

CHESAPEAKE ISLE CIVIC ASSOCIATION

BYLAWS (October 5, 2005)

ARTICLE I

Membership

Section 1.1> Membership in the Association Membership shall be voluntary and available only to persons, partnerships, or corporations owning property in the Chesapeake Isle sub division. Membership in the association will entitle members in good standing to all rights and privileges of membership.

(A) There are currently 332 sub divided lots in Chesapeake Isle. Each property owner of each sub divided lot is subject to an annual maintenance fee, as provided by Maryland state law and outlined in Article 6 of these bylaws. The Board shall prorate the costs of maintaining roads and other common property against each lot.

(B) Each lot owner (or owners) is entitled to one membership in CICA. In the case of multi-lot ownership, the owner shall be eligible for only one membership regardless of the number of lots owned.

Section 1.2 Chesapeake Isle Property Owner Directory Each member/property owner shall be listed in the Directory. CICA membership shall be indicated via an asterisk along side each member s name. This directory shall be maintained by the Membership Chairperson and shall be conclusive in cases of conflict. Upon termination of ownership, the owner s name shall be removed from the book.

Section 1.3 Rights and Obligations of Members - Members of the Association and their immediate families shall be entitled to attend CICA events and use the properties and facilities of the Association subject to all regulations adopted by the Board and approved by the Association Membership. The privilege to use the Association facilities may be extended by the Board, to the guests of the members, subject to such regulations as it may set, and subject to withdrawal at any time. In order to remain in good standing with the Association, each member shall pay, within forty-five (45) days after delivery of bills for all dues adopted by the Board from time to time; comply with these Bylaws and all Rules and Regulation of the Association; be responsible for the observance of the Bylaws and the Rules and Regulations by his family and guests (renters will be treated as the guest(s) of the property owner(s); conform to all restrictions and reservations created in the covenants deeded to CICA as part of its ownership of the common property..

Section 1.4 Discipline of Members

(A) Membership dues are payable within 45 days following receipt of an annual bill, after which a member will lose his/her rights of membership until membership is paid

(B) The Board may find a member in noncompliance of the Rules and Regulations for consistently violating one or more rules of the Association. In such case(s), the member will be notified in writing of the Board's decision to suspend the member's privileges. The member shall have the right to appear at the next regularly scheduled Board meeting to explain his position. At that meeting the Board shall vote, by a simple majority, on whether to sustain the suspension for a period of six (6) months. In such instances, the member shall lose all voting privileges and access to Association functions for that period.

Section 1.5 Termination of Membership - Membership shall automatically terminate upon transfer of ownership of property in the Association. Each member shall promptly notify the Association of any change in property ownership. . Membership shall also be terminated for non payment of annual dues as described in Section 1.4A

Section 1.6 Dues - The current dues (2006) of the Chesapeake Isle Civic Association shall be ten (\$10.00) per annum. The annual dues of the Association for future years shall be subject to change by action of the Board.

Section 1.7 Budgeting Process-The Board shall annually prepare and approve an Association Budget by June 30 for the coming year, which clearly states the dues amount and budgeted income and expenses. The Board may change the fiscal year reporting period if deemed appropriate. The Treasurer of the Association will present this budget at the Annual Meeting for approval by the Association Membership. A simple majority of the members present to the Annual Meeting is required to approve the budget. If the membership does not approve the budget at the Annual Meeting, the Board will prepare, and approve a budget within one (1) month, which the membership will vote on by ballots mailed to them. The ballots will be counted by a committee of three (3) members appointed by the President of the Association. See Article 6 for budget procedures and approval of the property owners' maintenance budget.

ARTICLE 2

Meeting of Members

Sections 2.1 Meetings

(A) Annual Meetings - The annual meetings of the members for the election of Officers and Directors and for other business shall be held on the fourth (4th) Sunday in August of each year.

(B) Special Meetings - Special meetings of the members may be called at any time by the President, or upon written request of a majority of the Board, or upon written request of 15% of the voting members of the Association.

(C) Place - All meetings of the members shall be held in a place located within a radius of twenty-five (25) miles of Chesapeake Isle.

(D) Notice - Written notice of time and place of all meetings of members and purpose of each special meeting of the members shall be given to each member entitled to vote, at least ten (10) days before the date of the meeting, unless a greater period of time is required by law in a particular case.

