

NOTTINGHAM

SWIM

CLUB

NOTTINGHAM SWIM CLUB, INC. ("the Club") is a Maryland non-profit corporation, owned by its members. It operates the Nottingham Swim Club, located in the Fields of Nottingham in the Town of Mt. Airy, Maryland. The Club was developed and built by the developer of the Fields of Nottingham community, as an additional amenity of the residents of the Nottingham community and the surrounding area.

The Club is governed by its board of directors, in accordance with its written by-laws. The initial board of directors is appointed by the developer; subsequently, the board is elected by the Club members. The president and the other officers of the Club are members of the board, elected by the board.

Membership in the Club is limited to a total of 560 members. All memberships are family memberships and all who are immediate family residing in the member's household are entitled to use the Club facilities. The initial membership contribution is \$1,000.00. Initial annual dues are \$450.00*. The membership contribution is refundable when a member resigns, according to the following schedule: The first 300 members, as recorded on the membership certificate each member receives when he or she joins, will be entitled to receive one hundred percent (100%) of the membership contribution that they paid if and when they resign their membership; subsequent members will be entitled to receive eighty percent (80%) of their membership contribution. Memberships may be resigned at any time; however, membership contributions will be redeemed only when the Club has at least 400 members and there is a qualified applicant available to replace the resigning member.

The Club's membership year begins March 1, 2000; annual dues will be due and payable at that time.

Membership is open to residents of the Nottingham communities, the Town of Mt. Airy, and others.

* As of 2007 annual dues are \$475.00.

NOTTINGHAM SWIM CLUB, INC.
BY-LAWS

Table of Contents

ARTICLE I. PURPOSE OF CLUB

ARTICLE II. DEFINITIONS

ARTICLE III. MEMBERS MEETING

- Section 1. Annual Meeting
- Section 2. Date and Place of Annual Meeting
- Section 3. Special Meeting
- Section 4. Notices
- Section 5. Quorum
- Section 6. Proxies
- Section 7. Voting Percentage
- Section 8. Action Without Meetings
- Section 9. Fixing of Record Date

ARTICLE IV. BOARD OF DIRECTORS

- Section 1. Number and Qualifications
- Section 2. Election

ARTICLE V. MEETINGS OF BOARD OF DIRECTORS

- Section 1. Annual Meeting
- Section 2. Quorum
- Section 3. Regular Meetings
- Section 4. Special Meetings
- Section 5. Notices

ARTICLE VI. POWERS OF THE BOARD OF DIRECTORS

- Section 1. Management of the Club
- Section 2. Duties and Powers
- Section 3. Issuance of Memberships
- Section 4. Compensation
- Section 5. Interpretation of By-laws
- Section 6. Action Without Meetings
- Section 7. Telephonic Meetings

ARTICLE VII. OFFICERS

ARTICLE VIII. DUTIES OF OFFICERS

- Section 1. President
- Section 2. Vice President
- Section 3. Secretary
- Section 4. Treasurer

- Section 5. Other Officers
- Section 6. Duties of Officers
- Section 7. Removal from Office

ARTICLE IX. COMMITTEES

- Section 1. Executive Committee
- Section 2. Nominating Committee
- Section 3. Standing Committees
- Section 4. Ad Hoc Committees
- Section 5. Powers of Committees
- Section 6. Terms of Committee Chairmen and Committee Members

ARTICLE X. EQUITY MEMBERSHIPS

- Section 1. Number of Equity Members
- Section 2. Eligibility for Equity Memberships
- Section 3. Use Privileges of Equity Memberships
- Section 4. Membership Contribution
- Section 5. Voting Privileges
- Section 6. Application for Equity Membership Privileges
- Section 7. Membership Certificates
- Section 8. Resignation-Transferability of Memberships
- Section 9. Transfer Upon Death or Divorce

ARTICLE XI. GUEST PRIVILEGES

ARTICLE XII. DUES, FEES AND CHARGES

ARTICLE XIII. DELINQUENCIES

- Section 1. Statement
- Section 2. Liens

ARTICLE XIV. DISCIPLINE

- Section 1. Board Action
- Section 2. Suspension
- Section 3. Resignation-Request by Board
- Section 4. Expulsion

ARTICLE XV. CORPORATE SEAL

ARTICLE XVI. MISCELLANEOUS.

- Section 1. Fiscal Year
- Section 2. Assessments
- Section 3. Conflict Between By-Laws and Articles of Incorporation

ARTICLE XVII. AMENDMENTS

- Section 1. By Equity Members
- Section 2. By Board of Directors and the Developer Prior to the Closing Date
- Section 3. Restrictions on Amendment

ARTICLE I

Purpose of Club

The nature and purpose of NOTTINGHAM SWIM CLUB, INC. (hereinafter referred to as the "Club") is to own and operate on a not for profit basis a swimming and social club for the recreation, pleasure and benefit of its members, their families and their guests.

