryland Public Information Act. Carry out provisions outlined in Article IV of the Bylaws and in this Section.
- 1.4.11.4.10** Ensure a set of written internal controls for the processing, standards, and accountability of documents of the Association generated by the Association, its Officers and Board of Directors.
- 1.4.11.4.11** The Secretary shall not sign any documents of the Association outside of those normally associated with the Office of Secretary and will not sign on behalf of the President, Vice President, or Treasurer unless written authority is specifically given.
- 1.4.11.4.12** Participate in weekly meetings or briefings with the other Officers to review the activities and state of the Association.
- 1.4.11.4.13** Perform other duties, consistent with the spirit and intent of the duties described herein, which may be assigned by the Board of Directors, or the President. Such additional duties will be established by majority vote and reflected in Board meeting minutes and shall be recorded within this section of the Operational and Procedures Manual.
- 1.4.11.5 DUTIES OF THE TREASURER:** The Treasurer shall be the chief financial officer of the Association and shall have all of the general duties, including, but not limited to, the following:
- 1.4.11.5.1** Keep full and accurate accounts of all receipts and disbursements in books belonging to the Association.
- 1.4.11.5.2** Deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories (such as banks, trust companies, certificate of deposits) as may from time-to-time be designated by the Board of Directors.
- 1.4.11.5.3** Maintain an election legible copy (or photograph) of all documents and materials in any safety deposit box of the Association and maintain an inventory of all items at the office of the Association. Removal of any item from the safety deposit box must be justified in writing and signed by the President and one officer and are to be made a part of the next Board meeting minutes.
- 1.4.11.5.4** Collect all dues and maintain a record of each member's account with the Association;
- 1.4.11.5.5** Report on the financial condition of the Association at each Board meeting and at the April and August meetings of the Association.
- 1.4.11.5.6** Conduct financial transactions and payments, including payroll, electronically when such options are available.
- 1.4.11.5.7** Ensure accounts with various vendors routinely used by the Association are established, listing such accounts as part of the Treasurers Report at Board Meetings and having them recorded in the minutes.
- 1.4.11.5.8** Ensure the preparation of the annual tax return of the Association for review and approval of the Budget and Finance Committee. Once approved by committee, the tax return will be presented to the Board (along with supporting forms and

worksheets) for Board approval. Upon Board approval, the President will sign the tax return and ensure that it is mailed to the Internal Review Service.

- 1.4.11.5.9** Collect and disburse the funds of the Association as prescribed by the Board of Directors and within the annual operational budget approved by a majority of responsive votes of the Owners. Reallocation of operational funds within a funding category requires a majority vote of the Board. Reallocation of operational funds from one funding category to another requires a majority of responsive votes of the Owners. Unallocated expenditures (other than bona fide emergencies) or exceeding allocated expenditures by 10% must be justified to the Board and approved by a majority of votes cast by the Board.
- 1.4.11.5.10** Receive and act upon all requests from Owners for copies or access to financial documents of the Association by providing the documents requested to the Secretary who will process the documents for release in accordance with requirements outlined in the duties of the Secretary in this Operational and Processing Manual.
- 1.4.11.5.11** The Treasurer shall not sign any documents of the Association outside of those normally associated with the Office of Treasurer and will not sign on behalf of the President, Vice President, or Secretary unless written authority is specifically given.
- 1.4.11.5.12** Conduct, in coordination with the Budget/Finance Committees, a review of all the Association's insurance policies the year before a certified audit is conducted, or whenever directed by the Board of Directors.
- 1.4.11.5.13** Provide oversight, upon determination by the Board that a fund-raising effort should be undertaken for a specific need of the Association and the specific amount and how soon the funding is needed, of the Fund Raising Committee established by the Board for such purpose to ensure the Committee prepares a justification statement to inform the General Membership and ensure that arrangements for the General Membership to vote on the Fund Raising referendum are completed. The majority of responses will determine the outcome. The Treasurer will also advise the Board and General Membership on the tax and legal implications of fund-raising, or ensure they are advised.
- 1.4.11.5.14** Participate in weekly meetings or briefings with the other Officers to review the activities and state of the Association.
- 1.4.11.5.15** Perform all duties ordinarily incident to the Office of Treasurer of an Association and other such duties, consistent with the spirit and intent of the duties described herein, that may be assigned by the Board of Directors or the President. Such additional duties will be established by majority vote and reflected in Board meeting minutes and shall be recorded within this section of the Operational and Procedures Manual.
- 1.4.12 DUTIES OF THE DIRECTORS:** The powers and duties of the Board of Directors and Officers (unless otherwise specified) shall include, but are not limited to, the following:
- 1.4.12.1** Provide for the care, upkeep, and monitoring of Montego Bay and its facilities and common areas in a manner consistent with law and the provisions of these Bylaws and the Declaration.
- 1.4.12.2** Institute, by approval of two-thirds of the votes of the Board of Directors and Officers, suits on behalf of the Association. Approval is not necessary for suits instituted for the collection of the Annual Assessment or other such fees due the Association.

- 1.4.12.3** Ensure adequate insurance to protect the Association, its employees, its personal and real properties, the Board of Directors, and officers is procured and maintained. Premiums for such coverage shall be paid by the Association.
- 1.4.12.4** Approve/disapprove, in a manner consistent with the law and the provisions of these Bylaws, recommendations of the President to:
- 1.4.12.4.1** designate, hire and/or dismiss employees of the Association;
- 1.4.12.4.2** establish terms, benefits, and conditions of employment, grievance procedures, and other personnel policies;
- 1.4.12.4.3** to provide bonus or salary increases for employees for inclusion in the operational budget;
- 1.4.12.4.4** set rates of compensation of all employees of the Association as proposed by the Budget Committee for inclusion in the Operational budget;
- 1.4.12.5** Periodically review and, if appropriate, revise all job descriptions and personnel policies.
- 1.4.12.6** Enforce such rules and regulations and such restrictions or requirements as outlined and established in the provisions of these Bylaws as determined by the majority vote of respondents of the General Membership.
- 1.4.12.7** Grant such licenses, and/or rights of way across Association property for sewer lines, water lines, electrical cables, telephone cables, storm drains, underground conduits and/or such other purposes related to the provision of public utilities to Montego Bay as may be considered necessary and appropriate by the Board of Directors and Officers.
- 1.4.12.8** Adopt and publish rules and regulations governing the use of those parts of the Association property that are or will be owned by or are otherwise under control of the Association.
- 1.4.12.9** Grant, by a majority of votes cast, any easement or variances on Association property.
- 1.4.12.10** Establish committees.
- 1.4.12.11** Render interpretations of the Amendments to the Declaration of Restrictions of the Montego Bay Civic Association.
- 1.4.12.11.1** Following a review of the Board's interpretation by the Association Attorney, all such interpretations will be subject to review and approval, by ballot, by the majority of respondents of the General Membership.
- 1.4.12.11.2** The Association Attorney will provide a written opinion that the interpretation is not a change to the Declaration.
- 1.4.12.11.2.1** If the interpretation is not a change to the Restrictions Document, then it will be reflected in the Covenant Section of the Bylaws based on the majority of votes cast by the General Membership.
- 1.4.12.11.2.2** If the Attorney determines that it would constitute a change to the Declaration then the Restriction Document must be changed, by ballot, by a majority of the General Membership.
- 1.4.12.12** The Board may not sell, mortgage, encumber, or donate any of the Association's real or personal property or assets if the costs exceed 10% of the annual collections of the Association, unless approved by the majority of respondents of the General Membership.