Section 2.2 Voting Rights

(A) Members In Good Standing - Except as provided herein or by law, each membership whether individual or joint, shall have the right, at every members meeting, to one vote, in aggregate, on each issue.

(B) Balloting, Voting and Quorum - Every member in good standing may vote in person or by absentee ballot. The presence of at least twenty-five (25) members shall constitute a quorum. If a quorum is not present, no business shall be transacted except to adjourn to a future time. Proxy votes are not permitted.

Section 2.3 Conduct of Meetings - The meetings shall be conducted in accordance with Robert s Rules of Order unless these bylaws overrule Roberts Rules of Order.

ARTICLE 3

Board of Directors

Section 3.1 Number and Term

(A) The Board shall consist of twelve (12) members which shall include four (4) officers.

(B) Term of Office - The Board shall be divided into three (3) classes of four (4) Directors each. One class shall be elected at each annual meeting, to serve until the annual meeting three years thereafter, and until their successors have been elected and qualified. Board membership is limited to two (2) consecutive terms with one three-year term off before being eligible for Board membership again.

Section 3.2 Procedure for Nomination - No Director shall be elected at any members meeting unless he shall have been nominated in one of the following ways:

(A) By the Nominating Committee - The Board shall either nominate candidates for the Office of Director or appoint a Nominating Committee, which shall make such

nominations. These nominations will be published to the membership at least four weeks prior to the annual meeting and shall be set forth in the notice of the annual meeting.

(B) By the Members - Nominations for Directors may be made by any five (5) members in writing, delivered to the Secretary before the annual meeting of members is called to order.

Section 3.3 Elections - The Board shall designate three (3) members as judges of election to conduct the election at the annual meeting.

Section 3.4 Powers - The Board shall have entire charge of the affairs, funds, and property of the Association. The furtherance and not in limitation of the foregoing, the Board shall have the following powers: (1) to establish and collect membership dues, annual maintenance fees, and such other fees; (2) to make all decisions concerning roads, water supply and sewage disposal systems if such ever exists, and other community facilities in Chesapeake Isle; (3) to enforce required improvement(s) of any lot(s) in Chesapeake Isle and to enforce any other restrictions created in the title of any property in such area; (4) to determine the boundaries of the Association area; (5) to create such committees including, but not limited to, an Executive Committee, a Membership Committee, Audit Committee and a Nominating Committee with such powers and duties (in addition to those set forth in these Bylaws) as it may deem advisable.

A proposed major change affecting common property must be approved by the Board before being submitted to the property owners for a vote as outlined in Section 6.

Section 3.5 Board of Directors Meetings

(A) Regular Meetings - Regular meetings of the Board shall be held at such times as it shall designate by resolution, and notice of such meetings need not be given unless otherwise provided herein.

(B) Special Meetings - Special meetings of the Board may be called at any time by the President and shall be called by him upon the written request of three (3) Directors. Written notice of the time, place and purpose of the special meetings shall be given to each Director at least three (3) days before such meetings.

(C) Closed Meetings The Board may meet in private session to discuss the formation of contracts with outside parties, pending litigation, or personnel issues.

(D) Attendance - Association Members in good standing may attend Regular meetings and may, at the recognition of Chairperson, participate in discussion(s).

(E) Place - Meetings of the Board shall be held at such place as the Board may designate or as may be designated in the notice calling the meetings.

(F) Quorum - The majority of all the Directors then in office shall constitute a quorum for all business at any meeting and the acts of a majority of the Directors present at any meeting at which a quorum is present shall be the acts of the Board, except where otherwise required by law, the articles of incorporation, or these Bylaws.

(G) Informal Action - If all the Directors shall severally or collectively consent in writing to any action to be taken by the Association, such action shall be valid corporate action as though it has been authorized at a meeting of the Board.

(H) Vacancies - Vacancies in the Board shall be filled by a majority vote of the remaining Directors though less than a quorum. Such Directors shall serve for the remainder of the unexpired terms of their predecessors.

ARTICLE 4

Officers

Section 4.1 Election - At its first meeting after the annual meeting of members, the Board shall elect to serve for a period of one (1) year and until the successor of each is elected and qualified, a President, Vice President, Secretary, Treasurer and such other officers as it deem advisable, and shall fix the compensation, if any, to be paid to the officers. All Offices shall be members of the Board. Any Officer may be removed by a 2/3rd vote of all Board members whenever, in its judgment, the best interests of the Association will be served thereby.

