

# BY-LAWS OF THE OCEAN HIGH CONDOMINIUM ASSOCIATION

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Incorporated, pursuant to Title 11 and Title 11A of the Real Property Article of the *Annotated Code of Maryland*, known and hereafter referred to respectively as the Maryland Condominium Act and the Maryland Time-Share Act. These Declarations are recorded among the Land Records of Worcester County, Maryland and describe a time-share project established within the Ocean High Condominium. The time-share project may be referred to herein as the time-share project.

Section 2. Ocean High Condominium. The premises and land comprising the Ocean High Condominium has been submitted to a condominium project by the Declaration of Ocean High Condominium made the 26 of April 1983 by W & L Properties, Incorporated, a Maryland Corporation, pursuant to the Maryland Condominium Act. The Ocean High Condominium is single use condominium in that the condominium contains only units submitted to a time-share project. Units 1 – 4 are submitted to the time-share project with each unit comprised of 26 individually owned time intervals and 26 float intervals (1 attached to each of the 26 individually owned time intervals). Units 5 – 34 are submitted to the time-share project with each unit comprised of 51 individually owned time-share intervals.

## ARTICLE I

### Name and Location

Section 1. Name. The name of this association is the Ocean High Condominium Association. Herein, the association will also be referred to as the OHCA or the Association.

Section 2. Location. The principal office of the Association shall be located at 503 32d Street, Ocean City, Maryland 21842 or at any such location, within Worcester County, Maryland, as may be subsequently designated by the Board of Directors of the Association.

## ARTICLE 2

### Object and Definition

Section 1. Object. The object of this association is to provide management of the time-share project established by the Declaration of Covenants, Conditions and Restrictions for Timesharing Ownership – Units 1 – 4, Units 5 – 10, Units 11 – 22 and Units 23 – 34 ----- made for each of those units at various times by W & L Properties,

Section 3. Condominium Association. The Ocean High Condominium Association is governed by a Board of Directors elected by the unit owners. Unit owners of time-shared intervals in the time-shared project, as a result of that ownership, are members of the association.

Section 4. Applicability. These By-Laws shall be binding on the Association immediately upon approval by the membership in accordance with the Maryland Condominium Act and the Maryland Time-Share Act. Upon approval, the president of the Association shall cause these By-Laws to be recorded among the Land Records of Worcester County, Maryland. In addition to these By-Laws, the Association shall comply with the Maryland Condominium Act, the Maryland Time-Share Act, and the Corporation and Associations Article of the *Annotated Code of Maryland*.

Section 5. Definitions. Unless the context shall plainly require otherwise, the following words and expressions, when used in these By-Laws shall have the following meanings:

- (a) “time-share” means a period, the duration of which is an annually recurring, seven-day week of the calendar year as defined in the Maryland Time-Share Act.
- (b) “Owner” means any person, persons, or legal entity who holds legal title to a time-share, as defined in the Declaration.
- (c) “Declaration” means the Declarations and the Exhibits thereto as described in Section 1, of this Article.
- (d) “Manager” means the firm, agent or person selected to manage the time-share project in accordance with these By-Laws and the Declaration.
- (e) “Managing entity” means the Ocean High Condominium Association, Inc.
- (f) “time-share unit” means a condominium unit submitted to the time-share plan (see Section 1 of this Article).

Section 6. Other Definition. Unless it is plainly evident from the context that a different meaning is intended, all other terms used herein shall have the meaning as defined in the Maryland Condominium Act and the Maryland Time-Share Act.

### ARTICLE 3

#### Membership

Section 1. Members. Every person, group of persons, corporation, trust or other legal entity, or any combination thereof, which owns a time-share interval in a unit within the time-share project, shall be a member of the OHCA. However, any person, group of persons, corporation, trust or other legal entity, or any combination thereof, which holds such interest solely as security for the performance of any obligation shall not be a member.