- 1.4.12.13** The Board may not sell, mortgage, encumber, or donate any of the Association's real or personal property or assets if the costs are less than 10% of the annual collections of the Association, unless approved by the majority of Director and Officer votes.
- 1.4.12.14** Propose, for majority of respondent approval by the General Membership, capital expenditures for the acquisition of new facilities or land that may include in any annual charge amounts to fund these capital expenditures.
- 1.4.12.15** Borrow money, but in the event that any transaction would increase the total of all outstanding debt of the Association to an amount exceeding twenty-five percent (25%) of the current income derived from annual charges, it shall require approval of the General Membership by a referendum.
- 1.4.12.16** Approve a proposed budget for the ensuing year at least ninety (90) days prior to the beginning of the fiscal year and determine the amount of the annual charge to be levied against each member of the Association pursuant to the provisions in these Bylaws and the Declaration. If the annual charge is not established by the Board prior to that time, the current annual charge shall be the charge levied for the following fiscal year, unless a majority of the General Membership respondents approve an increase.
- 1.4.12.17** Establish the limits and guidelines applicable to the execution of checks, contracts, and purchases made by the Officers of the Association and Board of Directors.
- 1.4.12.18** Designate depositories for Association funds and designate those officers, agents, and employees who shall have the authority to withdraw funds from such accounts on behalf of the Association.
- 1.4.12.19** Consider a petition submitted under the authority granted by the Bylaws at a meeting of the Board within 60 days of the petition being filed.
- 1.4.12.20** May suspend the right of a member to use any of the parks, amenities, or recreational facilities owned or controlled by the Association during any period the member has failed to pay the annual charges levied by the Association, is in continuing violation of the Declarations of Restrictions after the existence of the violation has been declared by the Board, or a lien has been placed on their property by the Association.
- 1.4.13 Removal of a Director or Officer:** As the Directors and Officers are elected by the General Membership, only the General Membership may terminate a Director or Officer from completing their elected term as provided in this section that may, from time-to-time, be changed by a majority of the responsive votes of the General Membership.
- 1.4.13.1** A Director or Officer may be suspended and lose all rights, privileges, and remuneration during the term of the suspension for:
- 1.4.13.1.1** Malfeasance.
- 1.4.13.1.2** Violation of the Code of Ethics.
- 1.4.13.1.3** Failing to consistently carry out their duties as determined by the Board by a two-thirds vote of the remaining Directors.
- 1.4.13.1.4** Using their position for personal gain.
- 1.4.13.1.5** Causing the Association to suffer a harm not covered by insurance.
- 1.4.13.1.6** Sharing personally identifiable information about an Owner.
- 1.4.13.2** Upon suspension, which will become effective upon two-thirds vote of the remaining Directors and Officers, the procedures outlined below will be implemented. (In the event two-thirds of the vote is not achieved, the Director or Officer will be restored to their position.)
- 1.4.13.2.1** Within 30 days of suspension, a special Board of Directors open meeting will convene to give the suspended Director or Officer an opportunity to be heard. A

two-thirds vote of the remaining Directors and Officers will finalize the suspension and implement a process to notify the General Membership and issue a special ballot for vote by the General Membership.

- 1.4.13.2.2** The majority vote of the responding membership, within the vote timeframe allowed, will rule whether the Director or Officer will remain in office or be removed from office for the remainder of their term or for a minimum of one year, whichever is greater.
- 1.4.13.2.3** The replacement of the Director or Officer will follow the procedures for filling a vacancy as outlined in the Operational and Procedures Manual.
- 1.4.13.3** A Director or Officer will be automatically and immediately removed upon bringing suit against the Association, expressing intent to bring suit against the Association, or having a lien placed against their property, or upon being arrested and charged with a capital crime. The suspension procedures will not be implemented for these violations.
- 1.4.13.4** A Director or Officer may be removed from their position by a referendum initiated by a petition that is in compliance with Article XI, Section 11.8. of the Bylaws and follows the below requirements.
- 1.4.13.4.1** A single petition, with the required number of signatures, may seek the removal of only one Director or Officer.
- 1.4.13.4.2** A petition to remove a Director is not valid if filed less than one hundred eighty (180) days before the expiration of the Director's term of office.
- 1.4.13.4.3** If a petition to remove a Director or Officer is filed more than one hundred eighty (180) days before the annual meeting of the General Membership, a public hearing on the petition shall be held within sixty (60) days. The public hearing may be held at any time up to sixty (60) days prior to that meeting. Any Director or Officer whose removal has been proposed shall be given an opportunity to be heard at the hearing. The ballots for the referendum may be mailed to the members with the ballots for the election of Directors and Officers under Article VII.
- 1.4.13.4.4** The petition shall contain the basis for removal. The Director or Officer subject to the removal action shall be permitted to submit statements to be included in the notice of the public hearing on the petition and with the referendum ballots. A statement of position by the Board of Directors shall not be required.
- 1.4.13.4.5** Affirmative votes equal to a majority of the total votes cast in the referendum are required to remove a Director or Officer.
- 1.4.13.4.6** As used in this Section, "cause" includes (but is not limited to) being more than sixty (60) days delinquent in payment of any charges due the Association. Cause is not to include differences of opinion, personality conflicts, or factors not relevant to being a member in good standing with the Association.
- 1.4.14 RESIGNATION:** A Director or 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. The acceptance of such resignation shall not be necessary to make it effective. Once announced at a Board Meeting, the resignation cannot be withdrawn. The replacement of the Director or Officer will follow the procedures outlined in the section on filling vacancies.
- 1.4.15 FILLING VACANCIES ON THE BOARD OF DIRECTORS OR OFFICERS:** Vacancies in the Board of Directors or Officers caused by any reason shall be filled for the remainder of the unexpired portion of the term as follows:

- 1.4.15.1** President: the Vice-President shall assume the Office for the remainder of the unexpired term.
- 1.4.15.2** Vice-President: The Office shall be filled from within the Board of Directors and by a majority of votes cast by the Board. The Office to be assumed for the remainder of the unexpired term.
- 1.4.15.3** Secretary:
- 1.4.15.3.1** The Office shall be filled from within the Board of Directors. The position may be filled by a Director who is less than a full-time resident, such duties of the Secretary that cannot be performed off-site or electronically will be assumed by the other Officers. If filled by a part-time resident, the operating title will be Acting Secretary.
- 1.4.15.3.2** In the event there is no one on the Board of Directors willing to fill the vacancy, a Secretary shall be appointed from the General Membership with the Board of Director's approval. Such appointment, by virtue of not having been elected by the General Membership, shall not have voting privileges at meetings but may make motions. The person appointed shall assume the office for the remainder of the unexpired term.
- 1.4.15.4** Treasurer:
- 1.4.15.4.1** The Office shall be filled from within the Board of Directors. The position may be filled by a Director who is less than a full-time resident, such duties of the Treasurer that cannot be performed off-site or electronically will be assumed by the other Officers. If filled by a part-time resident, the operating title will be Acting Treasurer.
- 1.4.15.4.2** In the event there is no one on the Board of Directors willing to fill the vacancy, a Treasurer shall be appointed from the General Membership with the Board of Director's approval. Such appointment, by virtue of not having been elected by the General Membership, shall not have voting privileges at meetings but may make motions. The person appointed shall assume the Office for the remainder of the unexpired term.
- 1.4.15.5** Director: Vacancies on the Board of Directors shall be filled in the sequence as provided in this Section.
- 1.4.15.5.1** First: The President shall offer the position to the unelected candidate who received the highest number of General Membership votes cast at the last election of the Directors.
- 1.4.15.5.1.1** If that person accepts, he/she shall be appointed (by virtue of having received votes of the General Membership) by the President to the Board of Directors to serve the unexpired term.
- 1.4.15.5.1.2** If that person declines, the President will then offer the position to the next, in descending order, unelected candidate who received the highest number of votes at the last election of the Directors. Unelected candidates will receive only one offer to fill a vacancy.
- 1.4.15.5.2** Second: If all unelected candidates decline, then the Board of Directors may use their discretion to either:
- 1.4.15.5.2.1** Appoint a member of the Association in good standing by majority of votes cast by the Directors to fill the unexpired term; however, by virtue of not having received votes of the General Membership to represent the General Membership, the position will not have voting rights, however, the position may make and second motions (consistent with any other requirements of these Bylaws); or

1.4.15.5.2.2 The Board of Directors, by majority of votes cast, may use its discretion to not fill a vacancy for the remainder of the unexpired term.