ARTICLE II

Definitions

1. "Developer" - Stephens Property, LLC, a Maryland limited liability company, or its legal successors or assigns;
2. "Closing Date" – The date of the next scheduled annual meeting of Club members following occurrence of the Closing Conditions (as defined in Article IV, Section 1 of these By-laws); on or before this date the Developer shall convey the real property upon which the Club facilities are located to the Club;
3. "Club Facilities" – The pool, clubhouse, improvements and amenities owned by the Club;
4. "Equity Members" - Those persons admitted to membership in the Club (as described in Article X of these By-laws);
5. "Nottingham Community" – Collectively, the communities or subdivisions known as the Village of Nottingham, the Fields of Nottingham, the Woodlands at Nottingham, and other subdivisions, if any, located contiguous or proximate to these subdivisions and developed by Stephens Property, LLC, CB Land, LLC, Catonsville Builders, Inc. or a related entity.
6. "Office" - The principal office of the Club which shall be at 10753 Birmingham Way, Woodstock, Maryland 21163; the Club may also have an office or offices at such other place or places as the business of the Club may require and the Board of Directors may from time to time appoint.

ARTICLE III

Members Meetings

1. Annual Meeting

An annual meeting of the Equity Members of the Club shall be held for the purposes of receiving reports of officers and others, to elect members to the Board of Directors (on and after the "Closing Date," as defined herein) and for such other business as may be properly brought before the meeting.

2. Date and Place of Annual Meeting

All meetings of Equity Members shall be held at such place as may be designated in the By-Laws or fixed by the Board of Directors, pursuant to the By-Laws. Annual meetings of Equity Members, commencing with the year 2001, shall be held on the 2nd Monday of April, in each year, if not a legal holiday, and if a legal holiday, then on the next secular day following, at 7:30 p.m.

3. Special Meeting

Special meetings of the Equity Members may be called by the President, a majority of the members of the Board of Directors or, if after the Closing Date, by the written request of twenty-five percent (25%) or more of the Equity Members of the Club then entitled to vote. A request for a special meeting shall be submitted to the President who shall call a special meeting within thirty (30) days of the date of receipt of the request. Notices of any special meeting must contain a statement of the purpose for which the special meeting is called and no other business may be transacted at that meeting.

4. Notices

The Secretary shall give at least ten (10) days, but not more than sixty (60) days, prior notice, by mail, prepaid, to all Equity Members of the Club, stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the special meeting is called. Notice of any meeting shall be posted on the official bulletin board at the clubhouse on the date of its mailing to the Equity Members.

5. Quorum

The presence, either in person or by proxy, of Equity Members having fifty percent (50%) of the votes then entitled to be voted shall constitute a quorum at any meeting of the Equity Members.

6. Proxies

The Board of Directors will determine the form and procedure for the use of proxies.

7. Voting Percentage

A majority of the votes cast is necessary for passage of any motion, except as otherwise expressly provided herein.

8. Action Without Meetings

Action may be taken by the Equity Members of the Club only at a properly called and noticed annual or special meeting of the Equity Members. Action may not be taken by the written consent of the Equity Members in lieu of such.

9. Fixing of Record Date

For the purpose of determining the Equity Members entitled to notice of or to vote at any meeting of the Equity Members, or in order to make a determination of the Equity Members for any other proper purpose, the Board of Directors of the Club may fix in advance a date as the record date for any such determination of the Equity Members, such in any case to be no more than sixty (60) days and not less than ten (10) days, before the date of such meeting. If no record date is fixed for the determination of the Equity Members entitled to notice of, or to vote at, a meeting of the Equity Members, the date on which notice of the meeting is delivered shall be the record date for such determination of the Equity Members. When determination of the Equity Members entitled to vote at any meeting of the Equity Members has been made, such determination shall apply to any adjournment of the meeting.

ARTICLE IV

Board of Directors

1. Number and Qualifications

The government and administration of the affairs and the property of the Club shall be vested in a Board of Directors.

The initial Board of Directors ("Initial Board") shall be comprised of three persons appointed by the Developer. Members of the Initial Board may, but are not required to, be members of the Club. In the event any member of the Initial Board dies, is disabled, resigns or is otherwise unable to serve or continue to serve, the Developer shall appoint a successor. The Initial Board shall serve until such time as: 1) All financial obligations of the Club to the Developer are satisfied or released; 2) All financial obligations, including contingent obligations, which the Developer has assumed or undertaken for, on behalf of, or related to the Club are satisfied or released, and; 3) ninety per cent (90%) of the developable residential lots in the Nottingham community have been built and sold to retail purchasers (collectively, the "Closing Conditions"). When the Closing Conditions have occurred then on the date of the next scheduled Annual Meeting the Initial Board shall resign and at said Annual Meeting the members shall elect seven (7) Equity Members who shall become the new Board of Directors effective as of the Closing Date. The seven (7) Equity Members shall serve on the Board of Directors commencing on the Closing Date as follows: two (2) members shall serve for three years commencing on the Closing Date, (ii) three (3) members shall serve for two years commencing on the Closing Date, and (iii) two (2) members shall serve for one year commencing on the Closing Date. After the Closing Date, Equity Members will elect the number of members whose terms are expiring to the Board of Directors who will serve for three (3) year terms. After the Closing Date, only persons who are Equity Members of the Club shall be eligible to be members of the Board of Directors.

