

CONSTITUTION AND BY-LAWS OF ARDEN BEACHES, INC.
(Amended February 1, 2016)

ARTICLE I – NAME

Section 1. This organization shall be known as Arden Beaches, Inc.

ARTICLE II – OBJECTIVES

Section 1. The objectives of this corporation as the successor to Sunrise Beach, Inc. and Beach Shores, Inc. as referred to in the property deeds of Sunrise Beach shall be to maintain and regulate the common beaches of the Arden Community and to promote cooperation among the property owners and other persons interested in and who may use the facilities.

ARTICLE III – MEMBERSHIP

Section 1. Any owner of a residential lot shown upon the sub-division plat of Sunrise Beach may purchase a share in the Corporation. The cost of a membership share will be reviewed annually by the Board, with any proposed change presented at the annual membership meeting for review, revision and Shareholder approval. Membership by service shares (one share) will be provided to those qualified owners who serve as board members for a minimum of one term of two years. Only persons owning a residential lot shown upon the sub-division plat of Sunrise Beach will be allowed membership or office in the corporation, except that the individual that is appointed by the Arden Civic Association to be a director does not have to be a member.

Section 2. Memberships may be transferred by the owner to any property owner of a residential lot shown upon the sub-division plat of Sunrise Beach for or without consideration but limited by Article III, Section 3. Transfer of said membership shall be in writing and submitted to the corporation for proper recording on the corporate records.

Section 3. In no case shall any member(s) singly or jointly be permitted to collectively own more than five (5) percent of the total outstanding shares.

ARTICLE IV – VOTING – REGULATIONS AND PROXY

Section 1. All owners of one or more shares are eligible to cast votes.

(a) In case of tenants by entirety, joint tenancy, or tenants in common ownership, one party per lot will be recognized as being eligible to cast such vote or votes. In the event of a disagreement between the parties holding title as to who has the right to vote, no vote will be accepted by the Corporation.

(b) Authorized votes held by a member and/or joint tenant may not be split--they must be cast in a block, aye or nay.

Section 2. Proxy voting shall be allowed. Proxy votes must be cast in a block, either aye or nay, by any member duly representing any other member. Due authorization to cast proxy votes shall be recognized

by the Board of Governors upon presentation of the following statement from the absent shareholder: “(Name of Shareholder carrying proxy votes) is hereby authorized to cast my Arden Beaches, Inc. votes in my name. Signed (a shareholder in the Corporation).”

ARTICLE V – MEETINGS – QUORUM

Section 1. The Corporation shall have at least one regular membership meeting yearly called the annual meeting. This meeting shall be held in January. The fiscal year shall be from 1 January through 31 December.

Section 2. The Board of Governors shall meet regularly at intervals no longer than 60 days to conduct Corporation business. There must be a majority of members present to conduct business.

Section 3. Special meetings of the Corporation may be called by the Chairman of the Board of Governors upon the recommendation of the Board itself. Such meetings may also be requested by a petition of members holding shares equaling ten percent (10%) of the total shares outstanding.

Section 4. Special meetings of the Board of Governors may be called at any time the Chairman deems it necessary.

Section 5. Members of the Corporation shall be informed at least ten (10) days prior to any regular or special meeting of the membership. This notification shall include a statement of the business to come before the meeting as well as the date and place of the meeting.

Section 6. Order of business and parliamentary procedures for any corporation meeting shall follow the guidelines set forth in Robert’s Rules of Order, Revised, unless superseded by the Corporation Constitution and By-laws. At the annual meeting any item of business may be suspended or returned (except Board election), if no objection is made, or if desired by a majority of those members present.

Section 7. Majority agreement represented by votes cast shall prevail in all elections and ordinary business.

Section 8. Upon request by any member the number of aye and nay votes shall be announced. It shall be the duty of the presiding officer, during discussion, to confine members to the subject under discussion. No member shall be allowed to speak on any question until properly recognized by the Chair. Any resident of the Arden Community may attend any meeting of the Board of Governors and may speak to such Board on any subject discussed at the meeting but may not vote.