1.5 ARTICLE V: Meetings

1.5.1 Conduct of Meetings: Robert's Rules of Order, as they may be changed from time-to-time, shall be used to regulate and govern the conduct of all official meetings of the Board to the extent that they are not inconsistent with the Bylaws, Resolutions of the Association, and the Operations and Procedures Manual as changed, from time-to-time, by the General Membership.

1.5.2 Notice of Meeting: The notice shall include an explanation of the issues and the rationale for the requested action. If the issue has been raised by a petition, the explanation and rationale shall be written by the petitioners and the notice shall include a statement of position by the majority of Board of Directors and a statement of position by the minority of the Board of Directors; if the Board is unanimous only one position statement needs to be included

1.5.3 Open Meetings.

1.5.3.1 Owners, and their guests, must sign in.

1.5.3.2 Invited Guest Speakers will be signed in by the Owner sponsoring their visit.

1.5.3.3 Officers and Board members attending will be notated by the roll call and listed in the minutes of the meeting.

1.5.3.4 Owners may speak on Board business with the permission of the President.

1.5.3.5 Owners may speak during the Good of the Association on any topic after being recognized by the President, stating the topic they wish to address, and receiving the President's endorsement to address the Board.

1.5.4 Closed Meetings:

1.5.4.1 An action may not be taken and a matter may not be discussed if it is not permitted by this section.

1.5.4.2 A statement of the time, place, and purpose of a closed meeting, the record of the vote of each board member and voting Officer by which the meeting was closed, and the authority under this section for closing a meeting shall be included in the minutes of the next meeting of the Board of Directors.

1.5.4.3 The final outcome of any such meeting will also be included in the minutes of the next meeting of the Board of Directors and the record of the vote of each Board Member and Officer.

1.5.4.4 Meetings may be closed only as authorized by the Homeowners Association Act of Maryland, which may be amended from time-to-time by the State Assembly and signed into law by the Governor. The requirements to close a meeting are:

1.5.4.4.1 Discussion of matters pertaining to employees and personnel (other than position descriptions, personnel policies, etc. Generally the discussion is related to performance.)

1.5.4.4.2 Protection of the privacy or reputation of individuals in matters not related to the Association's business.

1.5.4.4.3 Consultation with legal counsel on legal matters.

1.5.4.4.4 Consultation with staff, consultants, attorneys, board members, or other persons in connection with pending or potential litigation or other legal matters.

1.5.4.4.5 Investigative proceedings concerning possible or actual criminal misconduct.

- 1.5.4.4.6** Consideration of the terms or conditions of a business transaction in the negotiation state if the disclosure could adversely affect the economic interests of the Association.
- 1.5.4.4.7** Compliance with a specific constitutional, statutory, or judicially imposed requirement protecting particular proceedings or matters from public disclosure.
- 1.5.4.4.8** Discussion of individual owner assessment accounts.
- 1.5.5 General Membership Meetings:**
- 1.5.5.1** At the August meeting, the General Membership shall elect directors and officers in accordance with the requirements of these Bylaws.
- 1.5.5.2** The General Membership may transact such other business of the Association as may properly come before them at the August and April meetings without special notice of such business except in any case in which special notice is required.
- 1.5.5.3** Voting at General Meetings. In order to constitute part of the required quorum under this Section and be able to vote at a meeting, members must register before the start of the meeting. Unless otherwise specified in the Bylaws, approval of any issue presented requires a majority affirmative vote of the total votes cast. The outcome of the votes cast by the General Membership cannot be reconsidered, overruled, reversed, or circumvented except by another vote of the General Membership. The outcome of the votes cast may be suspended if there is a justified concern by two-thirds of the Board and Officers that the motion passed by a majority of Owners present at a General Membership Meeting should go out (as a referendum) to the General Membership and be decided by a majority of responses received.
- 1.5.5.4** Participation Before each General Membership meeting;
- 1.5.5.4.1** The Treasurer shall provide the Secretary a list of all Owners who have outstanding fees due to the Association and, therefore, are not members in good standing. The Treasurer shall arrange to receive payments (other than unpaid assessments), beginning at 9:00 a.m. the day of the meeting, and upon payments inform the Secretary that the member is in good standing.
- 1.5.5.4.2** The Chairman of the Architecture Committee shall provide the Secretary a list of all Owners who are in violation of Article X of the Bylaws or the Restrictions document, and shall arrange to receive, beginning at 9:00 a.m. the day of the meeting, evidence (such as photographs or invoices) of correction of any violations and, upon acceptance of such a showing, will inform the Secretary that the member is in good standing.
- 1.5.5.4.3** The Secretary shall have prepared an alphabetical list of all members in good standing entitled to attend the General Membership meeting and participate. Members will be given entrance to the meeting after their names have been checked against the alphabetical list. Members not in good standing will have the opportunity to resolve any outstanding fee issues or show evidence of correction of any violations and, upon such showing, shall be able to enter and participate in the meeting.
- 1.5.5.5** Order of Business The order of business at all regularly scheduled meetings of the General Memberships shall be as follows:
 - 1.5.5.5.1** Roll call.
 - 1.5.5.5.2** Proof of notice of meeting or waiver of notice.
 - 1.5.5.5.3** Reading of minutes of preceding General Membership meeting.
 - 1.5.5.5.4** Election of Directors and Officers. (August General Membership Meeting only.)

- 1.5.5.5.5 Reports of officers, if any.
- 1.5.5.5.6 Reports of committees, if any.
- 1.5.5.5.7 Old business.
- 1.5.5.5.8 New business. (Including submission of petitions.)
- 1.5.5.5.9 Adjournment

1.5.6 Special Meetings:

1.5.6.1 General Membership: The President shall call a special meeting of the Association as directed by a majority of votes cast by the Board of Directors or upon a petition signed by at least fifteen percent (15%) of the Lot Owners having been presented to the Secretary, or with applicable provisions of law. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice. Forty (40) members eligible to vote shall constitute a quorum for the transaction of business by the General Membership (only) at the special meeting. In the case of special meetings, the order of business will be items 1 through 3 and 5 of the agenda outlined above for General Membership meetings and thereafter the agenda shall consist of the items specified in the notice of the meeting.

1.5.6.2 Board of Directors:

1.5.6.2.1 Special meetings of the Board of Directors may be called by the President, or by a majority of the Board of Directors, on three regular business hour days but not more than forty-five (45) days notice to each Director and the conspicuous posting of said notice at the Association office, which notice shall state the time, place, and purpose of the meeting. The notice will also be distributed to the General Membership via electronic mail and posted on the website.

1.5.6.2.2 Special meetings of the Board of Directors may be called by the Vice President or Secretary in like manner and on like notice with the written request of at least one director.

1.5.7 Board of Director Regular Meetings

1.5.7.1 The regular meeting of the Board of Directors shall be held on the second Saturday of each month at nine (9) o'clock AM at the office of the Association, unless changed by resolution of the Board of Directors.

1.5.7.2 The act of a majority of the Directors and Officers voting at a meeting at which a quorum (as defined in the Bylaws) is present shall be the act of the Board of Directors. Board members attending the meeting via electronic, internet, or conference calling (or similar electronic attendance) shall not be counted for the purpose of determining whether a quorum exists.

1.5.7.3 If a quorum of Directors is not present no business may be transacted. Those present may adjourn and reschedule the meeting at which a quorum shall be present, before the next regularly scheduled meeting.

