

**CONSTITUTION AND BY-LAWS**  
**OF THE**  
**CARDEROCK SPRINGS SWIMMING CLUB, INC.**

**AS ADOPTED NOVEMBER 16, 2005 AND**  
**AMENDED NOVEMBER 10, 2008**

**TABLE OF CONTENTS**

ARTICLE 1: NATURE, PURPOSES, AND OWNERSHIP OF THE CLUB ..... 1

Section 1: Legal Nature of the Club ..... 1

Section 2: Purposes of the Club..... 1

Section 3: Material Provisions of Articles of Incorporation ..... 2

ARTICLE 2: MEMBERSHIPS..... 2

Section 1: Categories of Membership ..... 2

Section 2: Rentals of Houses Holding Sustaining Memberships..... 3

Section 3: Sale of Houses Holding Sustaining Memberships..... 3

Section 4 Guidelines and Priorities for the Sale of Memberships..... 4

Section 5: Limited Guest Privileges..... 5

Section 6: Suspension of Privileges ..... 5

ARTICLE 3: ANNUAL DUES, FEE, OTHER CHARGES, ASSESSMENTS,  
AND CAPITAL CONTRIBUTIONS TO BE PAID BY  
MEMBERSHIPS ..... 6

Section 1: Board Authorization to Set Payments by Memberships ..... 6

Section 2: Responsibilities of Each Membership..... 6

Section 3: Due Dates and Inactive Status ..... 6

Section 4: Assessments..... 7

Section 5: General Principles Governing Charges to Memberships..... 7

ARTICLE 4: MEETINGS OF MEMBERS AND VOTING RIGHTS OF MEMBERSHIPS .....	8
Section 1: Meetings of the Memberships of the Club .....	8
Section 2: Formal Notice of Meetings, Nominations, Budgets, Suspensions, and Extraordinary Actions.....	8
Section 3: Nominations of Officers/Directors.....	9
Section 4: Quorum for Membership Meetings .....	9
Section 5: Voting Provisions at Membership Meetings .....	9
Section 6: General Provisions on Conduct of Meetings .....	10
ARTICLE 5: BOARD AND OFFICERS.....	11
Section 1: Board of Directors, Officers, and Duties .....	11
Section 2: Meetings of the Board and Quorums at Board Meeting .....	12
Section 3: The President.....	12
Section 4: The Vice-President.....	13
Section 5: The Secretary.....	13
Section 6: The Treasurer .....	13
Section 7: Membership Secretary .....	14
Section 8: Exclusion of Liability of Directors and Officers .....	15
Section 9: Immunity from Civil Liability; Indemnification.....	15
Section 10: Resignation and Removal of Officer or Director .....	15
ARTICLE 6: COMMITTEES .....	16
Section 1: Standing Committees and the Committee Chairs .....	16
Section 2: Ad Hoc Committees .....	16

Section 3: Nominating Committee.....	16
Section 4: By-Laws Review Committee .....	17
ARTICLE 7: CLUB MANAGER.....	17
Section 1: Board May Employ a Club Manager.....	17
Section 2: Duties of Club Manager.....	17
ARTICLE 8: PROPERTY AND FINANCES OF THE CLUB .....	18
Section 1: Real Property of the Club Is Not To Be Conveyed to Others .....	18
Section 2: Deposit of Club Funds.....	18
Section 3: Disbursements of Club Funds .....	19
Section 4: Performance Bonds.....	19
Section 5: Annual Independent Accounting Review.....	19
Section 6: Limitation on “Capital Improvement” Expenditures Beyond the Budget Approved by the Membership.....	19
Section 7: Yearly Financial Report and Operating and Capital Improvement Expenditure Budgets for Coming Year .....	20
ARTICLE 9: GENERAL PROVISIONS.....	20
Section 1: Safe-Keeping of Records .....	20
Section 2: Amendment of These By-Laws .....	20

**CONSTITUTION AND BY-LAWS  
OF THE  
CARDEROCK SPRINGS SWIMMING CLUB, INC.**

*(as Revised in 2005 to conform to the Articles of Incorporation,  
reflect current membership realities, and provide for the efficient operation of the Club; and as Amended in 2008  
pursuant to Article 6, Section 4 hereof)*

**ARTICLE 1: NATURE, PURPOSES, AND OWNERSHIP OF THE CLUB**

**Section 1: Legal Nature of the Club**

The Carderock Springs Swimming Club, Inc. ("Club") is a non-profit membership corporation organized in 1964 under the laws of Maryland (having a federal tax status as a Section 501 (c) (7) club), owning and operating a community swimming and tennis club located at 8200 Hamilton Spring Court, Bethesda, Maryland 20817, pursuant to a special exception from residential zoning granted by Montgomery County which sets limits on the number of memberships and use of the Club facilities.

**Section 2: Purposes of the Club**

The Articles of Incorporation<sup>1</sup> of the Club state:

"The purposes for which the Corporation is formed are:

1. To organize and operate a swimming club exclusively for pleasure, recreation and other non-profit purposes, no part of the net earnings of which shall inure to the benefit of any private individual.
2. To promote the welfare of the Carderock Springs community, of Montgomery Country, Maryland, by maintaining and operating a swimming pool and other recreational facilities for those residents of the community (and their families and guests) who become sustaining members of the club.
3. To buy, lease, or otherwise acquire real estate and to construct thereon and maintain and operate a swimming pool, bath house, tennis courts, parking facilities, and such other recreational, social and civic facilities as may be deemed desirable by the board of directors.
4. To acquire, own, lease, hold and improve real and personal property, to mortgage or otherwise encumber and to sell, exchange or otherwise dispose of the same; to invest and reinvest the funds of the Corporation; and to do and perform any and all lawful acts necessary to carry out any of the foregoing purposes."