2. Elections

a. There shall be no cumulative voting and no preemptive rights.

b. Voting shall either be in person or by proxy.

c. In any election for the Board of Directors, candidates will be ranked according to the number of votes received. The number of candidates necessary to fill the vacancies on the Board of Directors receiving the highest number of votes at the annual meeting of the Equity Members for each designated term shall be declared elected.

ARTICLE V

Meetings of Board of Directors

1. Annual Meeting

Each year the Board of Directors shall hold its annual meeting to elect officers and to consider any other matters that may be properly brought before the meeting. After the Closing Date, the annual meeting of the Board of Directors shall be held within ten (10) days after the annual meeting of the Equity Members.

2. Quorum

A majority of the Board of Directors shall constitute a quorum at any meeting for the transaction of business.

3. Regular Meetings

The Board of Directors shall have regular meetings in each year at such times as the Board of Directors shall determine. Except as expressly provided otherwise herein, a majority of votes cast is necessary for passage of any motion.

4. Special Meetings

Special meetings of the Board of Directors may be called by or at the request of the President or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place as the place for holding any special meeting of the Board of Directors called by them.

5. Notices

Notice of any regular or special meeting of the Board of Directors shall be given at least two (2) days previous thereto by written notice to each director at his or her address as shown by

the records of the Club, except that no special meeting of directors may remove a director unless written notice of the proposed removal is delivered to all directors at least twenty (20) days prior to such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. Notice of any special meeting of the Board of Directors may be waived in writing signed by the person or persons entitled to the notice either before or after the time of the meeting. The attendance of a director at any Meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or these By-Laws.

ARTICLE VI

Powers of the Board of Directors

1. Management of the Club

The Board of Directors shall exercise all powers of the Club and do all acts and things necessary to carry out purposes of the Club.

2. Duties and Powers

The Board of Directors shall:

- a. Elect the officers of the Club;
- b. Appoint committees and assign duties;
- c. Fill vacancies on the Board of Directors due to death, resignation, inability to perform duties, or otherwise, until the next election of directors by the Equity Members, if the vacancy is created by a member of the Board of Directors elected by the Equity Members;
- d. Appoint managers and other employees and delegate such authority as is considered necessary for the proper operation and management of the Club;
- e. Adopt, alter, amend or repeal the General Club Rules governing use of the Club and all of its facilities by members, their families and their guests;
- f. Establish the amount of the membership contribution for an Equity Membership and its terms of payment, and the amount of dues, fees and other charges;
- g. Have the power to replace any director who shall fail to attend fifty percent

(50%) of the regular meetings of the Board of Directors in any one (1) membership year. Members of the Board of Directors appointed by the Developer may be removed only by the Developer and may be removed at any time with or without cause and replaced upon submission of written notice of the removal and replacement to the Board of Directors;

h. Have the power to expend funds to the extent of the amount in the Club's treasury or owing to the Club; to make contracts, borrow money and incur indebtedness on behalf of the Club; and to cause promissory notes, bonds, mortgages or other evidences of indebtedness to be executed and issued;

i. Have the power to exchange rights to use the Club Facilities with member of other clubs; and

j. Do such other acts and things as are permitted by the laws of Maryland with respect to not-for-profit corporations, as those laws now exist or as they may hereafter provide.

3. Issuance of Memberships

The Board of Directors shall have authority to issue, cancel and transfer memberships and shall have certificates of membership prepared in form and content consistent with the provisions of the Articles of Incorporation and these By-Laws of the Club.

4. Compensation

No director shall receive a salary or any other compensation whatsoever but shall be entitled to reimbursement for all expenses reasonably incurred in performing any duties pursuant to these By-Laws.

5. Interpretation of By-Laws

The Board of Directors shall have the corporate power to generally do everything permitted by nonprofit corporations by law, statute, its Articles of Incorporation and these By-Laws, and to determine the interpretation of these By-Laws, or any parts thereof, which may be in conflict or of doubtful meaning, and their decision shall be final and conclusive.

6. Action Without Meetings

Any action that may be taken by the Board of Directors, or any committee thereof, may be taken without a meeting if consent in writing setting forth the action taken, signed by all of the directors entitled to vote, or all of the members of the committee, as the case may be, is filed in the minutes of the proceedings of the Board of Directors or the committee. A consent shall have the effect of a unanimous vote.

7. Telephonic Meetings

Members of the Board of Directors may participate in any meeting by means of a conference telephone or similar communications equipment. All persons participating in the meeting must be able to hear each other at the same time. Participation by such means will constitute presence in person at the meeting.

ARTICLE VII

Officers

The Board of Directors at each annual meeting shall elect from among the Board members to serve for a term of one (1) year and until their successors shall be elected, a President, Vice President, Treasurer and Secretary, and such other officers as the Board of Directors may from time to time determine appropriate. The officers shall not be liable for the debts of the Club.