1.6 ARTICLE VI – Committees

1.6.1 Appointments Chairpersons and members shall be members of the Association as defined in Article IV of the Bylaws. Chairpersons and members may be related to or members of the same household of a Director, Officer, or Chairperson. No one employed by the Association shall be eligible to serve as a voting member of a committee or ad hoc advisory body. Employees of the Association will receive compensation (such as compensatory time) to attend committee meetings, if their expertise is required, with the

written consent of the President. No overtime can be approved for employees to attend committee meetings. The chairpersons shall make every effort to obtain representatives from as many sections of Montego Bay as possible and, when appropriate, advertise vacancies through official Association media.

- 1.6.2 Compensation** No person appointed to a committee or ad hoc advisory body created by the President or Board of Directors shall be compensated for services in connection with such position. They may be reimbursed for necessary expenses in connection with their service in accordance with policy established by the Board of Directors.
- 1.6.3 Relationships with Association Staff** Chairpersons or individual members shall not give orders to any employee of the Association. Chairpersons may, however, request the President (who shall have knowledge of the workload of employees) to arrange for routine administrative assistance and necessary office supplies. The President of the Association shall provide all instructions and directions to Association employees concerning support of committee and ad hoc advisory body activities.
- 1.6.4 Committee Meetings** All meetings held by any committee duly established by the Board of Directors shall be announced in advance and open to all members of the Association or their agents except, when appropriate, meetings or a part thereof may be closed as permitted by the provisions of Title 11B of the Real Property Article of Annotated Code of Maryland - The Maryland Homeowners Association Act.
- 1.6.5 Committees**
- 1.6.5.1 Executive Committee:**
- 1.6.5.1.1** The Executive Committee shall have the power to act in the place of the Board of Directors.
- 1.6.5.1.2** The Executive Committee may only take official action on matters to the Executive Committee, which require immediate action and are truly of an emergency nature. *(Note – generally the expenditure of funds would not qualify as a matter requiring emergency action.)*
- 1.6.5.1.3** The Executive Committee shall not have the power to change the Declaration of Restrictions, amend the Bylaws or appoint or remove any Board of Directors Member or Officer from Office.
- 1.6.5.1.4** The president shall be the chairman of the Executive Committee.
- 1.6.5.1.5** The members of the Executive Committee shall consist of the president, vice president, secretary, treasurer and one director selected by the Board.
- 1.6.5.2 Standing Committees:**
- 1.6.5.2.1 Advisory and Strategic Planning:** Tasked with formulating a five-year strategic budget plan in support of establishing a Reserve Fund replacement budget. Make recommendations to the Board of Directors to establish Reserve Fund priorities. Receive Reserve Fund priorities by referendum.
- 1.6.5.2.2 Bylaws and Declarations:** Ensure the written Bylaws and Declaration documents are maintained, up-to-date, and compliant with Federal and State requirements. Ensure Bylaws and Declarations reflect changes approved by the General Members and changes voted on by the Board of Directors. Changes to the Bylaws and Declarations that have been approved by the General Membership may only be changed by vote of the General Membership. Changes to the Bylaws by the Board of Directors may be overturned by a vote of the General Membership.
- 1.6.5.2.3 Budget and Finance:** Review financial statements on a quarterly basis, reconcile expenditures with authorized budget amounts and verified by invoices, advise the

Board and Treasurer on whether unplanned expenses can be funded. Prepare a proposed annual budget and submit formal budget proposal for Board and Officer consideration. Arrange for audits of the MBCA financial records, review of internal control procedures, and documentation of the assets of the Association. Review draft of the annual income tax return and present to the Board and Officers the income tax return for review/approval and signature of the President. Annually review the insurance policies of the Association and recommend to the Board renewal or adjustments.

- 1.6.5.2.4** Architectural Review: Monitor construction to ensure Montego Bay architectural requirements are being met. Conduct a review of the community at least once a quarter for compliance with the architectural standards of the community and the Covenants Article of the Bylaws and draft non-compliance citations for review by the Secretary and signature of the President to notify Owners to correct any deficiencies or violations.
- 1.6.5.2.5** Permit Processing: Review all Ocean City building permits and exterior site plans for construction in Montego Bay for the purpose of ensuring the project is compliant with any additional MBCA requirements. Ensure permit review and approval form is signed by the Chairman of the Permit Processing Committee (or delegated in writing to another committee member) and the President (or delegated in writing to another officer).
- 1.6.5.2.6** Pools and Recreation: Oversee the amenities of the pools, tennis courts, miniature golf, and shuffleboards are maintained and operated in a safe and legally compliant manner.
- 1.6.5.2.7** Parks and Pond: Oversee the common areas of the community and the pond. Also oversee the city-owned property within the community to ensure it is maintained consistent with the rest of the community and notify the city of any violations.
- 1.6.5.2.8** Communications: Design, draft, and format copy for Association newsletters and website.
- 1.6.5.3** Special Committees:
- 1.6.5.3.1** *Nominating:* The Nominating Committee shall have the responsibility for the proper procedures for obtaining nominations for directors and officers.
- 1.6.5.3.1.1** At the Board of Directors Meeting four months before the Annual August Meeting of Membership (normally the Board of Directors Meeting on the second Saturday in April) the President shall appoint one Director to serve as Chairman and another Director to serve as Co-chairman of a Nominating Committee.
- 1.6.5.3.1.2** The Nominating Committee shall prepare a slate of qualified Candidates desiring to run for a Director or Officer position. Qualifications are outlined in Article IV of the Bylaws.
- 1.6.5.3.1.3** The slate shall include at least one candidate for each Office open for that respective election year. It shall also include at least the required number of candidates to fill the vacancies on the Board of Directors.
- 1.6.5.3.1.4** Lack of Eligible Candidates. If, for any reason, the number of eligible candidates available for election to the Board of Directors or an Officer position becomes less than the number of positions to be filled by the election, then the number of positions to be filled by the election shall be reduced to the number of candidates remaining. Any vacancy remaining after the election shall be filled as provided in Article IV of the Bylaws and this section of the Manual.

- 1.6.5.3.1.5** Candidates must declare their candidacy for an Officer position or Board position to the Nominating Committee, the President, or Secretary no later than the first Friday of the month of June. Failure to declare will result in a candidate's name not being written in on the election ballot. This does not preclude the candidate from being a write-in candidate or nominated from the floor.
- 1.6.5.3.1.6** The first Board meeting in June the Nominating Committee will present the Board with a draft of the election ballot. If not completed before, the Secretary shall verify that the Association's records as of the first Friday of June support each candidate's eligibility. The Secretary will be responsible for finalizing the format of the ballot and its distribution to the General Membership.
- 1.6.5.3.1.7** The Nominating Committee shall advise candidates, at their option, to prepare a short resume (approximately 200 words) of their qualifications and their reason for becoming a candidate. This resume, as approved by the candidate, is to be included with the meeting notification and the mailing of the election ballot for the Annual August General Membership meeting. The resume is not a requirement to be listed on the ballot.
- 1.6.5.3.1.8** The Nominating Committee shall also assist the Secretary prepare election materials. Election materials prepared with funds of the Association shall list candidates in alphabetical order that may not indicate a candidate preference.
- 1.6.5.3.1.9** The Nominating Committee shall also arrange for staffing the sign-in tables the day of the Annual August General Membership meeting.
- 1.6.5.3.2** *Teller:* The Teller Committee shall have the responsibility for the conduct of the election.
- 1.6.5.3.2.1** At the Board of Directors Meeting four months before the Annual August Meeting of Membership (normally the Board of Directors Meeting on the second Saturday in April) the President shall appoint one Owner in Good Standing to serve as the Chairman of the Teller Committee. The Teller Chairman will be the sole member of the Teller Committee from the time of appointment until the Board of Directors Meeting prior to the Annual August General Membership Meeting. The Teller Chairman will be tasked with collecting and keeping custody of all returned ballots received during this time period.
- 1.6.5.3.2.2** At the monthly Board of Directors Meeting prior to the Annual August Meeting, the President shall appoint a Teller Committee members consisting of six (6) Association members, none of whom can be a Candidate for Office or the Board of Directors, or be a member of the household or relative of any candidate. The purpose of the Teller Committee shall be to count the ballots.
- 1.6.5.3.2.3** Ballots may begin to be counted on the day of the Annual August General Membership meeting but no later than commencement of the meeting at 10:00 a.m. While under the control of the Teller Committee Chairman, ballots may be counted at a location other than the meeting location if that location is not available until the time of the meeting.
- 1.6.5.3.2.4** Before the General Membership Meeting can be adjourned, the Teller Committee shall count the ballots and report the names of all Candidates and their number of votes to the President and the Chairman of the Nominating Committee.
- 1.6.5.3.2.5** Results shall be announced by the Teller Committee Chairman, included in the minutes of the meeting, and posted on the website and bulletin board(s). The

election results are effective immediately upon being conveyed to the President and Nominating Committee Chairman.

