

THE BYLAWS OF THE ROCK HALL

YACHT CLUB

As Amended November 16, 2008

BYLAWS OF ROCK HALL YACHT CLUB
OF ROCK HALL, MARYLAND, INCORPORATED

ARTICLE ONE

Preamble

This Club has been established to promote and develop sailing and other boating activities for the enjoyment of member families, guests and the larger Chesapeake Bay community.

Office

The principal office of the Corporation shall be located at the Clubhouse in Piney Neck, Rock Hall, Maryland.

ARTICLE TWO

Stockholders

SECTION 1. Annual Meeting. The Annual Meeting of the stockholders shall be held during the month of November of each year for the purpose of electing directors, and for the transaction of such other business as may come before the meeting.

SECTION 2. Special Meetings. Special meeting of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, shall be called by the Board of Directors at the written request of the holder(s) of not less than twenty-five (25%) percent of all outstanding shares of the Corporation entitled to vote at the meeting.

SECTION 3. Place of Meeting. The Board of Directors may designate any place within Kent County, the State of Maryland, as the place of meeting, for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made, the place of the meeting shall be the principal office of the Corporation.

SECTION 4. Notice of Meeting. Written or printed notice stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than fifteen (15), nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Board of Directors, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon paid.

SECTION 5. Closing transfer books or fixing record date. For the purpose of determining stockholders entitled to notice of or to vote at, any meeting of stockholders or any adjournment thereof, or stockholders entitled to receive payment of any dividend, or to make a determination of shareholders for any other proper purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period, but Not to exceed thirty (30) days.

If the stock transfer books are not closed and no record date is fixed for the determination of stockholders entitled to notice of, or to vote at, a meeting of stockholders, or of stockholders entitled to receive payment of a dividend, the date that notice of the meeting is mailed or the date

on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of stockholders. When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

SECTION 6. Quorum. Fifty-one (51 %) percent of outstanding shares, represented in person or by proxy, shall constitute a quorum for stockholders' meetings. Unless a quorum is present, no business shall be conducted.

SECTION 7. Proxies. At all meetings of stockholders, a stockholder may vote by proxy executed in writing by the stockholder or his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Corporation before, or at the time of the meeting.

SECTION 8. Voting and ownership of shares. Subject to the provisions of any applicable law, each outstanding share entitled to vote shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders. No one may vote shares represented by a certificate or certificates not bearing his or her name unless said shares are represented by a properly executed proxy statement. No stockholder may own more than twenty-five (25%) percent of the total number of outstanding shares of the Corporation.

SECTION 9. Recalling of shares. The Corporation may redeem outstanding shares for a mutually agreeable price, at any time. Any stockholder desiring to sell shares shall give the Corporation the right of first refusal at the price otherwise offered for a period not exceeding sixty (60) days.

SECTION 10. Stockholder Decisions. The act of the majority of the shares represented at a stockholders' meeting at which a quorum is present, shall be the act of the stockholders.

SECTION 11. Shares for New Members. The Corporation shall maintain a supply of shares for the express purpose of making those shares available to new members for purchase if they so desire. This shall be restricted to two (2) shares per family membership, and one share per single membership. The money received shall be placed in a special account so that the shares sold can be repurchased by the Club at the price paid, if and when the member fails to renew his/her membership. If the new member wishes to purchase additional shares, these additional shares may be purchased on the open market.

ARTICLE THREE

Board of Directors

SECTION 1. General Powers. The business and affairs of the Corporation shall be managed by its Board of Directors. The Board may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by Club stockholders. Without limitation of the foregoing, the Board shall have power to:

(A) Prescribe rules and regulations not inconsistent with these Bylaws for the general operation and management of the Club, and for the use of Club facilities by members, guests and

any persons to whom the privileges of the Club have been extended;

(B) Vote on applications for membership. A majority of the Board members present at a duly constituted meeting must vote in the affirmative to elect an applicant. In the case of a tie vote, the application shall be rejected. All votes on membership applications shall be by secret ballot;

(C) Accept recommendations from the Commodore and appoint committees as it deems necessary. Fill vacancies which may arise with respect to committee members;

(D) Confirm or reject any proposals or plans by any committee;