---

<sup>1</sup> The Articles of Incorporation were signed on June 12, 1964, and duly approved on June 16, 1964, recorded in Liber 423, folio 495 of the Charter Records of the State Department of Assessments and Taxation of Maryland. They were amended by Articles of Amendment recorded April 21, 1966, Liber 117, page 205. Articles of Revival were approved December 21, 1982, recorded in Liber 2567, folio 2099.

### **Section 3: Material Provisions of Articles of Incorporation**

(a) Voting Rights – Pursuant to the Articles of Incorporation of the Club and an Agreement signed November 14, 1967, between the Club and the Founding Members, ownership of the corporation was vested in the “Sustaining Members” of the Club, being those houses in Carderock Springs for which Edmund J. Bennett, the Founding Member and developer of the subdivision, had contributed capital to the corporation, plus those houses for which capital contributions to the corporation had otherwise been made individually, the purpose being to anchor the club’s ownership permanently in houses in the Carderock Springs subdivision. The Articles of Incorporation provided that after relinquishment of control by the Founding Members, “Thereafter all voting rights shall be vested in the Sustaining Members, with each such member being entitled to one vote.”

(b) Non-Profit Nature of the Club – The Articles of Incorporation provide that “The Corporation is not authorized to issue capital stock” and that “The Corporation shall not engage in any business for the purpose of deriving a profit.”

(c) Management in the Board of Directors – Management of the Corporation is vested in the Board of Directors by the Articles of Incorporation, which set the initial number of directors as three, but provides that “The number of directors may be increased at any time by majority vote of the voting members, but may not be decreased to less than three.”

(d) Transfers of Sustaining Memberships – The Articles of Incorporation provide that “No Sustaining Member of the Corporation shall sell, assign, or otherwise transfer his membership in the Corporation except as provided in the By-Laws.”

## **ARTICLE 2: MEMBERSHIPS**

### **Section 1: Categories of Membership**

(a) The categories of Membership in the Club are as follows:

**Sustaining Memberships – Type 1.** Memberships of households for which the Bennett Companies or the original owners of Bennett homes made Capital Contributions at the time of construction of the Club and which Memberships are covenanted to run with the land,

**Sustaining Memberships – Type 2.** Memberships of households on behalf of which Capital Contributions were made to the Club, subject to the proviso that the Membership did not run with the land but may be reacquired by the Club, as provided in Section 3(b) of this Article 2, and

**Annual Memberships.** Memberships issued annually by the Board of Directors in lieu of Inactive Sustaining Memberships.

(Unless otherwise stated, the term Sustaining Memberships herein shall mean all households holding either a Sustaining Membership Type 1 or Sustaining Membership Type 2.)

(b) A Sustaining Membership shall be classified as either **Active** or **Inactive** based upon the decision of such Membership to pay dues for any Activity Year (defined in Article 9, Section 1). All Annual Memberships shall be classified as **Active**.

(c) The total of Active Memberships of the Club in any given year shall not exceed 425.

## **Section 2: Rentals of Houses Holding Sustaining Memberships**

(a) If an Active Sustaining Membership rents or leases its house to a tenant, the tenant, upon the payment of all dues, assessments, and other charges may exercise the privileges of Membership, but not the right to vote in the Sustaining Membership's stead unless a written proxy is lodged with the Secretary by the Membership. Notification of such rental or lease shall be provided to the Secretary by the Sustaining Membership.

(b) If an Inactive Sustaining Membership rents or leases its house to a tenant during an Activity Year, the tenant shall have no right to become an active member during the current Activity Year but may apply for such Membership as may become available during that Activity Year in the priority provided for in Article 2, Section 4. Such tenant, upon the concurrence of the Sustaining Membership provided to the Secretary, may choose to be an active member, in the place and stead of the Sustaining Membership, for subsequent Activity Years during the period of the tenancy.

## **Section 3: Sale of Houses Holding Sustaining Memberships**

(a) Sustaining Memberships-Type 1 are covenanted to run with the land and the sale of a house possessing a Sustaining Membership-Type 1 shall result in the automatic transfer of the Membership to the purchaser of the house. Activation of the Membership is subject to the payment of an activation fee, all arrearages on assessments as provided in Article 3, Section 4, and any other indebtedness to the Club. All dues, activation fees and other payments made for the Activity Year in which the transfer takes place which shall be credited to the purchaser, and the person having made such payment shall have no right to refund.

(b) A Sustaining Membership-Type 2 may not be sold, transferred, or assigned, except for rentals pursuant to Section 2 of this Article 2, without first being offered in writing for sale to the Club at a price equal to the Capital Contribution paid to the Club for that Sustaining Membership, less any outstanding arrearages on assessments as provided for in Article 3, Section 4, and any other indebtedness to the Club. When a Sustaining Membership-Type 2 has been reacquired by the Club pursuant to a decision by the Board, the Board may then sell the acquired Sustaining Membership-Type 2 to a new household. The sale price for such a Membership shall be determined by the Board and may consist of both a Capital Contribution (which is refundable) and an activation fee (which is not refundable). If the Board does not reacquire the available Sustaining Membership-Type 2 within sixty (60) days, it may be sold or transferred by the original owner to any person accepted for Membership by the Board. All dues or other payments made by the owner of such a Membership for the year in which the transfer takes place shall be credited to the transferee, and the owner that made such payments

shall have no right to refund. A Sustaining Membership-Type 2 that is transferred or sold by the original owner rather than being repurchased and sold by the Board can be activated by the new owner only upon payment of any arrearages on assessments as provided in Article 3, Section 4, and other indebtedness of the transferring owner to the Club. It is the responsibility of the new owner of the Membership to notify the Membership Secretary of the transfer and to make all payments due for activation of the transferred Membership.