- 1.6.5.3.2.6** The counted ballots shall be kept under the care and custody of the Teller Committee Chairman for a period of 30 days (in case of a protest or demand for recount) after which they are no longer valid for an action by the Board and shall be destroyed.

1.7 ARTICLE VII – ELECTION PROCEDURE

- 1.7.1** Ballot form The Secretary shall prepare a ballot listing the Candidates for each Office and the Board of Directors. The Ballot shall provide adequate space for write-ins for each Board of Directors vacancy and Officer position. The Secretary shall ensure that ballot materials sent to Owners include information on how ballots are to be marked and how to write-in candidate names, and where and how to return the completed ballot.
- 1.7.2** Voting procedure
- 1.7.2.1** All who wish to vote must do so before 11am on the day of the Annual August General Membership meeting.
- 1.7.2.2** Ballots must be returned in the envelope provided (as it is the envelope that will validate authenticity of the ballot inside). Other than Owner's eligible to cast multiple votes there is no need to provide any personally identifying information on the ballot itself.
- 1.7.2.3** Ballots may be mailed back, brought to the office and put into the ballot box (until close of business the Friday before the Annual August General Membership meeting), or put in the ballot box upon signing in at the Meeting.
- 1.7.2.4** Ballots that are not in the envelope provided will not be counted.
- 1.7.2.5** If more than one ballot is in the envelope those ballots will be rejected.
- 1.7.2.6** Owner's owning more than one property may have one vote per property and must note the number of votes being cast. Owner's of multiple properties must identify themselves (print and signature) and list the address of each property, which will be verified to validate their eligibility to have multiple votes.
- 1.7.2.7** Ballots, in the envelope provided, will continue to be collected after the commencement of the Annual August General Membership meeting for one hour or until calls for nominations from the floor have been completed. Once nominations are closed, the Teller Chairman will announce a "Last Call!" for any remaining ballots and collect them at that time.
- 1.7.2.8** In the event of a tie, the Directors and Officers who have not completed their term of office on the day of the meeting and a random selection of 15% of Owners present at the time the tie is announced shall vote and the candidate receiving the most votes shall be elected.
- 1.7.3** Presentation of Candidates
- 1.7.3.1** The Chairman of the Nominating Committee shall present the Candidates for each Office. Candidates not present will be cause to consider them as having withdrawn and all votes cast for that candidate will not be counted.
- 1.7.3.2** The Nominating Chairman shall then request nominations from the floor for each office. If any floor nominations are received, they, along with the names presented by the Nominating Committee, shall be submitted to the Membership for consideration as write-in candidates.

1.7.3.3 Write in candidates must be nominated from the floor and must be present to be elected. If a write in candidate is not nominated from the floor then votes cast for a write-in candidate will not be counted. Owners who cast their votes in advance of the election forfeit the opportunity to vote for candidates nominated from the floor.

1.7.3.4 The Chairman of the Nominating Committee shall then provide an opportunity for each candidate nominated from the floor to make brief remarks.

1.8 ARTICLE VIII - Dues and Special Assessments

1.8.1 Annual Homeowner Dues

1.8.1.1 Expenses shall include the following:

1.8.1.1.1 The cost of all operating expenses of the Association, including charges by the Association for facilities and services furnished by it; and

1.8.1.1.2 The cost of necessary management and administration, including fees paid to any Management Agent; and

1.8.1.1.3 The amount of all taxes and assessments levied against the Association or upon any property which it may own or which it is otherwise required to pay; and

1.8.1.1.4 The cost of property and extended liability insurance on the Association's property and the cost of such other insurance as the Association may affect; and

1.8.1.1.5 The cost of furnishing water, electricity, heat, gas, garbage and trash collection and/or other utilities, to the extent furnished by the Association for its property; and

1.8.1.1.6 The cost of funding all reserves (replacements) established by the Association including, when appropriate, a general operating reserve and/or a reserve for replacements; and

1.8.1.1.7 The estimated cost of repairs and maintenance of Association property.

1.8.1.2 The assessment shall be paid by May 1 of each year.

1.8.1.3 Collection of said Dues and any late penalty fees shall be in accordance with Section 6 of the Amendments to Declaration of Restrictions of Montego Bay Civic Association as approved on March 2, 1992.

1.8.1.3.1.1 After thirty (30) days from due date, if the Annual Dues is not paid a 10% late penalty will be applied, and every month thereafter until paid.

1.8.1.3.1.2 After sixty (60) days, outstanding unpaid dues are turned over to the Attorney for collection.

1.8.1.3.1.3 After ninety (90) days, the Attorney notifies the Owner that if unpaid dues, MBCA penalties, and legal fees are not paid within thirty (30) days, a Lien will be placed against the delinquent property owner and the member shall lose all rights and privileges of membership until said Dues and collection costs are paid in full.

1.8.1.3.2 The amount of the annual dues will be published in the minutes of the Board meeting when the proposed budget is first presented to the Board.

1.8.1.3.3 The omission of the Board of Directors, before the expiration of any dues period, to fix the dues hereunder for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article VIII, or a release of any member from the obligation to pay the dues, or any installation thereof, for that or any subsequent dues period, but the dues is fixed.

1.8.2 Special Assessments: The Board will provide at least three options, and recommend one of them, for the terms of payment of a special assessment(s). The General

Membership may also propose a fourth payment option. The special assessment and the terms of payment must be approved together.

1.8.3 Liability for and Non-Payment of Dues

1.8.3.1 A Lot owner shall be liable for all dues and assessments, or installments thereof, coming due while he is the owner of a Lot.

1.8.3.2 Payment of dues and assessments, together with interest, late charges, costs of collection and reasonable attorney's fees may be enforced by the imposition of a lien on a property in accordance with the provisions of the Maryland Contract Lien Act. Suit for any deficiency following foreclosure may be maintained in the same proceeding, and suit to recover any money judgment for unpaid assessments may also be maintained in the same proceeding, without waiving the right to seek to impose a lien under the Maryland Contract Lien Act.

1.8.3.3 Any assessment, or installment thereof, not paid when due shall bear interest from the date when due until paid at the rate of 10 percent per annum or the highest rate allowed by Maryland law. In addition there shall be a late charge of \$15 or one tenth of the total amount of any delinquent assessment or installment, whichever is greater, provided the charge may not be imposed more than once for the same delinquent payment that may only be imposed if the delinquency has continued for at least 30 calendar days.

1.9 ARTICLE IX – Finance

1.9.1 Sources of Financial Support The Association shall be financed by:

1.9.1.1 The annual charge proposed and approved by the Board of Directors in the annual budget and approved by the majority of votes received from the Owners, under Article IX, and such other charges or fees authorized by the Bylaws or Restrictions document;

1.9.1.2 Funds derived from the operation of amenities, including memberships;

1.9.1.3 Gifts and bequests to the Association, restricted or unrestricted, accepted by the Board of Directors;

1.9.1.4 Public or private grants to the Association, restricted or unrestricted; and

1.9.1.5 Federal, State, or Worcester County funds available to the Association.

1.9.2 Reserve Fund:

1.9.2.1 Such fund shall be conclusively deemed to be a common expense.

1.9.2.2 Each replacement account entered into the Reserve Fund by approval of the Board shall state how it is to be funded and shall specify policy for use of the funds.