Section 2. Fees. Members of the Association are obligated to the Association for their share of the annual operating expenses of the Association. The fees due the Association per time-share owned are determined annually by the Board of Directors.

Section 3. Roster. The Association shall maintain a current roster of names and addresses of each time-share interval owner. It shall be the duty of each member to provide this information to the Manager employed by the Association.

Section 4. Liquidation Rights. In the event of any voluntary or involuntary dissolution of the Association, each member of the Association shall be entitled to receive, out of the assets of the Association available for distribution to the members, an amount equal to that proportion of such assets which is representative of his percentage interest in the ownership of the time-share intervals, or as prescribed by the *Annotated Code of Maryland*, as amended.

### ARTICLE 4

#### Directors

Section 1. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of seven (7) persons; all shall be members of the Association.

Section 2. Election and Term of Office. Elections shall be held at each annual meeting of the members to elect successor Directors to three-year terms. The terms of Director shall expire when their successors have been elected at the annual meeting of the members at the completion of their prescribed term and the Board has held its first subsequent meeting.

Section 3. Powers and Duties. The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association, in a manner consistent with law and the provisions of these By-Laws and the Declaration. The powers and duties of the Board of Directors shall include, but are not limited to the following:

- (a) To provide for the care, upkeep and maintenance of the time-share units and their associated limited common elements and services.
- (b) To establish and provide for the collection of annual fees and penalty charges related to late fees from the members; and to provide for the placement and enforcement of liens for the collection of delinquent fees.
- (c) To designate, hire and dismiss, if necessary, for the good working order of the time-share project and for the proper care of the associated limited common elements; and to provide services for the time-share project.
- (d) To promulgate and enforce such rules and regulations and such restrictions or requirements as may be deemed proper respecting the use, occupancy and

maintenance of the time-share project and the associated limited common elements.

- (e) To coordinate with the Unit Owners concerning the care, upkeep, maintenance and use of the common elements for the Ocean High Condominium.

Section 4. Management Agent. The Board of Directors shall employ a management agent for the Association, at a rate of compensation established by contract approved by the Board of Directors, to perform such duties and services as the Board of Directors may from time to time authorize in writing. The duties of the management agent shall be as described in Article 9 Section 2.

Section 5. Vacancies. Vacancies on the Board of Directors shall be filled by vote of the majority of the remaining Directors. Each person so elected shall be a Director until a successor is elected by the members at the next annual meeting to serve out the unexpired portion of the term.

Section 6. Removal of Directors. Subject to Section 5 above, at a regular or special meeting of the membership duly called, any Director may be removed with or without cause by a simple majority vote as defined in Article 6 Section 7. A successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting. The term of any Director who becomes more than sixty (60) days delinquent in payment of any fees or penalty charges due the Association shall be automatically terminated and the remaining Directors shall appoint a successor as provided in Section 5 of this Article.

Section 7. Compensation. No compensation shall be paid to Directors for their services as Directors. No remuneration shall be paid to any Director for service performed by him for the Association in any other capacity unless a resolution authorizing such remuneration shall have been adopted by the Board of Directors, without the vote of the Director offering said service, before the services are undertaken. However, Directors may be reimbursed for actual expenses associated with their attendance at meetings of the Board in accordance with policies and procedures.

Section 8. Organizational Meetings. The first meeting of a newly elected Board of Directors shall be held immediately following the Annual Meeting at such place as shall be fixed by the Directors at the meeting at which such Directors were elected.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. At least two (2) such meetings shall be held during each fiscal year and scheduled sufficiently in advance so that members of the Association can be notified of such meetings. All regular meetings of the Board shall be open to the members.

Section 10. Special Meetings. Special Meetings of the Board of Directors may be called by the President on fifteen (15) days but not more than ninety (90) days notice to each Director. Special meetings of the Board of Directors may also be called by the President or Secretary in like manner and on like notice on the written request of at least twenty-five percent (25%) of the Directors. Special meetings of the Board shall be open to the members, except for closed meetings as provided in Section 11A-128 of the Maryland Time-Share Act. For special meetings open to the members, the Board shall take all reasonable means to inform the members of the time, place and purpose of special meetings of the Board.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board of Directors shall be a waiver of notice by him (or her) of the time, place and purpose thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business. The acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors.