Section 4.2 President - The President shall be the Chief Executive Officer of the Association, and except as the Board may otherwise prescribe by resolution, shall have general supervision over the affairs of the Association. The President shall sign all legal documents and instruments issued by the Association. The President shall preside at all meetings of the Board and of the members.

Section 4.3 Vice President - The Vice President shall exercise the functions of the President during the latter's absence or incapacity, and shall perform such other duties as may be delegated by resolution of the Board or the President.

Section 4.4 Secretary - The Secretary shall be responsible for the recording and distribution of the minutes for any and all Association meetings. Minutes of monthly Board meetings shall be given to all Board members, Committee Heads, and other persons so designated by the Board. All minutes shall be posted on the bulletin boards located at the pavilion and harbor areas.

The Secretary shall be responsible for the compilation of the Association Newsletter and such other correspondence, which from time to time that may be desirable. The Secretary shall also be responsible for the other duties normally associated with that office.

Section 4.5 Treasurer - The Treasurer shall keep proper, up to date records of the financial accounts of the Association. The Treasurer shall also keep a record of all income received and all expenses paid out by the Association according to acceptable accounting procedures. The Treasurer shall submit a budget and maintain separate accounts for expenses associated with Chesapeake Isle roads and other common property funded by property owner maintenance fees. The Treasurer shall have custody of the funds of the Association, which shall be deposited in a bank or banks designated by the Board. The Treasurer shall disburse such funds only in accordance with such procedures as shall be adopted by the Board. The Treasurer shall furnish such bond as the Board may require. The Treasurer shall perform such other duties as normally associated with the office of Treasurer. The Treasurer shall work with the Audit Committee to provide an independent audit at the end of each fiscal year. The results shall be reported to the Board prior to the annual membership meeting.

ARTICLE 5

Amendments

Section 5.1 These by-laws may be amended via a simple majority mail-in vote of all CICA members in good standing provide each proposed amendment has first either been voted upon and recommended by the Board or has been proposed in writing with endorsement by 15% of eligible voters. A non response, i.e. no returned ballot, shall be considered a vote in favor of the position recommended by the Board of Directors. Proposed amendments and a ballot, accompanied by a letter explaining the reason for the proposed changes, will be mailed to all CICA members in good standing. Returned ballots will be counted at an open meeting of the CICA members 30 days following the postmark date of the mailing. The President will appoint one board member and two non-board members to count the ballots

ARTICLE 6

Obligations to and of Property Owners

Section 6.1 - Basis in Law:

WHEREAS, the Chesapeake Isle Civic Association, Inc. (ASSOCIATION) is a non-stock Maryland corporation formed in 1972 by members of the Chesapeake Isle/Rolling Hills subdivision (SUBDIVISION) in the Fifth Election District of Cecil County, Maryland; and

WHEREAS, there are currently Three Hundred Thirty Two (332) sub divided lots in the Five (5) platted sections of the Chesapeake Isle/Rolling Hills subdivision; and

WHEREAS, the recorded subdivision plats and related documents in the chain of title of the Chesapeake Isle/Rolling Hills subdivision do not explicitly require membership by the lot owners in the ASSOCIATION; and

WHEREAS, on April 3, 1979, Chesapeake Isle, Inc., the Chesapeake Isle/Rolling Hills developer, assigned first party rights and obligations to enforce the restrictive covenants (Liber NDS 33, folio 457), and on February 14, 1979, conveyed all of the roads and open spaces in the subdivision to the ASSOCIATION by deed recorded among the land records of Cecil County in Liber N.D.S. 33, folio 457 to the ASSOCIATION. On January 30, 1984, an Operation and Maintenance Agreement with the U. S. Dept. of Agriculture, Cecil County Commissioners, and Cecil Soil Conservation District concerning Critical Area Treatment including placement of rock riprap and vegetative treatment was made with the ASSOCIATION. On February 29, 2000, the ASSOCIATION executed a Road Maintenance Agreement recorded among the land records of Cecil County in Liber W.L.B. 0878, folio 454, wherein the Board of County Commissioner of Cecil County acknowledged the ASSOCIATION's agreement to make all repairs and maintenance to the roads in the Chesapeake Isle/Rolling Hills subdivision; and