#### **Section 4 Guidelines and Priorities for the Sale of Memberships**

(a) The Board, upon the recommendation of the Membership Secretary, shall annually determine whether it has available for sale: 1) Sustaining Memberships-Type 2 by virtue of their return to the Board pursuant to Section 3 (b) of this Article 2, or for other reasons as determined by the Board; and 2) Annual Memberships by virtue of Inactive Sustaining Memberships. In offering these Memberships for sale, the Board should consider both the geographic location of the potential new member and the longevity of that household's past membership in the Club as follows:

(1) For purposes of determining what households should have priority for purchasing any available Sustaining Memberships-Type 2, the Board is encouraged to give priority to households that live in close geographic proximity to Priority One Carderock Springs subdivision as defined in the subsection (b)(1) herein; and

(2) For purposes of determining what households should have priority for purchasing any available Annual Memberships, the Board is encouraged to give priority to households that have previously held Annual Memberships, particularly bearing in mind the applicant's longevity of membership in the Club, followed by geographic proximity to the Club.

(b) In considering geographic proximity, the Board is encouraged to consider the following priorities:

(1) Priority One: Households in and in the immediate vicinity of the Carderock Springs and Carderock Springs South subdivisions, including Fenway Road, Fenway Drive, Hamilton Spring Road, Hamilton Spring Court, Glenmore Spring Road, Glenmore Spring Way, Park Overlook Drive, Park Overlook Court, Still Spring Court, Magruder Mill Court, Peck Place, Carderock Drive, Carderock Court, Stone Trail Drive, MacKenzie Court, Clewerall Drive, Comanche Court, Lilly Stone Drive, Thornley Court, Tomlinson Lane, Osage Lane, Edenwood Court, Barkwater Court and Buxton Terrace, Persimmon Tree Lane, Persimmon Tree Road north of Caraway Street and south of the northern intersection of Persimmon Tree Lane, and Kachina Lane;

(2) Priority Two: households in the Whitman School district; and

(3) Priority Three: other households on the waiting list.

(c) In a situation where these guidelines are judged to be of equal consideration, priority should be given to the household that filed earliest. Applicants who believe their situation warrants an exception to the above guidelines and priorities may submit a letter to the Board of Directors requesting review and alteration.

#### **Section 5: Limited Guest Privileges**

(a) The Board is authorized to grant:

(1) Guest Privileges to the holders of all categories of Membership (except to Inactive Sustaining Members) in such numbers as the Board may determine annually;

(2) Preview Guest Privileges to the households of those who put their names on the waiting list and pay such fee as the Board may determine, in order to encourage applicants for Membership. Preview Guest Privileges shall be a one-time only privilege which shall not exceed two months duration and may not be repeated for other members of any household which has declined an invitation to purchase a Sustaining Membership or Annual Membership; and

(3) Emeritus Guest Privileges permitting limited use of the swimming pools and tennis courts for households having no more than two persons, each 65 years old or older, who hold or have held Sustaining Memberships, on such terms and conditions as the Board may determine.

(b) Notwithstanding the foregoing, no one in the household of an Inactive Membership may use the Club's swimming or tennis facilities on a repeated basis as a guest of an Active Membership. In order to foster the spirit of community within Carderock Springs and neighboring communities, however, persons in the households of Inactive Memberships may participate in Club-sponsored community and social activities, but not to include use of the swimming pools and tennis courts.

#### **Section 6: Suspension of Privileges**

(a) The Board may suspend any person's right to use his or her household's Membership privileges, or may suspend the right to vote of that household's Membership on all matters except those provided in Article 8, Section 1, for violation of these By-Laws and for any delinquency in the payment of any indebtedness to the Club or capital assessment. In the case of delinquency in the payment of indebtedness to the Club, the Board shall give at least thirty days notice (as provided in Article 4, Section 2) of an intention to suspend if the indebtedness is not paid in full. The Board may also make additional provision for suspension for violation of Club rules and regulations, for periods not to exceed three months.

**ARTICLE 3: ANNUAL DUES, FEES,  
OTHER CHARGES, ASSESSMENTS, AND CAPITAL CONTRIBUTIONS  
TO BE PAID BY MEMBERSHIPS**

**Section 1: Board Authorization to Set Payments by Memberships**

The Board is authorized to fix the following dues, fees, other charges, and assessments to be paid by the Memberships:

- (a) Annual Dues for Sustaining Memberships and for Annual Memberships;
- (b) Fees for Guest Privileges, Preview Guest Privileges, and Emeritus Guest Privileges, activation fees, and for admission to a membership waiting list;
- (c) Fees and Charges for specific services (for example, temporary rental or use of the Club's facilities, refreshments);
- (d) Other fees and charges to provide for the operation and maintenance of the Club;
- (e) Late-fees for late payment of dues or charges;
- (f) Assessments (provided in Article 3, Section 4);
- (g) Capital Contributions to be charged upon the issuance of new Sustaining Memberships-Type 2.

Such fees, charges and assessments shall be established either in conjunction with the Budget process and Annual Meeting (Article 4, section 1(c)) or upon reasonable advance notice to the Memberships.

**Section 2: Responsibilities of Each Membership**

Each Membership shall be responsible for the payment of all dues, fees, charges and assessments applicable to that Membership, and for liabilities incurred by and for any damages to Club property caused by members of the household of such Membership and by guests sponsored by such Membership.

**Section 3: Due Dates and Inactive Status**

(a) The applicable Annual Dues for each Activity Year, as set by the Board for each category of Membership, shall be notified to every Membership in January, and shall accrue and be due and payable on the first of March of each year.

(b) All Sustaining Memberships and Annual Memberships paying the Annual Dues for such category of Membership for a given year shall be deemed Active Memberships for that year.

(c) Any Sustaining Membership may, on a year-to-year basis, take Inactive Status for any Activity Year by (i) giving notice to do so to the Club, or (ii) by non-payment of dues, which non-payment of dues shall not be considered a delinquency. Such Memberships shall be referred to as Inactive Memberships. Such an Inactive

Membership frees the Board to issue an Annual Membership, in place of the inactive one.