ARTICLE VIII

Duties of Officers

1. President

The President shall preside at all meetings of the Equity Members and the directors and enforce observance of the provisions of these By-Laws and all General Club Rules of the Club. The President may call special meetings of the Board of Directors, shall be an ex-officio member of all committees and is empowered to execute all papers and documents requiring execution in the name of the Club.

2. Vice President

The Vice President shall assist the President in his or her duties, and in the absence or disability of the President, the Vice President shall perform and carry out all duties and responsibilities of the President.

3. Secretary

The Secretary shall keep, or cause to be kept, records and minutes of all meetings of the Board of Directors and the membership, and the Secretary shall be responsible for giving all required notices of meetings. The Secretary shall have custody of the Seal of the Club and all membership records shall be kept under the supervision of the Secretary.

4. Treasurer

The Treasurer shall be chairperson of the Finance Committee. The Treasurer shall cause to be collected, held and disbursed, under the direction of the Board of Directors, all monies of the Club, and it shall be the Treasurer's duty to collect monies due the Club from the issuance of

memberships, dues and charges of members of the Club, and all amounts due from others. The Treasurer shall keep or cause to be kept, at the Club, regular books of account and all financial records of the Club, and shall prepare budgets and financial statements, when and in the form requested by the Board of Directors. The Treasurer shall deposit or cause to be deposited all monies of the Club in an account or accounts in the Club's name, in the bank or banks designated by the Board of Directors and, if so determined by the Board of Directors, may be required to give a surety bond for faithful performance in the amount directed by the Board of Directors, which surety bond premium shall be paid by the Club. Any other person or persons having access to monies of the Club or its bank accounts may be required to be similarly bonded.

5. Other Officers

The Board of Directors may fill vacancies in any office or new office created at any meeting of the Board of Directors.

6. Duties of Officers

Any officer may be given additional assignments and duties by the Board of Directors.

7. Removal From Office

Any officer may be removed from office, with or without cause, by a majority vote of the members of the Board of Directors.

ARTICLE IX

Committees

1. Nominating Committee

a. Beginning no more than ninety (90) days and not less than sixty (60) days prior to the Closing Date and for each annual meeting thereafter, the Board of Directors shall appoint a Nominating Committee consisting of five (5) Equity Members. Members of the Nominating Committee shall serve for a term of one (1) year or until their successors are appointed and qualified. Unless specifically requested by a majority of the Board of Directors, the Nominating Committee shall not nominate candidates to fill any vacancies occurring by reason of death resignation or otherwise, for any unexpired term.

b. The Nominating Committee shall recommend, at least thirty (30) days prior to the annual meeting of the Equity Members, the names of the Equity Members selected by a majority vote of the Nominating Committee to be submitted to the Equity Members of the Club at any annual meeting at which an election to the Board of Directors is held.

c. Ten percent (10%) or more of the total number of Equity Members entitled to vote who are not members of the Nominating Committee or the Board of Directors may also nominate

candidates for the Board of Directors by petition signed by these Equity Members and filed with the Secretary of the Club at least thirty (30) days prior to the annual meeting of the Equity Members. The names of these nominees, after having been certified by the Secretary of the Club or any other officer that they are qualified for election and having been nominated in accordance with the provisions of these By-Laws, shall be posted on the official bulletin board at the clubhouse and shall be included on any proxy mailing to the Equity Members of the Club.

2. Standing Committees

The President, subject to the approval of the Board of Directors, may, but shall not be obligated to, establish committees and designate the chairman (who shall be a director) and members of each of the following committees: Membership, Finance, House, and Grievance.

a. The Membership Committee shall investigate all applications for a resigned membership from the Club and shall report its recommendation to the Board of Directors. The Board of Directors shall make its decision in accordance with Section 6 of Article X of these By-Laws.

b. The Finance Committee shall in general supervise, direct and control all matters pertaining to the Club's finances including, but not limited to, the placing of insurance, the filing of tax returns, the payment of taxes, the preparation of the annual operating budget, the preparation of the current reports for the Board of Directors on the Club's financial condition and the issuance to Equity Members of a condensed annual operating statement. The Finance Committee shall have the power, with the approval of the Board of Directors, to direct the General Manager to employ, at the expense of the Club, such clerical aid and assistance as may be necessary to handle the accounts.

c. Each of the following committees, subject to the approval of the Board of Directors, shall formulate programs and submit them with recommendations to the Board of Directors for approval. The officers of the Club shall have control of the execution of the programs and recommendations approved by the Board of Directors. Each committee shall act only as a consultant and advisor to the Board of Directors and officers and may not act on behalf of the Club or bind it to any actions.

(i) House Committee. The House Committee shall advise the Board of Directors on matters concerning the operations of the clubhouse and the equipment, furnishings and property therein, including, but not limited to, the supervision of all building construction and the maintenance, repair, and supervision of all water and electrical lines and the facilities and equipment used in connection therewith.