- (a) Directors connected by electronic means shall be counted as present for purposes of a quorum. However, if a Director so connected objects to discussion of a particular time without their physical presence, the quorum must be established with that Director counted as absent. Similarly, if the telephone connection is broken, the quorum must be reestablished.
- (b) If at any meeting of the Board of Directors there is less than a quorum present, the majority of

those present may adjourn the meeting to another time. At any such adjourned meeting, any business, which might have been transacted at the meeting originally called, may be transacted without further notice, provided a quorum is present.

Section 13. Action Without Meeting. Any action by the Board of Directors required or permitted to be taken at any meeting may be taken without a meeting, except for the adoption of a budget, if a majority of the members of the Board of Directors shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors.

Section 14. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for association or trust funds shall furnish adequate fidelity bonds. The Association shall pay the premium on such bonds.

## ARTICLE 5

### Officers

Section 1. Designation. The principal officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may appoint an Assistant Secretary and an Assistant Treasurer and such other officers as in their judgment may be necessary. The same person may fill the offices of Secretary and Treasurer.

Section 2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at a regular meeting of the Board and shall hold office at the pleasure of the Board of Directors.

Section 3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause. The successor to the removed officer shall be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

Section 4. President. The President shall be the chief executive officer of the Association, and shall have all of the general powers and duties that are usually vested in the office of president of a corporation. These powers shall include, but not be limited to, the power to appoint committees from among the membership from time to time as the President may,

with discretion, decide appropriate to assist in the conduct of the affairs of the Association. The President shall preside at all meetings of the Board of Directors and the members of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform those duties whenever the President is, or will be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes at all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; shall have charge of the membership roster and of such other books, records and papers as the Board shall direct; shall, in general, perform all the duties incident to the office of Secretary; and shall be responsible for maintaining the corporate records of the Association as required by the Corporations and Associations Article of the *Annotated Code of Maryland*. The Secretary shall count the votes at all meetings of the Board of Directors and the members of the OHCA.

Section 7. Treasurer. The Treasurer shall have the responsibility for Association funds and securities; shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association in accordance with the Maryland Condominium Act; and shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may be directed by the Board of Directors.

## ARTICLE 6

### Meeting of Members

Section 1. Place of Meetings. Meetings of the membership shall be held at such suitable place convenient to the membership as may be designated by the Board of Directors.

Section 2. Annual Meetings. The annual meetings of the members of the Association shall be held in the fourth quarter of each fiscal year. Article 14, Section 1 defines the fiscal year. At such meeting there shall be elected by ballot of the members, the number of Directors to the Board required by Article 4 of these By-Laws. The members may also transact such other

business of the Association as may properly come before them.

Section 3. Special Meetings. It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board of Directors or upon a petition signed by at least fifteen percent (15%) of the members in good standing having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose of the meeting. No business shall be transacted at a special meeting except as stated in the notice unless by consent of a majority of the members in good standing (as defined in Section 7 of this Article) present, either in person or by proxy.

Section 4. Notice of Meeting. It shall be the duty of the Secretary to mail a notice of each annual or special meeting stating the purpose of the meeting, as well as the time and place where it is to be held, to every member of record at their address as it appears on the membership roster of the Association. Such notice shall be mailed at least thirty (30), but not more than ninety (90) days prior to such meeting. Attendance by a member at any meeting of the member shall be a waiver of notice of the time, place and purpose of the meeting (i.e., It is presumed that notice of the meeting was received if the member is present at the time and place of the meeting).

Section 5. Quorum. The presence, either in person or by proxy, of at least fifteen percent (15%) of the members shall be requisite for, and shall constitute a quorum for the transaction of business at all meetings of members. If the number of members at a meeting drops below the quorum and the question of a lack of a quorum is raised, no business may thereafter be transacted.