(E) Admonish, suspend, expel or bar from any or all Club privileges any member of the Club or any person to whom Club privileges have been extended, for any conduct which, in the opinion of the Board, is improper and prejudicial to the welfare or reputation of the Club. Such action shall only be taken after the individual is afforded the opportunity of a fair hearing before the Board, and the action to be taken is approved by at least a majority vote of the entire Board. A Club member suspended, expelled or barred from all privileges of Club membership shall forfeit all his or her rights, titles and interest in the property of the Club, except, however not to the extent of his or her ownership of shares of stock in the Corporation;

(F) Remove an officer of the Club or a member of any committee by at least a majority vote of the entire Board;

(G) Lease the Club premises or portions thereof to outside organizations or individuals on such terms and conditions as it may deem proper;

(H) Authorize the disbursement of Club funds except that no expenditure exceeding the adopted budget by ten thousand (\$10,000) dollars in amount shall be made or authorized by the Board unless approved at a meeting of the stockholders;

(I) Arrange for the financing of authorized expenditures;

(J) Perform any other acts necessary for the general management and control of the affairs, funds and property of the Club.

(K) Provide an audit of the financial records of the Club to determine accuracy and compliance with established standards and policy. The audit shall be conducted within 120 days after the close of each fiscal year.

(L) Provide an annual budget for consideration and adoption at the annual meeting of the Stockholders.

SECTION 2. Number, Tenure and Qualifications. The number of Directors of the Corporation shall be twelve (12). Four Directors shall be elected at each annual meeting and the term of office for each Director shall be three (3) years. A Director must be a Club member and a stockholder.

SECTION 3 Regular Meetings. A regular meeting of the Board of Directors shall be held monthly at the principal office of the Corporation. An annual schedule for these meetings will be

determined at the start of each fiscal year and any changes to that schedule will be posted in the Club's newsletter and posted on the member bulletin board at least ten days prior to the meeting date.

SECTION 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of any three Directors, or at the request of the Commodore; and shall be held at the principal office of the Corporation, or at such other place as the Directors may determine.

SPECIAL 5. Notice. Notice of any special meeting shall be given at least seven (7) days before the time fixed for the meeting, by written notice delivered personally or mailed to each Director at his home address. Any Director may waive notice of any meeting. The attendance of a Director at a 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.

SECTION 6. Quorum. Seven (7) Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. No business shall be conducted in the absence of a quorum. In exception, business may be conducted with less than a quorum present, as long as a quorum was present at the beginning of the meeting.

SECTION 7. Board Decisions. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless otherwise specified in these Bylaws.

SECTION 8. Vacancies. Any vacancy occurring in the Board of Directors, or in any office, may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director or Officer so elected to fill a vacancy, shall serve until the next annual stockholders meeting at which time a permanent successor shall be elected by the stockholders to complete the unexpired term (if any) of the originally elected Board member. Any Directorship to be filled by reason of an increase in number of Directors shall be filled by election at an annual meeting or at a special meeting of stockholders called for that purpose.

SECTION 9. Compensation. Members of the Board of Directors shall receive no compensation for duties serving as a Board member.

SECTION 10. Presumption of Assent. A Director of the Corporation who is present at a meeting of the Board of Directors at which action on any Corporate matter is taken, shall be presumed to have assented to the action unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

SECTION 11. Suspensions. The Board of Directors shall have the power to suspend any member whose name has been reported to them for non-payment of dues, or other Club indebtedness, and unless such default shall be satisfactorily accounted for to the board within sixty (60) days after notice has been sent to him by the Board, the member, the member shall, *ipso facto*, upon expiration of the sixty (60) days, cease to be a member of the Club. On written application, and the payment of all indebtedness to date thereof, the Board of Directors, at their

discretion and upon such terms as they deem necessary, may reinstate the member.

SECTION 12. Reports. The Board of Directors shall present to the annual stockholders' meeting a written report of the Club's financial status, highlights of the activities of the previous year, and keep a written record of their proceedings. In addition, the Board of Directors shall present proposed operating and capital budgets for the coming year for approval by the stockholders.