1.9.2.3 Annual funding projections shall give consideration to anticipated expenditures in current and future fiscal years.

1.9.2.4 Each replacement account in the Reserve Fund shall appear in the annual budget of the Association and on the financial statement as an appropriated fund.

1.9.2.5 Reserve funds shall not be expended or transferred for purposes other than those for which the replacement account was established unless approved by a two-thirds majority vote of the General Membership after notice of the proposed expenditure or transfer.

1.9.2.6 Such fund shall be deposited in a special account with a financial institution, the accounts of which are insured by an agency of the United States of America or may, in the discretion of the Board of Directors, be invested in obligations of, or fully guaranteed as to principal by, the United States of America.

- 1.9.2.7** By a two-thirds majority recommendation of the Board of Directors, the General Membership may approve (by a two-thirds responding majority) the expenditure of reserve funds for operating contingencies of a non-recurring nature.
- 1.9.3** Priority of Lien The lien established by the Bylaws and by the Maryland Contract Lien Act of the Real Property Article of the Annotated Code of Maryland, shall have preference over any other assessments, liens, judgments or charges of whatever nature, except the following:
- 1.9.3.1** General and special assessments for real estate taxes on the lot; and
- 1.9.3.2** the liens of any deed of trust, mortgage or encumbrance duly recorded on the lot before the Association entered its lien on the property.
- 1.9.4** Subordination and Mortgage Protection Notwithstanding any other provisions hereof to the contrary, the lien of any assessment levied pursuant to these Bylaws upon any Lot shall become due and payable prior to a sale or transfer of such lot pursuant to a decree of foreclosure, or any other proceeding in lieu of foreclosure.
- 1.9.5** Budget A budget shall be adopted for the fiscal year as follows:
- 1.9.5.1** The Board will present an Operational Budget to the Owners at least 30 days before the Board approves such budget.
- 1.9.5.2** The Board will present a Reserves Budget to the Owners at least 30 days before the Board approves such budget.
- 1.9.5.3** The Board of Directors shall have the authority to amend the budget, within individual budget categories at any time during the fiscal year by a majority vote of the entire Board.
- 1.9.5.4** The General Membership must approve, by a majority of responsive votes, the transfer of funds between budget categories or to establish a new budget category.
- 1.9.6** Execution of Promissory Note. The execution of every promissory note of the Association requires the approval of a majority of the entire Board of Directors. Unless otherwise ordered by the Board of Directors or required by law, promissory notes shall be signed by the President
- 1.9.7** Execution of Contracts Except as provided in Article IV, contracts to which the Association shall be a party shall be executed in its name by the President and attested to, if needed, by the Vice President, Secretary or Treasurer, subject to the limits and guidelines established by the Board. Unless approved by the Board, three bids must be requested for any contracted services. The Secretary may, when appropriate, affix the Seal of the Association to such contract.
- 1.9.8** Annual Reporting There shall be prepared annually a full and correct statement of the affairs of the Association, including a balance sheet and a financial statement of operations for the preceding fiscal year. The statement shall be prepared by the firm of auditors designated by the Board of Directors and shall be submitted to the Board as close to the end of the fiscal year as practicable, but at least two weeks prior to the August annual meeting. A summary report shall be presented at the August annual meeting of the General Membership. The complete report shall be filed at the Association's office.
- 1.9.9** Financial Review/Audit At the close of every third fiscal year (starting in 2010) the books and records of the Association shall be audited by an independent Certified Public Accountant, whose report shall be prepared and certified in accordance with generally accepted auditing standards. Each intervening year a Financial Review by a CPA will be conducted. Based upon such report, the Association shall furnish its

members with an annual financial statement including the income and disbursements of the Association. The Board shall employ independent auditors and require such reports and audits as necessary to accurately reflect the financial condition of the Association.

1.10 ARTICLE XIV – Covenants:

- 1.10.1 Prohibited or Limited Uses and Nuisances** Except for the activities of builders during the approved construction and development of the Property, or except with the prior written approval of the Board of Directors of the Association, or as may be necessary in connection with reasonable and necessary repairs or maintenance to any dwelling or upon the Common Area, Owners:
- 1.10.1.1** Shall not carry out noxious or offensive trade or activity upon the Lot or within any dwelling or upon the Common Area or any other part of the Property, nor shall anything be done therein or thereon which may be or become an annoyance or nuisance to the neighborhood or other Members. (Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any dwelling or upon the exterior of any other improvements constructed upon any Lot.)
- 1.10.1.2** May keep a reasonable number of dogs, cats, caged birds or other small domestic animals as pets provided they are not kept, bred or maintained for commercial purposes, and, in addition:
- 1.10.1.2.1** such domestic pets are not a source of annoyance or nuisance to the neighborhood or other Members;
- 1.10.1.2.2** such pets are maintained in strict conformance to all laws and ordinances and shall be registered, licensed, and inoculated as may from time-to-time be required by law;
- 1.10.1.2.3** no pet shall be kept unattended outside for an extended period of time; and
- 1.10.1.2.4** no Owner shall keep any “wolf dogs” (i.e., the dog resulting from the mating of dogs and any member of the wolf family) or other similar dogs or animals which may be offense or constitute a nuisance. The Board of Directors or the Architectural Committee shall have the authority, after hearing, to determine whether a particular pet is a nuisance or a source of annoyance to other Members, and such determination shall be conclusive.
- 1.10.1.2.5** Pets shall not be permitted upon the Common Area unless accompanied by a responsible person and unless they are carried or leashed.
- 1.10.1.2.6** Owners shall clean up after their pets and shall not allow their pets to foul an owner’s property or landscaping or the common areas of the Association.
- 1.10.1.2.7** The Board of Directors shall have the right to adopt such additional rules and regulations regarding pets as it may from time-to-time consider necessary or appropriate.
- 1.10.1.3** Shall not burn any trash and shall not accumulate storage of litter, lumber, scrap metals, refuse, bulk materials, waste, new or used building materials, or trash of any other kind on any Lot or other part of the Common Area.
- 1.10.1.4** Shall not keep upon the Property or upon the public or private streets adjacent to the Property or the streets of Montego Bay any junk vehicle, truck (as defined by the Maryland Department of Motor Vehicles and/or by common usage and practice except for light pick-up trucks of three-quarter (3/4) ton capacity or less used for non-

commercial purposes), unlicensed or inoperable motor vehicle or trailer (which shall include, without limitation, any vehicle which would not pass applicable state inspection criteria). And, except for bona fide emergencies, shall not repair or perform extraordinary maintenance of automobiles or other vehicles on the Owner's property or streets of Montego Bay. An Officer of the Association is authorized to enter onto a property to ensure vehicles under cover have valid license plates attached.