(d) Any Sustaining Membership that fails to pay the Annual Dues and any late fees by March 1<sup>st</sup> shall be notified that unless payment is received by April 1<sup>st</sup>, that Membership shall be deemed to have elected Inactive Status for that Activity Year. Any Annual Membership that fails to pay the Annual Dues and any late fees by March 1<sup>st</sup>, shall be notified that unless payment is received by April 1<sup>st</sup>, that Annual Membership shall simply cease, with no further rights with regard to the Club.

#### **Section 4: Assessments**

(a) The Articles of Incorporation, in Article Seventh, paragraph 3, authorize “assessments established or levied” by the Board against Sustaining Members.

(b) The authority of the Board to levy an assessment (defined as a significant one-time charge to augment the capital of the Club), shall be exercised only upon the affirmative vote of the Board, confirmed by a vote of the Membership as provided in Article 4, Section 5(d).

(c) The failure of a Sustaining Membership to pay any assessment duly levied in accordance with this Article shall result in the automatic suspension of that Membership from all rights and privileges of the Club. In the event of a transfer of that Membership pursuant to the sale of the house, the new owner must pay all arrearages of that Membership in the payment of assessments, plus reasonable interest on all such arrearages as determined in the discretion of the Board, before obtaining any further rights and privileges of Membership.

#### **Section 5: General Principles Governing Charges to Memberships**

In establishing the amount of the Annual Dues, Fees, Other Charges, Assessments and Capital Contributions authorized under these By-Laws, the Board shall take care that the aggregate amount of receipts from such sources are sufficient reasonably to provide for the expected operating expenses of the Club, the proper maintenance and improvement of the facilities, including maintenance and improvements to meet legal standards, any mortgage payments due from the Club, and other necessary expenses. All such Annual Dues, Fees, Other Charges, Assessments, and Capital Contributions established by the Board shall be exclusive of any taxes levied by Federal, State, or other governmental authority, unless expressly provided otherwise by the Board. The Board may differentiate the amount to be paid based upon different categories of Memberships, and may provide alternative means of payment.

**ARTICLE 4: MEETINGS OF MEMBERS AND  
VOTING RIGHTS OF MEMBERSHIPS**

**Section 1: Meetings of the Memberships of the Club**

(a) There shall be one Annual meeting of the Memberships, in November (absent special circumstances), and such additional special meetings of the Memberships as are called pursuant to subsection (c).

(b) Annual Meeting – At the Annual Meeting:

(i) the Officers and Directors shall be elected for a one year term, commencing effective the immediately succeeding January 1,

(ii) the Budget for the coming year will be voted upon; and

(iii) consideration given to such other items as the Board may propose.

(c) Special Meetings of the Memberships – Special meetings of the Memberships may be called by the President at any time, and shall be called by the Board upon the written request of not fewer than five Directors or thirty Sustaining Memberships. Such requests shall state the purpose for which the meeting is to be called, and suggest a range of dates for such meeting.

**Section 2: Formal Notice of Meetings, Nominations, Budgets, Suspensions, and Extraordinary Actions**

(a) The Secretary shall cause written notice of all Annual and special meetings to be (i) mailed or electronically delivered (if the Member has supplied an e-mail address) to each Membership at the address appearing for such Membership on the records of the Club, (ii) posted on the Club's website, if available, and (iii) posted on the exterior door or bulletin board of the Club nearest the parking lot. Such mailing and postings shall be deemed actual Notice to all Memberships of the matters contained in the notice.

(b) For the Annual Meeting, such notice shall be given at least fourteen days prior to the meeting and be accompanied by (i) a list of all nominations for Officers/Directors (whether by the President, the Nominating Committee or by petition), (ii) the Review Report (including a Statement of Income & Expense and a Balance Sheet) for the current calendar year (through September 30), showing budgeted and actual amounts of receipts and expenditures, (iii) the proposed Budget for the coming fiscal year for both regular operations and for capital expenditures, and if appropriate, a long-range plan for capital maintenance expenditures and improvements, and (iv) such further agenda items as the Board may determine.

(c) For any meeting at which a proposal contemplated by Article 8, Section 1 (specified alienations of the real property of the Club), or Article 3, Section 4 (the levy of a capital assessment on the Memberships), or Article 9, Section 3 (amendment of the

By-Laws) is to be voted on, such notice shall be given at least thirty days prior to such meeting.

(d) In the case of a suspension of the Membership pursuant to Article 2, Section 6, thirty days notice shall be given to the Membership involved, limited in form to notice in accordance with Section 2 (a) (i) of this Article 4. Temporary suspension of privileges for an individual for personal misconduct at the Club may be made effective immediately by the President or Club Manager, subject to later appeal to the Board.

### **Section 3: Nominations of Officers/Directors**

(a) The President shall issue notice, or in the event a Nominating Committee (as defined in Article 6, Section 3) is convened that Committee shall issue its report, containing the names of those nominated as Officers/Directors for the upcoming year not later than October 15th of each year. This report shall be posted on the exterior door or bulletin board of the Club nearest the parking lot, posted on the Club's website, if available, and be reported in the newsletter if published. Such postings shall also give notice of the date by which additional nominations by Petition must be submitted, which shall not be less than fourteen days prior to the Annual Meeting. Nominations by Petition for any Officer/Director shall be signed by at least ten Active Memberships, accompanied by a written statement of the nominee that the nominee will serve if elected, delivered to the Board not later than the date set by the Board for submission of such petitions.

### **Section 4: Quorum for Membership Meetings**

At any meeting of the Memberships, a quorum shall consist of thirty Memberships present in person or by proxy which are eligible to vote on matters specified in the notice of the meeting. An email from a Membership to the Secretary, confirmed by responsive email to the Membership at an email address filed with the Membership Secretary pursuant to Article 4, Section 2(a)(i) with a "view acknowledgement" or similar confirmation, shall constitute a valid proxy.