Section 6. Adjourned Meetings. If any meeting of members cannot be organized because a quorum has not attended, the members that are present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than fifteen (15) days from the time the original meeting was called upon proper notice of all members.

Section 7. Voting. At any meeting of the members, the owner of each time-share shall have the right, on each question, to cast one vote. The vote of the majority of the members present, in person or by proxy, shall decide any question brought before any meeting, unless the question is one upon which a different vote is required by statute, the Declarations

or these By-Laws. Only members in good standing shall be eligible to vote, either in person or by proxy, or to be elected to the Board of Directors. To be in good standing, a member can have no obligations to the Association unpaid at the time of the meeting.

Section 8. Elections. Elections of owners to the Board of Directors shall be conducted as follows:

A time-share owner may at any time nominate themselves or any other time-share owner to be a member of the Board of Directors. Only nominations on hand at least ten (10) days before notice of an election is prepared shall be listed on the elections ballot. Candidates shall be listed on the ballot in alphabetical order, with no indicated candidate preference. Nominations may be made from the floor at the meeting as which the election to the Board is held.

Section 9. Inspectors of Election. A minimum of three Members present at the Annual Meeting of the Association shall be selected by the members present to serve as inspectors of the elections. They shall count the votes for all elections and report the results to President.

Section 10. Proxies. Any member may appoint another person as their proxy. Any proxy must be in writing and must be filed with the Secretary in a form approved by the Board of Directors before the appointed time of each meeting.

Section 11. Order of Business. The order of business at all regularly scheduled meetings of the members of the Association shall be as follows:

- (a) Roll call and certification of proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports, if any, of officers.
- (e) Reports, if any, of committees.
- (f) Election of inspectors of election.
- (g) Election of directors.
- (h) Unfinished business.
- (i) New business.

In the case of special meetings, items (a) through (d) shall be applicable and thereafter the agenda shall consist of the items specified in the notice of the meeting.

## ARTICLE 7

### Parliamentary Authority

The rules contained in the Modern Edition of Robert's Rules of Order shall govern the Association in all cases where they are not inconsistent with these By-Laws, the Declaration and any special rules the Association may adopt.

## ARTICLE 8

### Liability and Indemnification of Officers and Directors

Section 1. Liability and Indemnification. As set forth in Section 2-418 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 allowable expenses.

Officers and directors shall request reimbursement of any allowable expenses, in writing and providing receipts for said expenses.

Section 2. Common or Interested Directors. The Directors shall exercise their powers and duties in good faith and with a view to the interests of the Association. Any contract or other transaction between the Association and any other entity in which one or more of the Directors of this Association are directors or officers or are otherwise interested shall be void unless:

- (a) The fact of the common directorate or interest is disclosed or known to the Board of Directors, a majority thereof, or noted in the minutes, and the Board authorized, approves or ratifies the contract or transaction in good faith by a vote of disinterested Directors sufficient for the purpose; or,
- (b) The fact of the common directorate or interest is disclosed or known to the members of the Association, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote of disinterested members sufficient for the purpose; or,
- (c) The contract or transaction is commercially reasonable and fair to the Association at the time it is authorized, ratified, approved or executed.

Such Director or Directors may be present at the meeting of the Board of Directors or any committees thereof which authorizes or approves the contract or

transaction, provided the conditions stated in (a) through (c) above, are satisfied.

Common or interested Directors may not be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee thereof, for the portion of that meeting which authorized, approves, or ratifies any contract or transaction. And such common or interested Directors may not vote to authorize any contract or transaction as if they were not so interested.