ARTICLE FOUR

Committees

SECTION 1. General Provisions. All Standing Committees shall be appointed by the Board of Directors after receiving recommendations from the Commodore at its December meeting, such committees to serve for the following calendar year. Standing Committees will have a minimum of Three (3) members and be chaired by a Board member. *Ad hoc* committees may be established on a temporary basis to provide oversight of a specific issue. They shall be appointed by the Board of Directors after receiving a recommendation from the Commodore on the need for the committee and recommendations for its members. The purpose for establishing the *ad hoc* committee, its objectives and timelines, shall be clearly defined by the Board. All activities and expenditures of any committee are subject to review and approval by the Board. Any committee collecting or disbursing funds shall do so according to procedures established by the Treasurer.

SECTION 2. Finance Committee. There shall be a Finance Committee of which the Treasurer shall be the Chairman. It shall be the duty of the Finance Committee to prepare an annual budget for consideration by the Board. At the request of the Board the Finance Committee shall make other inquiry into matters involving Club finances. The Finance Committee will include a Stock Records Manager who is responsible for issuing and transferring stock certificates. The Finance Committee shall establish systems and procedures to maintain accurate stockholder records and will make an annual inspection of such record.

SECTION 3. House & Grounds Committee. There shall be a House & Grounds Committee with the responsibility to oversee the Pool operations, Club house rentals and recommend pricing for those rentals, maintenance, repairs, or any improvements required to any Club property. The Committee has the overall responsibility for the Club's compliance with all government regulations as they may pertain to the operation of the Clubhouse, Pool and Grounds.

SECTION 4. Waterfront Committee. There shall be a Waterfront Committee with the responsibility to plan for and oversee the Waterfront facilities, including Moorings, Slips, Piers and Docks plus the Beach and Boat Storage. The Committee will recommend the rental prices for the Waterfront facilities. The Committee has the overall responsibility for the Club's compliance with all government regulations as they may pertain to the operation of the Club's Waterfront facilities.

SECTION 5. Nominations. At the request of the Commodore, the Board of Directors shall appoint a committee of members in good standing to nominate candidates for the positions to be filled at the annual stockholders' meeting. This committee shall be known as the Nominating Committee and shall cause their nominations to be posted on the Club bulletin board at least

fifteen (15) days prior to the stockholders' meeting. The members of the Nominating Committee may not be members of the Board of Directors or candidates for any office. The Board of Directors shall receive other nominations as may be sent to the Secretary in writing, signed by five (5) or more members in good standing, providing that such nominations are received at least five (5) days prior to the stockholders' meeting.

SECTION 6. Social Committee. There shall be a Social Committee with the responsibility to plan and oversee all club social functions. The Committee will be responsible for preparation of the Club's social activities calendar for the forthcoming year and to recruit volunteers, from the membership for the implementation of those events. The Committee has the responsibility to formulate a budget and recommend pricing for each event so planned.

SECTION 7. Membership Committee. There shall be a Membership Committee with the responsibility of soliciting and processing all applications for Club membership. This responsibility shall include the making of appropriate inquiries as to the suitability of each applicant, and the presenting of the application with pertinent comments to the Board of Directors. This committee shall also have the responsibility of publishing an annual Membership Directory. The Membership Committee is to operate with an objective of attaining a membership level agreed upon annually by the Board of Directors as a part of the budget process.

SECTION 8. Development Committee. There shall be a Development Committee Chaired by the Vice Commodore and consisting of at least three additional Board Members. This committee shall have the responsibility to recommend strategic goals, future capital projects, establish order of priorities, tentative completion schedules, and recommend the ways and means of funding any capital project. Further, the committee is charged with taking a long term view in order to establish the direction in which the Club should grow. This committee is an advisory body only and is not charged with the oversight or implementation of its recommendations.,

ARTICLE FIVE

Club Membership

SECTION 1. Rights. Membership in this Club is the right of entry upon the lands and tenements of the Club, subject to the regulation of these Bylaws and the rules of the standing committees.

SECTION 2. Classes. There shall be four classes of membership.

General Membership. One or two persons and their children under the age of twenty-one (21). If one or more of said children reaches the age of twenty-one (21) during a particular calendar year, his/her membership will continue until the end of that calendar year. Ownership of shares of stock in the Corporation will not alone entitle the owner to the rights of Club membership. General Membership does not require stock ownership.

Individual Membership. An individual membership is one that confers the rights, privileges, and responsibilities of membership in the Club on a person.

Junior Membership. Those persons who are Club members, under the age of eighteen (18) years at the start of the current calendar year, and whose parents do not hold a General Membership.