### **Section 5: Voting Provisions at Membership Meetings**

(a) Except as provided in subsections (d) (e) and (f) of this Section 5, at all meetings of the Memberships only those Sustaining Memberships which are Active for that Activity Year shall have the right to cast one vote per Sustaining Membership in person or by proxy on all matters coming before the meeting. Annual Memberships shall be entitled to attend, but shall have no vote, at any Membership meeting.

(b) Except as provided in subsections (c) (d) (e) and (f) below, for all matters coming before a meeting of the Memberships a simple majority vote (i.e. above 50%) of those eligible voters present and voting in person or by proxy shall be required to approve any action.

(c) For all elections of Officers and Directors, the candidate for each office receiving the plurality of all votes cast in person or by proxy for such office shall be elected.

(d) At any meeting, whether regular or special, where a vote of the Membership is to be taken on the levy of a capital assessment on the Memberships as provided in Article 3 Section 4, all Sustaining Memberships which are current in the payment of dues, assessments and other indebtedness shall be entitled to vote, including those who have taken Inactive status for that Activity Year. The approval of any of such items shall require a two-thirds vote of all Sustaining Memberships present and voting in person or by proxy.

(e) At any meeting where a vote is to be taken on the sale, transfer, long-term lease, assignment or other alienation (other than in connection with a mortgage) of the real property of the Club (as provided in Article 8, Section 1), all Sustaining Memberships which are current in the payment of dues, assessments and other indebtedness shall be entitled to vote, including those who have taken Inactive status for that Activity Year. The approval of any such items, shall require a two-thirds vote of all Sustaining Memberships. Votes may be cast either in person at the meeting or by proxy.

(f) At any meeting, whether regular or special, where a vote is to be taken on any amendment to these By-Laws, the requirements of Article 9, Section 3 of these By-Laws shall apply.

## **Section 6: General Provisions on Conduct of Meetings**

(a) The Secretary shall prepare in advance of every meeting of the Memberships a list of all Sustaining Memberships eligible to vote at such a meeting. The Secretary shall also prepare a list of the proxies on file showing the person (such as the tenant of an owner having a Membership) having the right to vote in the stead of the household of the Membership owner.

(b) At each meeting of the Memberships, no items may be voted on other than those agenda items specified in the notice of the meeting and amendments germane to the matter notified.

(c) A Sustaining Membership may vote at any meeting of the Memberships by proxy by delivering a proxy, which clearly: (i) indicates the Sustaining Membership providing the proxy; (ii) designates the person to act as proxy; and (iii) provides specific instructions as to how the vote is to be cast. Proxies shall be delivered by mail, by e-mail or by hand to the Club in care of the Secretary, which must be received by the Secretary prior to the call to order of the meeting involved.

(d) Robert's Rules of Order shall govern all meetings of the Memberships, unless otherwise in conflict with these By-Laws or any special rules adopted by a simple majority vote of the quorum of Memberships eligible to vote which are present and voting at such meeting.

## **ARTICLE 5: BOARD AND OFFICERS**

### **Section 1: Board of Directors, Officers, and Duties**

(a) The affairs and property of the Club shall be managed by a Board of Directors consisting of nine persons, namely, the President, Vice President, Secretary, and Treasurer of the Club, the Chairs of the four Standing Committees, namely, the Swimming Committee, Tennis Committee, Buildings and Grounds/ Long Range Planning Committee, and Social Activities Committee, and the Membership Secretary. Any adult resident of a house holding a Sustaining Membership or Annual Membership is eligible to serve as an officer and director, and as a member of any committee.

(b) The Board, in addition to such other duties and responsibilities as are expressly or implicitly conferred upon it by the laws of the State of Maryland, the Club's Articles of Incorporation, these By-Laws, or policies determined by vote of an Annual or special meeting of the Memberships of the Club, shall:

- (1) transact all Club business and make and amend rules and regulations for the operation of the Club and the use of its facilities;
- (2) appoint, and fix the duties and compensation of, such agents and employees, including a Club Manager, as may be deemed necessary or appropriate; and remove same,
- (3) solicit and approve applications for Sustaining Memberships-Type 2 and Annual Memberships in the Club, taking into account the guidelines and priorities set out in Article 2, Section 4, as well as applications for the issuance of Preview Guest Privileges, and Emeritus Guest Privileges, setting up such waiting lists as the Board may deem appropriate,
- (4) establish annually the Annual Dues, Fees, Other Charges, Assessments, and Capital Contributions specified in Article 3, and the percentage of the gross fee charged to members by swimming or tennis personnel that is to be retained by the Club,
- (5) annually have the financial records and books of the Club reviewed by an independent accountant who shall issue a Review Report containing a Statement of Income & Expense and a Balance Sheet, and, in its discretion, may commission an audit by a certified public accounting firm;
- (6) annually review and specifically approve the purchase in the name of the Club of adequate general commercial property insurance, fire insurance, workmen's compensation insurance, and liability insurance (including umbrella liability insurance), to provide all reasonable protection for the Club, its Directors, Officers, and memberships, against risks including the economic consequences of accidents to all persons on Club property whether through mischance or as a result of negligence, and for the households of Memberships while traveling to and from or participating in organized and sanctioned athletic activity away from the Club;
- (7) accept gifts and contributions to the Club as may be appropriate;

(8) establish policies involving the consumption of alcoholic beverages on Club property, including policies for ruling on requests for such use when the Club facilities are utilized by members;

(9) annually establish a fixed regular monthly meeting date for Board Meetings and inform all Memberships of such date;

(10) establish and maintain adequate accounting systems and data-bases to permit accurate record-keeping of Club finances, Memberships, and records; and

(11) establish and maintain adequate systems for communicating information to the Memberships concerning Club activities, meetings, policies, budgets and financial reports, such as publishing a regular newsletter, establishing and maintaining a web-site devoted to the Club, and undertaking such other communication facilities as the Board may determine; provided however, that the Club data-bases and email lists may not be used by, or shared with, anyone for any purpose other than Club business and may not be sold or assigned to anyone.