## ARTICLE 9

### Management

Section 1. Management and Common Expenses. The Association, acting by and through its Board of Directors, shall manage, operate and maintain the time-share project for the benefit of the time-share owners thereof, in accordance with the Declaration. The Association shall employ a management agent, management firm or manager (the "Manager"). The Association shall not undertake "self-management" or otherwise fail to engage a Manager. The Association shall enforce the provisions of these By-Laws and shall pay out of the common expense funds, provided for elsewhere herein, the following:

- (a) The cost of providing water, sewer, telephone, electrical, and other utility services for the time-share intervals.
- (b) The cost of property and extended liability insurance on the time-share intervals.
- (c) The cost of painting, maintaining, replacing, or repairing the interior, furnishings, appliances and equipment of the time-share intervals.
- (d) The cost of providing housekeeping services, including cleaning, laundering and replacing of furnishings, utensils, linens and essential expendable.
- (e) The cost, prorated to the condominium units submitted to the time-share project, of the upkeep, maintenance and repair of the common elements of the condominium project. These costs represent the prorated share of the expense budget approved by the Ocean High Condominium Council of Unit Owners.
- (f) The cost of any and all other materials, supplies, labor, services, maintenance, repairs, taxes, assessments or the like which the Association is required to secure or pay for by law, or otherwise, which, in the discretion of the Board of Directors shall be necessary or proper for the management of the time-share project.

- (g) The cost of any fee payable to a Manager for the execution of the management functions of the Association as defined by a contract between the Manager and the Association
- (h) The cost of any fees payable to legal, accounting and other professionals for services required by the Board of Directors in the execution of their duties related to the management of the Association.

Section 2. Manager. The Board of Directors shall, by contract in writing, delegate management duties, powers or functions, to a Manager; provided that such delegation shall be revocable upon thirty (30) days written notice without cause shown. In particular the duties defined in Article 4 Section 3(a) – (d) of these By-Laws, and in Section 5 Section 4 of the Declaration may be delegated to the Manager. The Association and the Board of Directors shall not be liable for any omission or improper exercise by the Manager of any such duty, power or function so delegated.

Section 3. Access at Reasonable Times. For the purpose solely of performing any of the repairs as authorized by these By-Laws or in the event of a bona fide emergency involving illness or potential danger to life or property, the Association, through its duly authorized agents or employees, shall have the right, after reasonable efforts to give notice to the owner or occupant, to enter any time-share unit at any hour considered to be reasonable under the circumstances.

Section 4. Limitation of Liability. The Association shall not be liable for any failure of water supply or other services to be obtained by the Association or paid for out of the common expense funds; nor for injury or damage to persons or property caused by the elements, by the owner of any time-share or condominium unit, or by any other person; nor resulting from electricity, water, snow, or ice which may leak or flow from any portion of the common elements or from any wire, pipe, drain, conduit, appliance or equipment. The Association shall not be liable to the owner of any time-share interval for loss or damage, by theft or otherwise, of articles which may be stored upon any of the common elements.

## **ARTICLE 10**

### **Assessments**

Section 1. Annual Assessments. Each member shall pay to the Association an annual sum, referred to as the Annual Assessment. The assessment shall be the

member's proportionate share of the sum required by the Association, as estimated by the Board of Directors, to meet the annual expenses of the Association. The assessment is due on the first day of January at the address indicated on the Statement. The Annual Assessment shall include, but is not limited to the following:

- (a) The cost of operating expenses of the time-share project and services furnished, including housekeeping, cleaning, and laundry;
- (b) The cost of necessary management and administration, including check-in and check-out and fees paid to the Management Agent;
- (c) The amount of all taxes and assessments levied against the Association or upon any property which it may own or which it is required to pay, including the annual assessments;
- (d) The cost of property and extended liability insurance on the time-share project and the cost of such other insurance as the Association may deem reasonable;
- (e) The cost of furnishing electricity, telephone service and any other utilities furnished by the Association for the time-share project;
- (f) The cost of funding all reserves established by the Association, including a general operating reserve and a reserve for replacements; and
- (g) The estimated cost of repair, maintenance, and replacement to the interiors and contents of the condominium units submitted to the time-share project to be made by the Association.