(ii) Grievance Committee. The Grievance Committee shall consist of five (5) Equity Members, three (3) of whom shall be members of the Board of Directors. All written complaints relative to any member's conduct shall first be referred to the Grievance Committee. The Grievance Committee shall perform such

investigation as it deems necessary and shall present its recommendation to the Board of Directors in executive session. If the Grievance Committee's recommendation of a formal charge is approved by the Board of Directors, the committee shall draft and submit to the Board of Directors a letter of complaint. The Grievance Committee shall have no power of suspension or expulsion, but may have such powers of censure as may be directed by the Board of Directors.

3. Ad Hoc Committees

The President, subject to the approval of the Board of Directors, may, from time to time: (i) appoint ad hoc committees with the powers and composition as the President shall determine, (ii) determine the powers and composition of the committees and the term of committee chairperson and members, and (iii) replace committee chairpersons or members at any time, without cause.

4. Powers of Committees

The several committees shall act only as advisory committees, and the individual members thereof shall have no power or authority. The chairperson of each committee may appoint from the members of the committee such sub-committees as he or she deems desirable. All sub-committees shall report directly to the committee as a whole, which shall approve, amend or disapprove the report of the sub-committee.

5. Terms of Committee Chairpersons and Committee Members.

Each committee chairperson and each member of a committee shall serve until their replacement is designated as provided in Section 4 of this Article.

ARTICLE X

Equity Memberships

1. Number of Equity Members

Although the Club shall initially issue only one type of membership, known as an "Equity Membership," the Club reserves the right to offer an additional category of equity membership, to be known as Charter Memberships, to persons designated by the Developer from time to time. The membership privileges of those Charter Memberships shall be the same as for Equity Memberships generally. The total number of Charter Memberships issued and outstanding at any one time shall not exceed ten (10). Charter Memberships may be transferred by the Developer in its sole discretion. Each Equity Membership, including Charter Memberships, represents an equity ownership interest in the Club. The total number of all Equity Memberships, including Charter Memberships, shall be limited to five hundred and sixty (560).

2. Eligibility for Equity Memberships

Equity membership in the Club is by application and acceptance only. Retail purchasers and owners of residential units or lots in the Nottingham Community, residents of the Town of Mt. Airy and other designated persons shall be eligible for membership at the Club.

The number of memberships available is limited and, except as otherwise provided, memberships will be available to eligible persons on a first-come, first-served basis. There is no assurance that a membership will be available at the time of application. If a membership is not available, the Club will establish a waiting list of those eligible persons desiring to acquire a membership in the Club. The membership contribution to be paid for a membership will be that charged on the date the Equity Membership is issued to the member.

The Club may reserve unissued Equity Memberships from time to time for future purchasers of residential units or lots in The Fields of Nottingham and/or The Village of Nottingham communities in its sole and absolute discretion. Reserved memberships are not considered as available memberships and the Club may not be compelled to sell a reserved membership. The Club may offer the reserved membership for sale to any person designated by the Developer from time to time in its sole and absolute discretion. No dues or other fees shall be charged or due with respect to reserved memberships, until such memberships are sold and issued by the Club to a member.

3. Use Privileges of Equity Memberships

All membership privileges are subject to these By-Laws and the General Club Rules of the Club, as they may be amended from time to time.

Equity Members are permitted to use all of the facilities of the Club. The membership entitles the member and the immediate family of the member to use the Club Facilities. A member's immediate family shall include the member's spouse and their unmarried children under the age of twenty-three, who live at home or attend school on a full-time basis.

4. Membership Contribution

Except for Charter Members, persons desiring to become Equity Members in the Club shall pay a Membership Contribution in the amount and in the manner set forth in their Membership Purchase Agreement. The Membership Contribution for memberships may be increased or decreased from time to time. Until after the Closing Date and the initial sale of all of the Equity Memberships permitted to be issued in the Club, the Developer will determine the Membership Contribution. Until the Closing Date and the initial sale of all of the Equity Memberships permitted to be issued in the Club, the Membership Contribution for Equity Memberships that are available for sale by the Club because of the resignation of an Equity Membership shall be equal to the Membership Contribution then currently established by the Developer for previously unissued Equity Memberships. After the Closing Date and the initial sale of all Equity Memberships permitted to be issued by the Club, the Board of Directors of the Club will determine the Membership Contribution for an Equity Membership.

5. Voting Privileges

Each Equity Membership entitles the member to vote on all matters to be voted on by the Equity Members. Equity Members are entitled to one vote per membership.