## **Section 2: Meetings of the Board and Quorums at Board Meeting**

(a) The Board shall meet at least once every two months. The President may call a special meeting of the Board at any time upon five days Notice, and shall call a special meeting at the request of any four Directors or upon receipt of a petition signed by persons in the households of thirty Active Sustaining Memberships, which petition states the purpose and proposes a range of dates for such special meeting. Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if there is filed with the records of the Board a unanimous written consent action which sets forth the action and is confirmed by each person entitled to vote on the matter.

(b) Five Directors shall constitute a quorum for any meeting of the Board. Decisions shall be taken by a simple majority vote of those Directors present and voting, unless otherwise specified in these By-Laws.

## **Section 3: The President**

The President of the Club shall preside at meetings of the Board and meetings of the Memberships, shall be the chief executive officer of the corporation, and shall be an ex-officio member of all committees except the Nominating Committee and the By-Laws Review Committee.

#### **Section 4: The Vice-President**

The Vice President shall have and exercise all the powers and authority of the President during the latter's absence or inability to act, and shall assist the President as may be desirable, and as may be directed by the Board.

#### **Section 5: The Secretary**

The Secretary shall

- (a) maintain custody of the Corporate Seal;
- (b) issue notices of meetings of the Board and of the Memberships;
- (c) keep the minutes of all meetings of the Board and the Memberships;
- (d) have overall responsibility for the Club's web-site;
- (e) perform such other duties as customarily pertain to the office of Secretary;
- (f) work with the Club Manager on maintenance of the Club's records; and
- (g) upon expiration of the Secretary's tenure and the due election of a successor, deliver to the incoming Secretary all documents and records of the office.

#### **Section 6: The Treasurer**

The Treasurer shall

- (a) have official custody of all funds, securities, and other intangible assets of the Club;
- (b) be responsible for maintaining full, complete, and computerized records of the assets, liabilities, expenditures and receipts of the Club in cooperation with the Club Manager;
- (c) manage the Club's receipts and expenditures in cooperation with the Club Manager;
- (d) file such tax returns and reports as may be required by federal, state, and local law, including the annual report to the Maryland Department of Assessments and Taxation and personal property returns;
- (e) supervise the filing of such forms and notices as are required to maintain the corporate legality of the Club including maintaining the Club's resident agent (as the Club Manager or some active member of the Club) and principal address at 8200 Hamilton Spring Court, Bethesda, Maryland 20817 with the State of Maryland for corporate purposes;
- (f) provide information for the annual review by an independent accountant;
- (g) lead in the preparation of the annual operating budget which shall include such capital improvements as may be desirable;
- (h) advise the Board on the level of reserve funds for future maintenance and capital expenses;

- (i) assist the President in negotiating with financial institutions supplying mortgage money for the Club;
- (j) coordinate with the Membership Secretary on the receipt of dues and other charges from the Membership;
- (k) perform such other duties as customarily pertain to the office of Treasurer and work with the Club Manager on bookkeeping and accounting matters;
- (l) prepare and submit at the Annual Meeting a financial report for the past fiscal year, including a Statement of Income & Expense and a Balance Sheet; and
- (m) upon expiration of the Treasurer's tenure and the due election of a successor, deliver to the incoming Treasurer all documents and records of the office.

### **Section 7: Membership Secretary**

The Membership Secretary shall

- (a) maintain computerized records of each category of Membership, showing the address of the house holding such Membership, its current status as active or inactive, its capital contribution to the Club, and the names of each person residing in the household;
- (b) maintain computerized records of the waiting lists for Sustaining Memberships-Type 2 and Annual Memberships, with the address, telephone number and, as appropriate, e-mail address for such Membership applicant, and any fees paid for admission to the waiting list;
- (c) annually send out notices of dues and other payments due, working in cooperation with the Treasurer in accounting for payments received;
- (d) recommend to the Board the approval of the issuance of Sustaining Memberships-Type 2 and Annual Memberships in accordance with the guidelines and priorities set forth in Article 2, Section 4 hereof;
- (e) make available to the Secretary such information as will permit (a) notices of meetings and special items to be sent to all Memberships and (b) the creation of eligible voting lists for all meetings of the Memberships, and in general work with the Secretary on communications with the Memberships of the Club;
- (f) perform such other duties as customarily pertain to the office of Membership Secretary in a non-profit community club; and
- (g) upon expiration of Membership Secretary's tenure and the due election of a successor, deliver to the incoming Membership Secretary all computer files, documents and records of the office.

The Membership Secretary may be paid such compensation for services, and reimbursed for such expenses, as may from time to time be determined by the Board.

## **Section 8: Exclusion of Liability of Directors and Officers**

No Director or Officer of the Club shall be liable to the Club or to anyone residing in the household of any Membership, or a guest thereof, for money damages in connection with any claim or wrongful act or omission while acting in the capacity of a Director or Officer, except (a) when it is proved that the Director or Officer actually received an improper benefit or profit, in which case such Director's or Officer's liability will be limited to the amount of the benefit or profit actually received, or (b) when it is legally established that the Director's or Officer's action or failure to act was the result of deliberate dishonesty.

## **Section 9: Immunity from Civil Liability; Indemnification**

To the maximum extent permitted under the provisions of Maryland law from time to time in effect, and subject to the limitations and procedures set forth therein as well as the financial feasibility for purchasing such insurance by the Club, the Club shall maintain such insurance as is required to be maintained in order to provide immunity from civil liability of its Officers, Directors, Club Manager and other volunteers. The Club shall further indemnify any current or former Officer, Director, or Club Manager, employee or agent against expenses actually and necessarily incurred in connection with the defense of any action, suit, or proceeding in which such person is a party, by reason of having been a Director, Officer, Club Manager, employee or agent of the Club except in relation to any matter as to which such person shall be adjudged in such action, suit or proceeding to be liable for bad faith or deliberate dishonesty in the performance of duty. The foregoing insurance and right of indemnification shall not be exclusive of any other rights to which such person may be entitled, under any By-Law, agreement, vote of the Board or the Memberships, or otherwise.