The Board of Directors shall determine the amount of the assessment annually. The Board shall submit a copy of the proposed annual budget to the members no less than thirty (30) days not more than ninety (90) days prior to its adoption at a regularly scheduled meeting of the members of the Association.

The annual budget shall provide for at least the following items: 1) income; 2) administration; 3) maintenance; 4) utilities; 5) general expenses; 6) reserves; and, 7) capital items.

The omission, by the Board of Directors, before the expiration of any assessment period, to fix the assessment for that or the next period, shall not be deemed a waiver or modification in any respect of the provisions of this Article. No member shall be released from the obligation to pay the assessment for that or any subsequent assessment period. In the event of such omission by the Board, the assessment shall be fixed at the amount of the last properly levied assessment. No member may exempt himself

from liability for assessments by abandonment of any time-share interval belonging to him.

Section 2. Special Assessments. In addition to the regular assessments authorized by this Article, the Association may levy, in any assessment year, a special assessment or assessments, applicable to that year only. Such special assessments shall be for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement located within the time-share project, or for such other purpose as the Board of Directors may consider appropriate. Any such special assessment shall require the approval of a majority of the members in good standing responding to a request for approval, whether at a meeting or by mail.

Special assessments may also be levied by the Unit Owners in accordance with the By-Laws of the Unit Owners. In the case of special assessments levied by the Unit Owners, the Association's share of such assessment shall be prorated among the time-share owners.

Section 3. Reserve for Replacement. The Association shall establish and maintain a reserve fund for scheduled and emergency replacements of appliances, furniture and equipment for the units within the time-share project. The reserve fund shall be maintained by the allocation and payment yearly of an amount to be designated in the annual budget by the Board of Directors. The annual contribution to the reserve shall not be less than two percent (2%) of the aggregate annual assessment levied pursuant to the provisions of Section 1 of this Article, less item (f).

Section 4. Non-Payment of Assessment. Any assessment levied pursuant to these By-Laws which is not paid on the date when due shall be delinquent. A notice of delinquency shall be sent to the delinquent owner. Any assessment levied pursuant to the Declaration or the By-Laws, which is not paid within thirty (30) days after it is due, shall be subject to a late charge of fifteen dollars (\$15.00) or ten percent (10%), whichever is greater, and shall bear interest at a rate not to exceed eighteen percent (18%) per annum from the due date. The Association shall bring an action at law against the member personally obligated to pay the sum, or foreclose the lien against the time-share of time-shares then belonging to said member, after the lien has been established as provided in the Maryland Contract Lien Act of the Real Property Article of the *Annotated Code of Maryland*. In either of which events, interest, late

charges, reasonable attorney's fees as determined by the Court, may be added to the amount of each assessment.

## ARTICLE 11

### Restrictions and Rules

Section 1. The common elements and each time-share unit located on the property shall be used, occupied and maintained for residential purposes only.

Section 2. No trade or offensive activity shall be carried out upon the common elements or in any time-share unit nor shall anything be done upon the property or in any time-share unit which may be or become a violation of any health, fire or police or other governmental law, rule or regulation, or a nuisance or annoyance to the unit owners or neighborhood. Any violation of any law, order, rule or regulation, or requirement of any governmental authority or the Board of Directors shall be remedied by and at the sole cost and expense of the time-share interval owner or owners whose unit or units are the subject of such violation.

Section 3. No noise, disturbing to the time-share interval or unit owners, shall be made upon the common elements or in any time-share unit. Nothing shall be done or permitted to be done in or about the common elements or in any unit that interferes with, obstructs or violates the rights, reasonable comforts or convenience of the time-share interval and unit owners.

Section 4. Nothing shall be kept in any time-share unit, which may in any way increase the rate of insurance on the buildings, or other common elements, beyond the rate established therefore when and as used for the purposes permitted under the Declaration and By-Laws. The use of personal grills, hibachis, or other outdoor cooking equipment on balconies, deck areas or otherwise in or around the units or common elements is prohibited. Sunshades, awnings or other similar devices may not be used on balconies. Draping of any article including towels, swimwear, etc., on the balconies is not permitted. Further, nothing shall be done or permitted to be done that will conflict with any law, rule or regulation.