- 1.10.1.5** Shall remove from public view trash and garbage containers except on days of trash collection and the evening before such days of trash collection.
- 1.10.1.6** Shall not place debris or store materials within the Common Area (other than temporarily approved in writing by the Association).
- 1.10.1.7** No tree, hedge or other landscape feature shall be planted or maintained in a location which obstructs sight-lines for vehicular traffic. Without limiting the generality of the foregoing, no wire or other lawn edging, fencing or other treatment shall be placed or maintained on any Lot which would impede the Association's ability to perform its obligations as set forth in this Declaration, or which would be inharmonious with the aesthetics of the Property.
- 1.10.1.8** No decorative lawn ornament, no structure of a temporary character, and no trailer, tent, shack, barn, pen, kennel, run, stable, or other building shall be erected, used or maintained on any Lot at any time. A storage shed may be erected, constructed or placed on a Lot provided that such shed:
- 1.10.1.8.1** is approved, in writing, with respect to design (including, but not limited to color and materials), location and construction by the Architecture Review Committee;
- 1.10.1.9** is properly maintained at all times by the Owner of the Lot upon which it is located. Sheds not maintained may be cause to have the shed removed from the property.
- 1.10.1.10** No structure, planting or other material shall be placed or permitted to remain upon any Lot which may damage or interfere with any easement for the installation or maintenance of lamp posts, utilities, or which may unreasonably change, obstruct or retard the direction or flow of any drainage channels.
- 1.10.1.11** Lawn furniture visible from the sidewalk in the front of the Lot shall be maintained in a neat and attractive manner. Furniture or appliances not intended for external use are prohibited from being stored and, if in use outdoors, must be removed within 48 hours.
- 1.10.1.12** No equipment or machinery (including, without limitation, equipment or machinery for use in connection with the maintenance of any dwelling) shall be stored in the front, rear or side yard of any Lot.
- 1.10.1.13** Bed sheets, plastic sheets, newspapers, or other similar window treatments shall not be hung or placed in or on any portion of an enclosed porch where, generally, wire mesh screen is used.
- 1.10.2** Leasing and Renting and Selling
- 1.10.2.1** Leasing and Renting of a dwelling must conform to the rules, regulations, and restrictions issued and enforced by the Town of Ocean City.
- 1.10.2.2** A copy of the leasing or rental permit (not a copy of the lease) issued by the City must be provided to the Association. Upon knowledge that leasing or rental activity is occurring, the Association will verify that a copy of the permit is included in the files of the Association and report discrepancies to the City.
- 1.10.2.3** All leases shall contain provisions advising the tenant of his/her obligation to comply with all provisions of the Declaration, the Bylaws, and the rules and regulations

of the Association. At a minimum, the violation by a tenant of provisions of the Declaration, the Bylaws, and the rules and regulations of the Association shall result in the Owner being considered no longer in good standing (for all properties owned) until the violations have been corrected.

- 1.10.2.4** The Owner(s) of a leased Lot or dwelling shall notify the Association in writing of the Owner's current address and contact information (day and evening). The Owner(s) of a leased Lot or dwelling shall provide the Association with the name(s) and contact information of tenants, excluding tenants under a lease or rental agreement for less than a 45-day term.
- 1.10.2.5** The Owner(s) of a leased or rented dwelling unit shall be liable to the Association to pay any claim for injury or damage to persons or property caused by any action or omission including, without limitation, the negligence of the tenant(s).
- 1.10.2.6** Every lease shall be subordinate to any lien filed by the Association, whether before or after such lease was entered into.
- 1.10.2.7** In no event may transient tenants (other than non-consecutive seasonal weekly renters) be accommodated in any dwelling unit, nor shall any dwelling unit be used for hotel purposes or as a group home.
- 1.10.2.8** Before the sale, conveyance, or transfer of any Lot or dwelling unit to any person, the Owner shall notify the Board of Directors in writing of the name and address of the person to whom the proposed sale, conveyance, or transfer is to be made and provide to it such other information as the Board of Directors may reasonably require.
- 1.10.2.9** Failure to comply with the provision of the Section shall not void, prohibit, or otherwise invalidate the sale, conveyance or transfer of any Lot or dwelling unit nor may it have any effect upon any mortgage or deed of trust thereon.
- 1.10.3** Owner's Maintenance Except as otherwise specifically provided in these Bylaws or Restrictions document, each Owner:
- 1.10.3.1** Shall keep each Lot owned by such Owner, and all improvements therein or thereon, in good order and repair and free of debris in a manner and with such frequency as is consistent with good property management and the Community-Wide Standard, including, without limitation, proper maintenance of lawns, landscaping, foundation, skirting, roof shingles, and exterior paint.
- 1.10.3.2** In the event an Owner of any Lot in the Property shall fail to maintain the Lot and the improvements situated thereon, after receiving written notification by the Association and given a reasonable time to resolve the violation, the Association or its agent shall have the right to enter upon said Lot to repair, maintain and restore the Lot and any improvements erected thereon.
- 1.10.3.2.1** Whenever entry is not required in an emergency situation, the Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry.
- 1.10.3.2.2** All costs related to such correction, repair or restoration, plus an Assessment (to be deposited into the Reserve Account upon receipt) of fifteen percent (15%) of such costs to cover the Association's administrative expenses, shall be collectible from the Owner of such Lot in the same manner as Assessments as provided in the Bylaws and the Operational and Procedures Manual.
- 1.10.3.2.3** The Association shall also have the right to enter the Lots to correct drainage that is detrimental to another property, common area, or amenity.

1.11 ARTICLE XI – Miscellaneous

1.11.1 Association Books and Records Except as otherwise provided by the laws of the State of Maryland, the books and records of the Association shall be kept at the Montego Bay Civic Association office.

1.11.1.1 The original documents may not leave the office; however, copies (hardcopies or electronic copies) of Association documents may be provided.

1.11.1.2 From time-to-time it may be necessary for an Officer, or someone designated by the Board, to accompany original records to other locations for purposes of copying, scanning, or production for legal proceedings. All such removals must first receive Board approval.

1.11.1.3 The financial books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with good accounting practices. The same shall include tax returns and books with detailed accounts, in chronological order, of receipts and of the expenditures affecting the Association and its administration and shall specify the maintenance and repair expenses of the common elements and services and any other expenses incurred. In addition to the tax returns, all supplemental forms, worksheets, and other documentation in support of the amounts claimed in the tax return must also be retained and available for inspection.

1.11.1.4 All such books and records or copies (including cost of copies) thereof shall be made available on request to members of the Association or their agents at any reasonable time during normal business hours, and after reasonable notice in accordance with Section 11B-112 of the Maryland Homeowners Association Act. In addition, documents of the Association should be made available on the Association website with secure access as appropriate. Availability and access to Association Documents shall not be determined based on whether the Director or Officer charged with control of such documents is available. The Secretary shall be responsible to ensure release of documents protect personally identifiable information consistent with state and Federal Freedom of Information Act Laws. Documents subject to release cannot be withheld based on how the documents will be used.

1.11.2 Petitions

1.11.2.1 Petitions must contain a specific question, proposal, or action suitable for an affirmative or negative response.

1.11.2.2 The petition must be in a format prescribed by a Resolution adopted by the Board of Directors and signed by members eligible to cast a vote.

1.11.2.3 The petition shall identify the person(s) who will represent the petitioners and contain the lot number or address of the property in the Subdivision owned by each member signing the petition.

1.11.2.4 Each member signing the petition must be eligible to vote when the petition is filed.

1.11.2.5 Notarization or self-authentication of the member's signature shall not be required.

1.11.2.6 Within ten (10) calendar days after a petition is filed, the Secretary shall certify that the petition meets the requirements of this Section or file a public report with the Board of Directors specifying the basis for rejecting the petition.

1.11.2.7 Petitions to include an issue in the notice of the annual meeting of the members must be filed not later than sixty (60) days prior to the date of the annual meeting.

1.11.2.8 Petitions must contain the number of signatures specified in this section when they are filed with the Secretary.