Honorary Membership. Those persons whom the Board of Directors may wish to honor.

SECTION 3. Candidates. Candidates for Club membership shall be proposed by a Club member. An application shall be filed with the chairman of the Membership Committee and acted upon by the Board at the next scheduled meeting. The applicant will be informed of the Board's action in writing within 10 days of the Board's action.

SECTION 4. Dues. The Board of Directors shall designate the annual amount of Dues for memberships. The Directors may, at their discretion, grant any member inactive status, if requested in writing, for a period of not more than two (2) years during which time no dues will be assessed. At the expiration of this period, the member may be reinstated upon payment of current dues.

ARTICLE SIX

Officers

SECTION 1. Officers. The Officers of the Club shall be a Commodore, Vice Commodore, a Rear Commodore, a Secretary, and a Treasurer. For corporate purposes, the Commodore shall be the president.

SECTION 2. Election of Officers. All officers shall be elected at the annual stockholders' meeting, and shall hold office until adjournment of the next succeeding stockholders' meeting or until their successors are duly elected and qualified.

SECTION 3. Commodore. The Commodore shall be the chief executive officer of the Club and shall preside at all Club meetings. The Commodore shall enforce these Bylaws and rules of the standing committees, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The Commodore shall make various appointments such as stock records manager, and the Commodore shall appoint necessary committees from the Club membership subject to Board approval. The Commodore shall be ex-officio a member of all committees.

SECTION 4. Vice Commodore. The Vice-Commodore shall assist the Commodore in the discharge of the Commodore's duties, and in the Commodore's absence, shall officiate in the Commodore's place. The Vice Commodore shall organize and direct all on-the-water activities. These activities shall include, but not be limited to, the scheduling and management of cruises, power or sail, rendezvous, races, and regattas. The Vice Commodore's authority to expend funds shall be controlled by the annual budget as approved by the stockholders.

SECTION 5. Rear Commodore. The Rear Commodore shall assist the Commodore and Vice-Commodore in the discharge of their duties, and in the absence of the Commodore and the Vice Commodore, shall officiate in their place. The Rear Commodore may oversee committees as assigned by the commodore.

SECTION 6. Secretary. It shall be the duty of the Secretary to keep the minutes of all meetings of the stockholders and of the Board of Directors, and to have the custody of all reports and documents connected with the business of the Club and the Corporation. The Secretary shall conduct all correspondence and issue notices of all meetings.

SECTION 7. Treasurer. The Treasurer, subject to the control of the Board of Directors, shall have the custody of all Club funds and collect and receive all monies due by entrance fees, annual dues, charges and assessments. The Treasurer shall keep the funds in his/her care on deposit in such bank or banks as may be approved by the Board of Directors; and to payout such funds from time to time as the budget provides. All checks issued on behalf of the Club shall be signed by either the Treasurer, Commodore, Vice Commodore, Rear Commodore, or other person designated by the Treasurer. The Treasurer shall present a detailed account at the annual meeting showing the receipt and disposition of funds and report to the Board of Directors monthly. The Treasurer shall give such security or bond as may be required by the Board of Directors.

SECTION 8. Removal of Officers or Directors. Any elected or appointed official may be removed from his/her position by a two-thirds (2/3) vote of the Board of Directors.

SECTION 9. Vacancies. Vacancies shall be filled by the appointment of the Board of Directors to fill the unexpired term of any person leaving office, either voluntarily or involuntarily.

ARTICLE SEVEN

SECTION 1. Care, Custody and Control of Bylaws. The official version of the Club's Bylaws, signed by the Commodore will be securely kept by the Secretary. They may be copied, displayed and distributed as required to operate and administrate the Club's business. These Bylaws may be altered, amended, or repealed, and new bylaws be adopted by a majority of shares voting at any regular annual meeting or any special meeting of the stockholders, if at least thirty (30) days written notice is given of the intention to alter, amend or repeal, or to adopt new bylaws at such meeting.

ARTICLE EIGHT

Conduct of Meetings

SECTION 1. All meetings shall be conducted under Roberts Rules of Order.

ARTICLE NINE

Certification

These bylaws were approved by the shareholders at the annual meeting held on November 16, 2008 at the Rock Hall Yacht Club.

S. Dyer Harris, Commodore

Date