Section 5. No vermin, insects or other pests shall be allowed to remain in any time-share unit nor shall any such unit be permitted to remain in an unclean or unsanitary condition. In order to secure compliance

with this subparagraph, the Board of Directors, its agents, employees and contractors may enter any room or any unit in the building at any reasonable hour of the day, after reasonable notice, for the purposes of inspecting such room or unit for the presence of any vermin, insects or other pests, and for the purpose of taking such measures as may be necessary to control or exterminate such vermin, insects or other pests.

Section 6. Neither clothing, curtains, rugs, towels or other articles shall be shaken from or on the walkways, stairways, windows, doors, landing, porches, or balconies nor shall anything be placed on or hung from the windows, porches, or balconies or the front façade, or thrown from doors, windows, porches or balconies nor shall any sign of any kind be displayed upon the property except to the extent permitted by the Board of Directors.

Section 7. The maintenance, upkeep, breeding, boarding or raising of animals, livestock, or poultry of any kind, regardless of number, shall be and is hereby prohibited within any time-share unit or upon the common elements, except for animals trained for the assistance of physically impaired persons (such as seeing-eye dogs).

Section 8. There shall be no violation of any rules for the use of the common elements, or other "house rules" which may from time to time be adopted by the Board of Directors and promulgated among the membership by them in writing, provided that such rules are adopted after due notice to time-share interval owners, with an opportunity to comment or request an individual exception to the rule in accordance with Section 11A-105 of the Maryland Time-Share Act.

Section 9. The Board of Directors may also establish rules for the orderly administration of the time-share project including, but not limited to: check-in and check-out procedures; use of appliances and installed equipment; security deposit; parking restrictions; trash disposal; and telephone usage.

Section 10. Complaints regarding the service of the time-share project shall be made in writing to the Manager, as long as the Management Agreement remains in effect, and thereafter, to the Board of Directors.

Section 11. No unit shall be occupied overnight by a number of persons in excess of such occupancy limits as are imposed by law.

Section 12. The Manager, as long as the Management Agreement remains in effect, and thereafter the Board of Directors, reserves the right to promulgate additional Rules and Regulations as may be required from time to time without the consent of the Association and its members. Such additional Rules and Regulations shall be binding upon the members as all other Rules and Regulations previously adopted.

Section 13. Employees of the Manager shall not be sent off the premises by any unit owner at any time for any purpose. No owner shall direct, supervise, or in any manner attempt to assert any control over the employees of the Manager of the Association.

Section 14. The Board of Directors expects all owners and their guests to comply with the requirements set forth in the Rules and Regulations. Enforcement authority of the provisions in this document has been delegated to the Management. Any owner or guest who has been advised by the Management that they are in violation of the Rules and Regulations will immediately cease and desist the activity.

Section 15. No owner shall store or leave boats, trailers, mobile homes, recreational vehicles and the like on condominium property except in areas designated for same.

## **ARTICLE 12**

### **Insurance**

Section 1. Pursuant to the provisions of Section 11A-111 of the Maryland Time-Share Act, the Ocean High Condominium Association shall obtain and maintain, to the extent reasonably available, at least the following:

- (a) Property insurance on the contents of the units submitted to the time-share project, insuring against all risks of direct physical loss commonly insured against. The total amount of insurance after application of any deductibles may not be less than eighty percent (80%) of the actual cash value of the insured property;
- (b) Comprehensive general liability insurance, including medical payment insurance in an amount determined by the Board of Directors but not less than any amount specified in the Declaration, covering all occurrences commonly insured against for death, bodily injury and property damage arising out of, or in connection

with the use, ownership, or maintenance of the units submitted in the time-share project.