WHEREAS, the Circuit Court of Cecil County ruled (case number 04-201) that the Chesapeake Isle Civic Association, Inc., which is the owner of the roads and other common areas located in the Chesapeake Isle/Rolling Hills sub-division, has the legal authority and right to levy and collect a pro rated portion of the costs of maintenance of the roads and other common areas located in Chesapeake Isle/ Rolling Hills sub division from each of the Three Hundred Thirty Two (332) lot owners, and

WHEREAS, there are approximately three (3.1) miles (30.5 acres) of roads and approximately thirty three (33.6) acres of other common areas in the SUBDIVISION which require annual maintenance and periodic capital repairs. Since the ASSOCIATION holds title to the roads and common areas in the SUBDIVISION, it will continue to bear responsibility for the repair and maintenance of the roads and common areas, and create and enforce general rules governing their use.

Since membership in the ASSOCIATION is voluntary and not all lot owners belong to the ASSOCIATION, this procedure will assure that all lot owners in the SUBDIVISION participate in the annual road and common area budget process as outlined below

Section 6.2 - Annual Maintenance Budgeting Process:

A Common Property Maintenance and Capital Improvements Committee shall be created by the President of CICA and shall be composed of lot owning CICA members and lot owning non-CICA members. The number of committee members representing each group shall be determined in the same ratio (rounded to the nearest number) as the actual number of CICA members and CICA non-members at the end of the preceding calendar year. The Committee will have a total of six (6) members plus the CICA president. Regardless of ratio, the CICA non-members group shall be entitled to a minimum of one (1) and a maximum of three (3) members on the committee. The president will appoint the applicable number of CICA members determined in accordance with the preceding step. The CICA non-members will conduct a complete and fair election among CICA non-members to elect representatives. In the event such an election is not conducted prior to appointment of committee members, the CICA non-members forgo representation on the Committee for the upcoming year. The President will set the dates of the meetings and times for the Committee meetings, call all meetings to order and chair all meetings. The President may deliberate and participate in discussions, but will not have a vote unless there is a tie among the members of the committee.

This Committee will prepare an annual budget for Common Properties Maintenance and Capital Improvements by a date determined by the CICA Board for consideration - first by the CICA board and then by all property owners. It will be mailed to all property owners 30 days prior to the annual CICA meeting. On the same day and preceding the annual CICA meeting, the CICA president will conduct a meeting of all property owners for the purpose of discussing and approving a Common Property and Roads budget. All property owners in attendance at this meeting will have the right to vote (one lot one vote). The President will appoint three property owners to count the vote. In the event the budget is not approved by the voting property owners in attendance, the Committee will meet and submit a revised budget for approval by all property owners via U.S. mail before the beginning of the next fiscal year.

Capital Improvements. A capital improvement shall be considered any expenditure for a long term addition, major repair or betterment of the community, and exceeding Twenty Five Percent (25%) of the total annual Maintenance of Common Property and Roads budget. The COMMITTEE shall evaluate the necessity of the expenditure, the reasonableness of the amount of the expenditure and the nature of the expenditure in committing to a capital improvement. It shall be submitted first to the CICA Board for consideration and then to all property owners for approval as outlined above.

Once the budget, for maintenance and capital items, has been approved, the CICA Association will invoice all property owners within the five platted sections of

Chesapeake Isle/Rolling Hills subdivision for their pro rata share, collect the fees and apply them to the costs of maintenance and repair. The ASSOCIATION will account separately for these funds

Section 6.3 Property Owner Fees: With respect to Section 6.2 above, the Association will bill each owner of a taxable plot of land for his/her pro rata share of the Annual maintenance budget and the capital improvements associated with roads and other common areas, collect the fees and apply them to the costs of maintenance and repair of the roads and other common property. The Association will maintain separate ledgers for these funds. No property owner can be a member of CICA unless the current annual property owner assessment for the maintenance of common property has been paid, and will forfeit all rights and privileges of membership until both the assessment and membership dues are paid.

Section 6.4 Non Payment Of Annual Assessment Fee In the event of non-payment of annual property owner fee after 45 days, from due date the amount is due, the amount due will begin accruing interest at the rate of 6 percent (6%) per annum. In addition, the Association can take whatever legal action is available to it to recover the amount due including any costs incurred by the Association to collect the delinquent amount. As a last resort, the Board will instruct the Secretary and Chairman of the Legal Review Committee to seek a judgment in court that will create a lien on the property. The lien will have to be satisfied before the property can be transferred.