6. Application for Equity Membership Privileges

a. Prior to the Closing Date all applicants acquiring a previously unissued Equity Membership from the Club must be approved by the Developer, in its sole and absolute discretion. All applicants acquiring a previously issued Equity Membership from the Club must be approved by a majority vote of the Board of Directors. The Board of Directors, through its membership committee, will undertake the necessary investigation and appraisal of an applicant. This may include an interview with the applicant at the sole discretion of the Board of Directors. Three (3) dissenting votes of members of the Board of Directors shall constitute disapproval.

b. Except for Charter Members a person desiring a membership in the Club must submit an Application for Equity Membership Privileges and Membership Purchase Agreement. The Application for Equity Membership Privileges and Membership Purchase Agreement must be completed in full. After receiving the application materials, a determination will be made whether the applicant has satisfied the relevant conditions for admission to the Club. If the applicant has satisfied those conditions, the applicant will be notified in writing that the application has been acted upon favorably. Within thirty (30) days after the date of written notice that the Application has been approved, the member must pay to the Club the required Membership Contribution.

c. If approved for membership in the Club, the applicant agrees to be bound by the terms and conditions of this membership program as amended from time to time and irrevocably agrees to fully substitute the membership privileges acquired pursuant to the membership program for any present or prior rights in or to use the Club Facilities.

d. Applicants approved for membership who fail to make the membership contribution for membership and dues, fees and other charges within thirty (30) days after notice that they are due and payable may forfeit their right to membership.

e. Comments from members with respect to prospective members shall be privileged communications and only the Membership Committee and the Board of Directors (and no one else) shall have access to such communications.

7. Membership Certificates

a. Every accepted Equity Member who has paid the required membership contribution in full, and Charter Members, shall receive a membership certificate. Each membership certificate shall be in a form approved by the Board of Directors and shall be subscribed by the President and Secretary and under the seal of the Club.

b. Membership certificates are not redeemable or transferable except as specifically provided by these By-Laws and then only through the Treasurer of the Club. Whenever any person shall cease to be an Equity Member, whether by death, resignation, recall, expulsion or other provisions of these By-Laws, such cessation shall operate to authorize the Treasurer of the Club to effectuate the redemption, cancellation, purchase or sale of the Equity Membership in accordance with and in the manner prescribed by these By-Laws.

8. Resignation-Transferability of Memberships

a. Equity Memberships are not transferable or assignable except as provided in this Section 8 or Section 9 hereof.

b. Equity Members may sell or otherwise transfer their memberships only to the Club. Members who desire to sell their memberships must give the Club written notice that their memberships are resigned and available for the Club to repurchase.

c. A resigned membership will be placed on the sellers waiting list to be repurchased by the Club and reissued on a first-come, first-served basis to the first person on the buyers waiting list.

d. As a general rule, the Club is obligated to repurchase a resigned Equity Membership only after the initial issuance of four hundred (400) Equity Memberships in the Club and an individual acceptable to the Club pays the required membership contribution. After the initial issuance of four hundred (400) Equity Memberships in the Club, every sixth Equity Membership will be the next resigned Equity Membership on the sellers waiting list. The other five memberships will be issued from the Club's unissued Equity Memberships.

e. Until the initial issuance of four hundred (400) Equity Memberships in the Club, any person desiring membership privileges in the Club must acquire a previously unissued Equity Membership from the Club, if available. If a previously unissued Equity Membership is not available from the Club, the Club will establish a buyers waiting list. If there is no buyers' waiting list, the resigning member may arrange for the Club to repurchase the membership and reissue it to the purchaser of the resigning member's residential unit or lot.

f. Until the initial sale of all residential units and lots in the Nottingham Community, the Developer has the right to purchase all resigned Equity Memberships which are available for repurchase by the Club. The amount to be paid by the Developer for the purchase of a resigned Equity Membership shall be the full amount of the Membership Contribution then being charged for the Equity Membership. The Developer shall have the right to issue the Equity Membership to any person approved by the Developer.

g. A resigned Equity Member is entitled to repayment of the Membership Contribution only after the Equity Membership has been repurchased by the Club and reissued to a new Equity Member who has paid the required Membership Contribution. Subject to the

conditions set forth above, the first three hundred (300) Equity Members shall be entitled to receive one hundred per cent (100%) of the Membership Contribution actually paid. Thereafter, the amount of the Membership Contribution which the resigned Equity Member is entitled to receive will be eighty percent (80%) of the Membership Contribution actually paid by the resigned member for the Equity Membership.

The Club will deduct from the amount to be repaid to the resigned Equity Member any amount which the resigned member owes to the Club.

h. An Equity Member who resigns membership in the Club will not be required to pay dues, assessment and other charges associated with the resigned membership after the resignation is effective.

Regardless of whether a membership is repurchased during a membership year, the resigned member will not be entitled to a refund of any dues or other fees paid in advance for the remainder of the membership year or any portion thereafter.