- 1.11.2.8.1** To request action by the Board of Directors not requiring a referendum or to have an issue included in the notice of the annual meeting of the members, a petition requires signatures representing at least one hundred (100) votes that can be cast.
- 1.11.2.8.2** For issues for referendum under Article IV, Section 4.4 (removal of a Director or Officer), or for amendments to the Bylaws under Article XII, a petition requires signatures representing at least ten percent (10%) of the maximum number of votes that can be cast.
- 1.11.2.8.3** To call a special meeting of members under Article V, Section 5.5 (Special Meetings) a petition requires signatures representing at least fifteen percent (15%) of the maximum number of votes that can be cast.
- 1.11.2.9** Referendum Issues.
- 1.11.2.9.1** In the event that more than two-thirds of the votes actually returned to the Association within the time specified by the Board of Directors in the referendum ballots sent to all members shall be in favor of such action, the referendum shall be deemed to “pass” and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to “pass” shall be specifically expressed herein, that higher percentage shall control in that instance.
- 1.11.2.9.2** The Board of Directors may not undertake any action requiring a referendum without complying with the provisions hereof. Once a referendum has been passed by the General Membership, the Board of Directors and Officers may not take any action to reverse or circumvent the decision of the General Membership.
- 1.11.2.9.3** In the event of a dispute as to whether a Referendum is required, the following actions may be taken:
- 1.11.2.9.3.1** Within thirty (30) days after the adoption by the Directors of any action which is, in the opinion of the Owners, subject to a Referendum, a petition requesting that any such action be either repealed or submitted to a vote of the General Membership.
- 1.11.2.9.3.2** The petition must be signed by not less than twenty-five percent (25%) of the total votes of the Membership of the Association or signed by a majority of the Directors. The petition is then filed with the Secretary of the Association.
- 1.11.2.9.3.3** The Secretary shall thereafter within thirty (30) days send out notice of the referendum ballot that will be issued to all Members within 30 days of the next General Membership meeting, in accordance with election procedures outlined in Article VII.
- 1.11.2.9.3.4** The Board of Directors may propose action that requires approval of the General Membership by a referendum or a referendum may be initiated by a petition. Where differing from the provisions of this Section, the provisions of Article IV, Section 4.4, govern a referendum to remove a Director.
- 1.11.2.9.4** If the Board of Directors initiates a referendum to approve a proposed action, the Board shall hold a public hearing on the proposal.
- 1.11.2.9.4.1** Notice of the hearing shall be provided to the members at least fifteen (15) days prior to the hearing by mail or in a publication distributed by the Association to the members.
- 1.11.2.9.4.2** The notice shall contain a description of the proposed action.
- 1.11.2.9.4.3** The Board may modify or withdraw the proposal after the hearing.

- 1.11.2.9.4.4** Voting on the referendum may be by separate ballot or included on the ballot for the annual election of Directors and Officers or on a Budget and Issues Ballot for the April General Membership meeting.
- 1.11.2.9.4.5** Information containing, at a minimum, the action to be voted on and an explanation of the effect of the proposal, if adopted, shall be included with the ballot.
- 1.11.2.9.5** If action appropriate for submission to the members on a referendum is initiated by a valid petition, the petition must contain a specific question, proposal, or action suitable for an affirmative or negative response on a ballot.
- 1.11.2.9.5.1** The Board of Directors shall hold a public hearing on the proposal within sixty (60) days after a valid petition is filed.
- 1.11.2.9.5.2** Notice of the hearing and a copy of the proposal in the petition shall be provided to the members at least fifteen (15) days prior to the hearing by mail or in a publication distributed by the Association to the members.
- 1.11.2.9.5.3** Referendum ballots shall be distributed to all members eligible to vote not later than thirty (30) days following the hearing.
- 1.11.2.9.5.4** Information containing, at a minimum, a copy of the proposal in the petition, a brief explanation of the proposal written by the petitioners, and a statement of position by the Board of Directors shall be included with the ballot.
- 1.11.2.9.6** Any proposal presented in a referendum requires a majority affirmative vote of the total votes cast in order to become effective.
- 1.11.2.9.7** A question, proposal, or action not adopted by referendum may not be resubmitted by petition within one year of the previous submission.
- 1.11.2.10 Definitions:** Definitions. Unless it is plainly evident from the context that a different meaning is intended all other terms used herein shall have the definition in the Declaration or in the Act.
- 1.11.2.10.1** "*Assessment*" as used herein means the "annual maintenance charge" established in Article VIII of the Bylaws and Section 6 of the Declaration of Restrictions.
- 1.11.2.10.2** "*Board of Directors*" or "*Board*" refers to the board established under Article IV of the Bylaws to manage the affairs and business of the Association.
- 1.11.2.10.3** "*Book of Resolutions*" refers to the compilation of policy and administrative Resolutions or motions adopted by the Board of Directors or the General Membership.
- 1.11.2.10.4** "*Bylaws*" delineate those procedures and responsibilities under the control of the General Membership and those procedures and responsibilities under the control of the Board and defined in the Operational and Procedures Manual. In the event of a question of responsibilities, the determination will be made by the General Membership or defer, by default, to the General Membership.
- 1.11.2.10.5** "*Declaration*" and "*Declaration Document*" as used herein means the Declaration of Restrictions dated March 2, 1992, and recorded among the land records of Worcester County, Maryland, in Liber 252, folio 264, *et seq.*, as amended by recorded documents.
- 1.11.2.10.6** "*Full-Time Resident*" as used herein means being domiciled in Montego Bay.
- 1.11.2.10.7** "*In writing*" refers to ensuring certain decisions or actions of the Officers, Directors, Association, and Owners must be documented in writing. The writing

may be in the form of formal correspondence as well electronic-mail that clearly identifies the sender and the date and time the e-mail was sent or received.

- 1.11.2.10.8** "*Lot*" as used herein means the numbered lots shown on the recorded plats for Montego Bay Residential Community, Ocean City, Maryland.
- 1.11.2.10.9** "*Lot Owner*" as used herein means the person or persons, or the corporation, partnership, Limited Liability Company or other legal entity, or the combination thereof that has legal title to a Lot. Regardless of the number of persons and/or entities that hold title to one Lot, they are collectively referred to as "*Lot Owner*."
- 1.11.2.10.10** "*Majority vote*" as used herein means the majority (or greater than 50%) of the General Membership (or "Owners") or Board of Directors, etc., must vote on an issue or ballot and the results of those votes will determine the outcome. If less than a majority (or below 50%) respond, then the issue or ballot fails.
- 1.11.2.10.11** "*Majority responsive vote*" as used herein means of the votes received on an issue or ballot a majority (or greater than 50%) of responses will determine the outcome.
- 1.11.2.10.12** "*Member*" as used herein means every person, corporation, partnership, limited liability company, trust or other legal entity that holds partial or total legal title to a Lot.
- 1.11.2.10.13** "*Notice*" as used herein includes electronic transmission provided the Association receives prior written authorization from the recipient (Lot Owner or member) for the use of electronic transmission.
- 1.11.2.10.14** "*Resident of the community*" refers to full-time and part-time Owners who live in their Montego Bay property . Living in one's Montego Bay property is a qualification for running for elected office with the Association.
- 1.11.2.10.15** "*Seal*" refers to the Seal of the Association, a disk inscribed with the name of the corporation and the year and the State in which it is incorporated.
- 1.11.2.10.16** "*Subdivision*" refers to the subdivision known as Montego Bay Residential Community, the plats of which are recorded in the land records of Worcester County, Maryland.
- 1.11.2.10.17** "*Vote of the Board*" refers to the Directors and the voting Officers, unless otherwise defined or clarified in these Bylaws.

1.12 ARTICLE XII – Amendments

- 1.12.1** Proposal of Amendments Amendments to the Bylaws may be proposed by the Board of Directors or by a petition filed under XIV, Section 11.8.
- 1.12.2** Approval of Amendments Amendments to the Bylaws, whether proposed by the Board or by petition, require approval by 51% of the General Membership by a referendum; except as specifically identified as a responsibility of the Board within the Bylaws.
- 1.12.3** Board of Directors Amendments The sections designated within these Bylaws as falling within the authority of the Board of Directors to amend require that the amendment is read at two consecutive Board of Directors meetings and may be voted upon at the second meeting. Two-thirds of the total Board of Directors and Officers must vote in favor of the proposed amendment for it to pass. Other than listing the proposed amendment reading in an agenda for the meeting published and available to Owners one-week in advance of the reading, no further notice to Owners shall be required