## **Section 10: Resignation and Removal of Officer or Director**

(a) An Officer or Director may resign at any time by giving written notice to the Board. An Officer or Director shall be deemed to have resigned if the household in which such person resides ceases to have an Active Membership in the Club.

(b) The Board, by vote of six Directors, may remove any Director or Officer for failing to attend three consecutive meetings of the Board. Removal for any other cause shall be by simple majority vote of the Active Sustaining Memberships, at meeting of the Memberships of the Club at which notice had been given that such removal would be considered.

(c) In the event of the death, resignation, removal or inability of the President to act, the Vice President shall succeed to the office of President. A declaration of the President's inability to act shall only be effective upon the affirmative vote of six members of the Board. In the event of the death, resignation, or removal from office of any Officer or Director, the remaining Directors shall fill the unexpired portion of the term of such Officer or Director by the vote of the majority of the remaining Directors.

## **ARTICLE 6: COMMITTEES**

### **Section 1: Standing Committees and the Committee Chairs**

(a) There shall be four standing committees of the Club, namely: (1) Swimming Committee; (2) Tennis Committee; (3) Social Activities Committee; and (4) the Building and Grounds/Long-Range Planning Committee. The Chair of each Committee shall be a member of the Board, as provided in Article 5.

(b) The Swimming Committee shall prepare and recommend for approval of the Board rules and regulations governing swimming activities and related use of the Club's facilities, and, to the extent approved by the Board, shall exercise supervision of the swimming activities of the Club in cooperation with the Club Manager.

(c) The Tennis Committee shall prepare and recommend for approval of the Board rules and regulations governing the tennis activities and related use of the Club, and, to the extent approved by the Board, shall exercise supervision of the tennis activities of the Club in cooperation with the Club Manager.

(d) The Social Activities Committee shall prepare and recommend for approval of the Board plans and activities for, and rules governing, activities for children and adults, and related uses of the Club's facilities, and, to the extent approved by the Board, shall exercise supervision of the social activities and related uses of the Club's facilities, in cooperation with the Club Manager.

(e) The Buildings and Grounds/Long Range Planning Committee shall exercise general supervision of the Clubhouse, swimming pools, tennis courts, buildings, recreational areas, operating equipment and grounds of the Club, in cooperation with the other Standing Committees and with the Club Manager. To the extent delegated by the Board, this Committee shall identify, examine, and propose long-term issues relating to the Club's facilities, and overall operation and management of the Club.

### **Section 2: Ad Hoc Committees**

The President, subject to approval of the Board, may create such other ad hoc committees and subcommittees as may be deemed desirable, fix the terms of reference and duration of such ad hoc committees and subcommittees, appoint the Chair and members of such ad hoc committees and subcommittees, discharge any such ad hoc committee or subcommittee upon a finding that it is no longer necessary or has completed its assigned duty; and remove the Chair of any such ad hoc committee or subcommittee in the President's discretion.

### **Section 3: Nominating Committee**

Notice of any Officer or Director vacancy shall be provided to the Memberships in accordance with the notice provisions of Article 4 Section 3 regarding Meetings. In the event there are multiple expressions of interest to serve in any position, the President, with the approval of the Board, shall appoint not later than October first of each year the Chair and two members of a Nominating Committee, at least one of whom is not on the

Board, who reside in households having Active Memberships, giving consideration to representation of the interests of each of (a) Sustaining Memberships Type 1, (b) Sustaining Memberships Type 2 and (c) Annual Memberships. The nominees shall be identified (by either the President or the Nominating Committee) in a slate of Officers and Directors, as provided in Article 4, Section 3 hereof, to the Secretary of the Club at the earliest possible time, but in any event not later than the fifteenth of October of that year.

#### **Section 4: By-Laws Review Committee**

At least once every five years, or more frequently should the Board determine necessary or appropriate, beginning in the year 2013, the President, with the approval of the Board, shall appoint early in the year the Chair and at least two members of a By-Laws Review Committee from households holding Active Memberships in the Club. To the extent feasible, consideration should be given to appointing persons from each of the following categories of Membership, namely, (a) Sustaining Membership-Type 1, (b) Sustaining Membership-Type 2, and (c) Annual Membership. The By-Laws Review Committee shall submit its By-Laws Review Report to the Board, together with recommendations for changes, revisions, and amendments, and the reasons therefore, at the earliest possible time, but in any event no later than September 30 of the applicable year. The Board shall consider the report, and provide its recommendations to the Memberships no later than fourteen days before the Annual meeting. The By-Laws Review Committee may submit any objections or proposed modifications to the Secretary for transmittal to the Membership for its consideration.

### **ARTICLE 7: CLUB MANAGER**

#### **Section 1: Board May Employ a Club Manager**

The Board may employ a Club Manager on such terms, conditions, and compensation as the Board deems appropriate.