ARTIVCLE VI – DIRECTORS AND ELECTIONS

Section 1. The Directors of the Corporation shall consist of eleven (11) in number: ten (10) members elected by a majority of all votes cast by members in good standing of said Corporation present at the annual meeting of said Corporation and one (1) person appointed by the Arden Civic Association. These Directors shall be called the Board of Governors and from among them will be chosen a Chairman, Vice Chairman, Secretary, Treasurer, and such other officers as deemed appropriate by the Board of Governors.

Section 2. Prior to the annual meeting of the Corporation, the Chairman of the Board of Governors will appoint a nominating committee and this committee shall have their nominees selected and ready to be presented at the annual meeting.

Section 3. Election of the Board of Governors shall take place at the annual meeting. At this meeting the slate of the nominating committee shall be presented and other nominations may be made and seconded by the membership from the floor prior to the election.

Section 4. The terms of the office for the ten (10) elected members of the Board of Governors shall be staggered and each seat shall be held for a term of two years. The initial election shall be to place five (5) members in office for one year and five (5) for two years thus allowing one-half of the elected board to open for candidates each year. The term of office of the member appointed by the Arden Civic Association shall be determined by that body. No member shall be eligible for more than three consecutive terms of office whereupon there must follow a period of one year before eligibility is reinstated.

Section 5. The elected board of Governors shall be selected as follows: five (5) shall be elected at large from the membership and the other five shall be elected also from the membership, but one (1) from each of the five sections of Arden on the Severn, if possible. Vacancies in the Board of Governors, occurring between annual meetings, shall be filled by a majority vote of the Board of Governors. Nominees for such vacancies may be obtained by any Board member and presented at any meeting of the Board of Governors for election. Such an appointment by the Board of Governors shall be made to fill a vacancy for the duration of the term of the office vacated.

Section 6. Members of the Board of Governors may be removed prior to completion of their term of office upon decision by a Board of Governors meeting, such removal requiring two-thirds majority of the votes presented.

ARTICLE VII – THE BOARD OF GOVERNORS

Section 1. The Board of Governors shall choose annually among themselves a Chairman, a Vice-Chairman, a Secretary, a Treasurer and other office deemed appropriate by a majority of the Board of Governors. Each Board member shall have a single vote in the deliberations and actions taken by the Board of Governors.

Section 2. The Board of Governors shall be responsible for:

- (a) The organization and management of the Corporation;
- (b) The expenditure of funds for the Corporation operations;
- (c) The enforcement of rules, regulations and orders as established by the Corporation as well as those specified in property covenants;
- (d) The calling of special and regular meetings of the Corporation and Board of Governors.

ARTICLE VIII – DUTIES OF OFFICERS

Section 1. The Chairman of the Board of Governors shall preside at all meetings of the Corporation and shall perform such other duties as pertain to the office. The Chairman shall appoint all special committees authorized by the Corporation and/or the Board of Governors, and no person or agent of any person shall represent the Corporation in any matter unless so authorized.

Section 2. In the absence of the Chairman, the Vice-Chairman shall perform the duties of the Chairman, and in the absence of the Chairman and Vice-Chairman, the Treasurer shall preside. In the absence of the Chairman and Vice-Chairman, the Secretary shall perform above listed duties of the Vice-Chairman.

Section 3. The Secretary shall record the proceedings of the Corporation; be custodian of the Constitution and By-laws and incorporate therein all duly adopted amendments; transmit promptly all resolutions in accordance with instructions; and keep a roll of the officers and members. The Secretary shall perform such other duties pertaining to the office as may be assigned by the Board of Governors and at the expiration of the term of office, turn over to its successor all books, documents, records, and property of the Corporation it may have in its possession.