9. Transfer Upon Death or Divorce

a. Upon the death of an Equity Member, the Equity Membership automatically passes to the surviving spouse, if any, without the spouse having to apply for membership. If the deceased Equity Member is not survived by a spouse, then the legatee or heir of the membership certificate, if eligible for membership in the Club and approved by the Board of Directors, shall have the right to acquire the deceased Equity Member's membership without the payment of any additional membership contribution. In this event, the legatee or heir of the membership certificate shall be required to notify the Club in writing of his or her desire to acquire the deceased Equity Member's membership in the Club. However, the legatee or heir must make application no later than one hundred twenty (120) days after the right to possession of the membership certificate, and pay all debt service and assessments for the intervening period between the date of the Equity Member's death and the date of the application, in addition to dues and all other applicable charges. If the legatee or heir does not apply for an Equity Membership within one hundred twenty (120) days after acquiring the right to possession of the membership certificate, the Equity Membership shall be surrendered to the Club, and thereafter, the Club may reissue the Equity Membership certificate, whereupon the Club shall pay the estate of the deceased Equity Member, upon payment of the membership contribution in Equity by the successor member, the amount due as provided in these By-Laws upon the transfer of an Equity Membership.

b. In the event married Equity Members are legally separated or divorced, title to the membership certificate, including all rights and benefits given to the holder thereof, shall vest in the spouse awarded the membership certificate. Both of the divorced or legally separated persons shall be required to give written notice to the Club designating the person who is entitled to the rights and privileges of the Equity Membership five (5) days after the divorce or legal separation is declared final. Until written notice has been provided to the Club, both spouses shall remain responsible for the payment of all dues, assessments, fees and charges associated with such Equity Membership.

ARTICLE XI

Guest Privileges

Guests of members may be extended guest privileges subject to applicable guest fees, charges and the General Club Rules established from time to time by the Board of Directors. Guest privileges may be denied, withdrawn or revoked at any time for reasons considered sufficient by the Board of Directors in its sole and absolute discretion.

Guests must be accompanied by the member at all times when using the Club Facilities, unless otherwise provided by the Club from time to time.

ARTICLE XII

Dues, Fees and Charges

The Club's membership year will constitute the twelve (12) month period commencing March 1 and ending on the last day of February. Each year the Directors of the Club will determine the amount of dues to be paid by each member for the next membership year. The dues and fees may be set at any level deemed appropriate by the Board of Directors of the Club.

Dues shall be due and payable in advance, on or before the first day the membership year, unless otherwise determined by the Club from time to time. Interest and/or late fees, in amounts to be determined by the Club, may be assessed on dues not paid in a timely manner. It shall be the policy of the Club that the dues and the other receipts of the Club shall be sufficient, insofar as it is possible to project, to meet the annual operating needs of the Club, including debt service. The failure of any member to pay their required dues and other fees within the prescribed time period shall constitute grounds for forfeiture of membership privileges in the Club. Charter Members shall not be subject to or charged dues in any amount.

ARTICLE XIII

Delinquencies

1. Statement

An itemized statement of any fees, assessments and current charges be mailed to each member. Any member failing to pay his or her indebtedness to the Club within thirty (30) days from the date of the statement shall be subject to such action determined appropriate by Board of Directors.

2. Liens

The Club shall have a lien against each Equity Membership for any unpaid dues or other fees of an Equity Member, which lien shall also accrue reasonable attorney fees incurred by the Club incident to the collection of the dues or other fees, or the enforcement of any lien, whether or not legal proceedings are initiated. The lien may, but need not be, recorded among the public records of Carroll County, Maryland by filing a claim therein that states the name of the Equity Member, the number of the Equity Membership and the amount claimed to be due. The lien shall continue in effect until all sums secured by the lien, together with all costs incurred in recording and enforcing the lien have been paid in Equity. A claim of lien may be signed by any officer of the Club. Upon full payment, the Equity Member making payment shall be entitled to be reinstated as an Equity Member in good standing of the Club and shall be entitled to a release of lien to be prepared and recorded at the Equity Member's expense. All liens may be foreclosed by the Club, in any action at law or in equity, or without legal proceedings upon five (5) days prior written notice of intended foreclosure, as may be deemed appropriate by the Club. The Club may also, at its option, sue to recover a money judgment for unpaid dues or other charges, without thereby waiving its lien securing the same.

No Equity Member shall be permitted to create, incur, assume or suffer to exist upon the Equity Member's membership any liens and security interests whatsoever except to the extent the lien and security interest represents a purchase money lien and security interest incurred as a result of acquiring the Equity Membership.

ARTICLE XIV

Discipline

Any member or any family member or guest of the member whose conduct shall be deemed by the appropriate committee to be improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members, may be reprimanded, fined, suspended or expelled from the Club by action of the Board of Directors. The Board of Directors shall be the sole judge of what constitutes improper conduct or conduct likely to endanger the welfare, safety, harmony or good reputation of the Club or its members.

1. Board Action

A member shall be notified of any proposed disciplinary action and shall be given an opportunity to be heard by the Board of Directors to show cause why the member should not be disciplined in accordance with this Article. If the member desires to be heard, the member must provide a written request for a hearing to the Board of Directors within thirty (30) days of the date of the Club's notice to the member of the proposed action. Upon the Board's receipt of the written request for a hearing, the Board of Directors shall set a time and date for such hearing, which shall in no event be less than ten (10) days after such request. While the complaint is being considered by the Board of Directors, the member shall enjoy all privileges of the Club to which the member was entitled prior to the complaint.