#### **Section 2: Duties of Club Manager**

Subject to the supervision of the Board, the Club Manager shall

- (a) supervise all Club employees,
- (b) work with the pool manager to ensure that the Club operates smoothly during the swim season,
- (c) see to the maintenance of the tennis courts in good playing condition, and coordinate with the tennis professional,
- (d) see to the staffing of the front desk and the snack bar during the swim season,
- (e) handle event planning for club-related activities, and coordinate activities to manage competing demands and ensure proper support for each activity,

- (f) book all club rentals, handle the payments therefore, prepare for and clean-up after rentals of the Club,
- (g) arrange for the cleaning of the Club on a regular basis,
- (h) routinely make the rounds of all Club property,
- (i) note and arrange for all necessary repairs, while reporting any major repair items to the Board,
- (j) make suggestions to the Board for improvements to the Club's facilities,
- (k) locate qualified contractors for repairs to the Club, obtain bids, and supervise the contractors chosen for the work, including those chosen for handy-man repairs, buildings and grounds work, landscaping work, and major repairs,
- (l) handle and supervise the accounting of Club receipts and expenditures, under the overall supervision of the Treasurer,
- (m) work with the Membership Secretary in accounting for Memberships and waiting lists,
- (n) produce such reports to the Board as the Board may deem appropriate from time to time
- (o) work with the Treasurer and the Board to develop an annual budget, and
- (p) attend all Board meetings.

## **ARTICLE 8: PROPERTY AND FINANCES OF THE CLUB**

### **Section 1: Real Property of the Club Is Not To Be Conveyed to Others**

Real property of the Club, including Lot 54 of Plat Ten of the Carderock Springs Subdivision, recorded in Plat Book 72, Plat No. 6905 of the land records of Montgomery County, and the Clubhouse and other facilities and improvements thereon, may not in whole or in part be sold, conveyed, transferred, leased for other than a short temporary period, assigned or otherwise alienated, other than for the purpose of a mortgage with a lending institution, except after the affirmative vote of the Sustaining Memberships as provided in Article 4, Section 5(e). No suspension of Club privileges, for whatever reason, and for whatever duration, shall apply to this Article 8, Section 1.

### **Section 2: Deposit of Club Funds**

All funds of the Club shall be deposited promptly to the Club's credit in its name only in banks and financial institutions selected by the Treasurer after consultation with the Club Manager, and approved by the Board, located in the Metropolitan Washington Area, that are insured by an instrumentality of the Federal Government, or invested in securities of the Treasury of the United States, or invested in securities principally collateralized by Federal obligations or obligations of institutions insured by an instrumentality of the Federal Government.

### **Section 3: Disbursements of Club Funds**

Disbursements of Club funds shall be authorized by the Treasurer, or, in the Treasurer's absence from the Metropolitan Washington Area, by the President, provided however, that the Board may provide for the establishment and replenishment of a petty cash fund not exceeding five hundred dollars, for postage and other expense items of the Club, to be utilized by the Treasurer, the President and the Club Manager and accounted for by them.

### **Section 4: Performance Bonds**

The Board shall secure the faithful performance of the Treasurer and other Officers of the Club, the Club Manager, and other appropriate employees of the Club as determined by the Board, by means of purchasing an adequate fidelity bond, which shall be deposited with the Secretary of the Club.

### **Section 5: Annual Independent Accounting Review**

The Board shall cause the books and financial records of the Club annually to be reviewed by an independent accountant who will issue a Review Report containing the Statement of Income & Expense and a Balance Sheet of the Club, and may, from time to time, in its discretion, provide for an audit of the books and financial records of the Club by a certified public accounting firm.

### **Section 6: Limitation on "Capital Improvement" Expenditures Beyond the Budget Approved by the Membership**

(a) The Board shall not authorize any Capital Improvement Expenditure that is more than twenty-five thousand dollars (\$25,000) larger than what has previously been provided for in a budget approved by the Memberships at the Annual Meeting, or otherwise approved by vote of the Memberships at a meeting for which notification of the proposed capital improvement expenditure has been given in accordance with Article 4, Section 2 hereof.

(b) A Capital Improvement Expenditure for purposes of this section shall, to the extent feasible, be defined to conform to the definition set forth in Section 263 of the Internal Revenue Code and the regulations thereunder, which define "capital expenditure" as "any amount paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate" which include "amounts paid or incurred (1) to add to the value, or substantially prolong the useful life, of property owned by the taxpayer, such as plant or equipment, or (2) to adapt property to a new or different use." Amounts paid or incurred for incidental repairs and maintenance of property are not capital expenditures for these purposes, nor are "incidental repairs which neither materially add to the value of the property nor appreciably prolong its life, but keep it in an ordinarily efficient operating condition." The Board shall apply a flexible definition of the term "capital improvement expenditure" consistent with its responsibilities to the Memberships.

**Section 7: Yearly Financial Report and Operating and Capital Improvement Expenditure Budgets for Coming Year**

The Board shall provide the Review Report of the previous year containing an Statement of Income & Expense and a Balance Sheet, an operating Budget that includes any capital improvement expenditures deemed desirable, and a planning report for the upcoming fiscal year, such budgets and reports to be delivered as provided in Article 4, Section 2.

**ARTICLE 9: GENERAL PROVISIONS**

**Section 1: Safe-Keeping of Records**

Copies of the Articles of Incorporation and all amendments thereto, the By-Laws, and all official decisions of Montgomery County pertaining specially to the Club and its facilities, shall be preserved in a place for safekeeping of records. Returns of elections and proceedings of all meetings of the Memberships and of the Board of the Club shall be recorded in the minute books of the Club. A representative of any Membership shall have the right to inspect such records, upon application to the Club President and Secretary, at such times and place as may be reasonably decided by the Club President and Secretary.

**Section 2: Amendment of These By-Laws**

These By-Laws may be amended by the affirmative vote of two-thirds of the Sustaining Memberships eligible to vote present in person or by proxy and voting at any meeting in which notice of proposed amendment or amendments has been given in the notice of the meeting, except that amendment of Article 4 Section 5(e) and Article 8, Section 1 (dealing with certain alienations of the real property of the Club), shall require a two-thirds vote of all Sustaining Memberships, which votes may be cast either in person at the meeting or by proxy.

**CERTIFICATION OF ADOPTION**

Certified as duly adopted as amended by vote of the Memberships on the 10th day of November, 2008:

Attest:

---

President

---

Secretary