Section 4. The Treasurer shall receive, record and deposit into ABI accounts all checks or monies given to Arden Beaches Inc. The Treasurer shall give and receive receipts for all money received by the Corporation, and shall disburse funds as authorized. Receipts for all disbursements shall be maintained for the annual audit. The Treasurer shall present a financial report at the annual meeting of the Corporation; and at the expiration of the term of office, shall turn over to the successor all money, funds, books, records and any other property that may belong to the Corporation. At the time of the annual meeting, a statement consisting of the annual financial report of the status of the Corporation shall be provided. All disbursements shall be made by checks drawn upon the Corporation's funds. All checks shall be signed by two of the following officers: Chairman, Vice-Chairman, Treasurer or Secretary. If a check is issued to any of the officers listed above, the signatories shall not include the individual receiving the check.

Section 5. For membership approval, or revision and approval, for the annual meeting, the Board of Governors shall have formulated an operating and maintenance budget for the 12-month fiscal year. The proposed budget shall be delivered to each member in accordance with Article V, Section 5.

Section 6. The Chairman of the Board and any two officers may authorize expenditures not in excess of five hundred (\$500.00) dollars between regular meetings. The Board of Governors must have a majority vote of the Board to authorize non-budgeted expenditures between five hundred one and one thousand (\$501.00-1,000.00) dollars. Eight (8) or more consenting votes must be cast for non-budgeted expenditures exceeding one thousand (\$1,000.00) dollars, but not to exceed three thousand (\$3,000.00) dollars.

Section 7. The Board of Governors shall take all possible measures to ensure that properties owned by the Corporation are maintained and made available to property owners of Arden on the Severn. Users of said properties shall be governed in accordance with the rules and regulation as set forth by the Corporation.

Section 8. The Board of Governors shall be responsible for the financial management of the Corporation. Services provided by the Corporation shall be funded essentially from the twenty-two (\$22.00) dollars annual fee collected from lot owners for each lot owned and user fees as set forth by the Board. Inflation shall be acknowledged; and, if possible, a reserve fund for the future shall be established and considered by the Board when determining user fees. The right to collect the annual fee is described in the covenant attached to each property deed.

Section 9. The Board of Governors shall have the power to employ paid help as they see fit to further the aims of the Corporation.

Section 10. Any Board member who misses two (2) consecutive Board meetings without due cause would be interpreted to have submitted his/her resignation.

Section 11. The members of the Board shall not be liable for mistakes of judgment or otherwise if made in good faith, nor incur any personal liability with respect to any contract or other commitment made by them on behalf of the Board.

ARTICLE IX – AUDITING OF BOOKS

Section 1. The complete books of the Treasurer shall be audited annually by an independent auditor appointed by the Chairman and approved by the Board of Governors. The results of the audit shall be reported by the Chairman to the Corporation at the first regular membership meeting following such audit. The audit may be performed by other members of the Corporation.

ARTICLE X – AMENDMENTS

Section 1. Proposals to change the Corporation Constitution and By-laws must be submitted to the Board of Governors in writing, by a corporate member, prior to 1 October.

Section 2. A proposed change to the Constitution and By-laws shall be included in the notification of the annual meeting.

Section 3. Changes to the Constitution and By-laws will be considered by the membership at the annual meeting and will be voted upon requiring two-thirds (2/3) of the votes cast in favor for the passage for adoption.

ARTICLE XI – CHARTER AND BY-LAWS

Section 1. The Constitution and By-laws shall be published and distributed to the membership of the Corporation following ratification at the first annual meeting and at such other times as are deemed necessary by the Board of Governors.

ARTICLE XII – QUORUM

Section 1. A legally transacted meeting of the Corporation is contingent upon an assembled quorum. The established quorum for a Corporation meeting (annual or special) is the number of members holding 10% of the votes extant in the Corporation. Should a quorum not be realized the only business that can be transacted is to effect measures to obtain a quorum, proceed to adjournment, or recess.

ARTICLE XIII – USER FEES

Section 1. It is recognized that maintenance of and improvements to Corporation property must be funded by revenue exceeding the annual twenty-two (\$22.00) dollar basic maintenance fee provided for in the Deeds. Therefore, a user fee schedule will be presented to the membership for consideration, revision and approval. Such fees will take effect beginning the year after adoption, and will remain in effect for two (2) years. The fee structure will be reviewed each two (2) years and any proposed changes will be presented at the annual membership meeting for review, revision, and approval.