2. Suspension

The Board of Directors may suspend a member and/or any family member from some or all of the privileges of the Club for a period of up to one (1) year. Dues and other obligations shall accrue during each suspension and must be paid in full when due.

3. Resignation-Request by Board

The Board of Directors may, by a majority vote of the directors present, request the resignation of any member of the Club for cause deemed sufficient by the Board of Directors.

4. Expulsion

A member may be expelled or suspended by the Club if the appropriate committee of the Club determines that the member's conduct was improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members.

Any member of the Club who has been expelled shall not again be eligible for membership nor admitted to the Club Facilities under any circumstances. A member who has been expelled from the Club shall forfeit his or her membership in the Club and will be entitled to the return of any membership contribution paid for membership and a prorata portion of any dues and fees previously paid in advance to the Club. An expelled member shall be notified by registered mail and shall have the obligation to surrender the membership certificate and shall forfeit all rights and privileges of membership.

ARTICLE XV

Corporate Seal

The Corporate Seal of the Club shall be circular in form and shall have inscribed thereon the name of the corporation and the words 'seal,' Maryland "Nonprofit Corporation" and the year of incorporation. The corporate seal shall be in the possession of the Secretary of the Club and be affixed by the Secretary to all documents relating to the official acts of the Club, as authorized by the Board of Directors.

ARTICLE XVI

Miscellaneous

1. Fiscal Year

The fiscal year of the Club shall commence on the first day of January and conclude on the last day of December.

2. Assessments

The Board of Directors may find it necessary to make assessments, in addition to dues, to cover any operating deficits which may occur. Assessments to cover operating deficits incurred in the operation of the Club Facilities shall be prorated among the Equity Members in the Club, except Charter Members, who shall not be subject to assessments, based on the amount of annual dues charged to each of them during the year in which the deficit occurs.

There will be no assessments for capital expenditures unless approved by a majority of the outstanding votes of the Equity Members entitled to vote. Any assessment for capital expenditures shall be voted on by the Equity Members who will be required to pay the proposed capital assessment. Assessments for capital expenditures to the Club Facilities shall be voted on by all the Equity Members and shall be paid equally by all Equity Members, unless otherwise established by the Club.

The Club shall not make any capital or operating assessments or charge any dues or other fees on any Equity Membership held in escrow by the Developer, until and after such Equity Membership has been issued to a member desiring to use the Club Facilities. Non-equity members will not be assessed for capital or operating assessments.

3. Conflict Between By-Laws and Articles of Incorporation.

In the event of conflict between the terms of these By-Laws and the Articles of Incorporation, the terms of the Articles of Incorporation shall prevail.

4. The Developer and persons it may designate or invite shall have the right in its sole discretion to use the Club Facilities on an exclusive basis one day each year, on a date to be selected by Developer. On that day, the Club shall be closed to its members. Such use shall be without cost or charge to the Developer, except that Developer shall pay the actual, direct costs of lifeguards and other Club personnel required to operate the Club on such day.

ARTICLE XVII

Amendments

1. By Equity Members

Except as set forth in Section 3 below, these By-laws may be altered, amended, or repealed or new By-Laws may be adopted after the Closing Date and the initial sale of all Equity Memberships permitted to be issued in the Club by: (a) a majority vote of all of the members of the Board of Directors and (b) a majority of the votes cast by the Equity Members in person or by proxy at any duly called and constituted annual or special meeting of the members of the Club at which a quorum of the Equity Members is present either in person or by proxy. The proposed amendment must be set forth in the notice of the meeting.

Prior to the initial sale of all of the Equity Memberships permitted the Club, the Club will not alter, amend or change these By-Laws as said documents exist as of the Closing Date without the prior written consent of the Developer, which consent may be withheld in the sole and absolute discretion of the Developer.

2. By Board of Directors and the Developer Prior to the Closing Date

Prior to the Closing Date, the By-Laws may also be altered or amended by the Board of Directors, provided that the amendment or alteration is not materially adverse to the rights of the Equity Members and it is set forth in the notice of the meeting at which the matter is to be acted upon and provided that a majority of all of the members of the Board of Directors and the Developer approve the amendment or alteration.

3. Restrictions on Amendments

The ability of the members of the Club to change certain important provisions of this membership program has been limited to protect the rights of the members and the Developer. The Board of Directors of the Club or the members of the Club, even after the initial sale of all Equity Memberships, may not, without the prior written consent of the Developer, which consent may be withheld in the sole and absolute discretion of the Developer, change, modify or delete: (a) the rights, restrictions or limitations regarding any memberships held in escrow or by the Developer for membership contributions, dues, fees, assessments and other charges as described in the membership program as of the Closing Date, (b) the right of the Developer, its affiliates and assigns to use the Club Facilities from time to time as described in the membership program as of the Closing Date, (c) the rights and privileges of Charter Memberships, as described herein, (d) or this Section 3, Article XVII, of these By-Laws as of the Closing Date.

End of By-laws