- (c) Flood insurance on the units submitted to the time-share project in such amounts and upon such terms as may be available through the National Flood Insurance Program.

### ARTICLE 13

#### Casualty Damage – Reconstruction or Repair

Section 1. Use of Insurance Proceeds. In the event of damage or destruction by fire or other casualty, the same shall be promptly repaired or reconstructed in substantial conformity with the original plans and specifications with the proceeds of insurance available for that purpose, subject to the limitations as set forth in Section 11A-111(d) of the Maryland Time-Share Act.

### ARTICLE 14

#### Fiscal Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January, every year. The commencement date of the fiscal year established herein shall be subject to change by the Board of Directors.

Section 2. Books and Accounts. Books and accounts of the Association shall be kept under the direction of the Treasurer in accordance with generally accepted accounting principles.

Section 3. Auditing. At the direction of the Board of Directors, the books and records of the Association shall be audited or reviewed by an independent Certified Public Accountant, whose report shall be prepared and certified in accordance with generally accepted auditing standards.

Section 4. Inspection of Books. The books and accounts of the Association, and vouchers accrediting the entries made thereupon shall be available for examination by the members of the Association or their duly authorized agents or attorneys, during normal business hours, and after reasonable notice.

Section 5. Execution of Association Documents. With the prior authorization of the Board of Directors, all notes and contracts shall be executed on behalf of the Association by either the President or Vice President, and all checks shall be executed on behalf of the Association by such officers, agents or

other persons as are so authorized by the Board of Directors.

### ARTICLE 15

#### Amendment

Section 1. Amendments. These By-Laws may be amended by two-thirds majority affirmative vote of the members at a duly called meeting, provided the notice of the meeting includes a statement that By-Law changes are to be presented, and that a quorum is present as defined in Article 6, Section 5. Amendments to these By-Laws shall become effective immediately, as long as the amendments are recorded within 30 days among the Land Records for Worcester County, Maryland.

### ARTICLE 16

#### Compliance – Interpretation – Miscellaneous

Section 1. Compliance. These By-Laws are set forth in compliance with requirements of the Maryland Condominium Act and the Maryland Time-Share Act.

Section 2. Conflict. These By-Laws are subordinate and subject to all provisions of the Declaration and to the Maryland Condominium Act and the Maryland Time-Share Act. All of the terms thereof, except where clearly repugnant to the context shall have the same meaning as in the Declaration or the aforesaid statute. In the event of any conflict between these By-Laws and the Declaration, the provisions of the Declaration shall control; and in the event of any conflict between the aforesaid Declaration and the Maryland Condominium Act or the Maryland Time-Share Act, the provisions of the statute shall control.

Section 3. Resident Agent. The Board of Directors shall designate a resident agent as the person authorized to accept service or process in any action relating to the Ocean High Condominium Association as required under the Corporations and Associations Article of the *Annotated Code of Maryland*. The Ocean High Condominium Association shall cause any change to the name of the Resident Agent, or the location of the principal office of the Association to be filed with the appropriate state agencies in accordance with the Corporations and Associations Article of the *Annotated Code of Maryland*.

Section 4. Notices. Unless another type of notice is herein elsewhere specifically provided for, any and all notices called for in the Declaration or in these By-Laws shall be given in writing.

Section 5. Severability. In the event any provision or provisions of these By-Laws shall be determined to be invalid, void or unenforceable, such determination shall not render invalid, void or unenforceable any other provisions hereof which can be given effect.

Section 6. Waiver. No restriction, condition, obligation or provision of these By-Laws shall be deemed to have been abrogated or waived by reason of any failure or failures to enforce the same.

Section 7. Captions. The captions contained in these By-Laws are for convenience only and are not a part of these By-Laws and are not intended in any way to limit or enlarge the terms and provisions of these By-Laws.

Section 8. Gender and Number. Whenever in these By-Laws the context so requires, the singular number shall include the plural and the converse, and the use of any gender shall be deemed to include all genders.