

# **HARBOR HILLS HOMEOWNERS ASSOCIATION, INC.**

## **Resolution of Board of Directors**

**April 27, 2006**

**EXPLANATORY STATEMENT:** The community of Harbor Hills was laid out on subdivision plats approved by Anne Arundel County and recorded among the Land Records of Anne Arundel County. The plats depicted various open space and recreation areas for use by the community. With the exception of certain lots (the "P Lots"), lots in the community were subjected to a Declaration of Covenants, Conditions and Restrictions that, among other things, provided, that owners of lots in Harbor Hills (other than owners of the P Lots), would be members of the Harbor Hills Homeowners Association, Inc. (the "Homeowners' Association"), a homeowners association that was established at or about the time that the Plats and Declaration of Covenants were recorded among the Land Records. The Declaration of Covenants also gave owners of lots (other than owners of the P Lots) certain rights of use and enjoyment of the open space and recreation areas, referred to as "community areas", as shown on the Harbor Hills subdivision plats.

Concurrently with the development of the Harbor Hills community, a separate organization was established known as the Harbor Hills Yacht Club, Inc. (the "Yacht Club"). This was a private membership club whose membership included many lot owners and residents of Harbor Hills, as well as persons who lived outside of Harbor Hills. The Yacht Club owned 9.34 acres of waterfront land and maintained on that land various recreational amenities that included, but were not limited to, a clubhouse, marina, swimming pool and tennis courts ("Yacht Club Facilities"). The Yacht Club Facilities were not part of the community areas that were depicted on the Harbor Hills Plats and were not part of the community areas to which owners of lots in Harbor Hills were granted a right of use and enjoyment by the Declaration of Covenants. Members of the Yacht Club paid initiation fees to become members of the Yacht Club and other fees for annual membership and use of the Yacht Club Facilities.. These fees included fees for a member's privilege of transferring membership in the Yacht Club to another person. All of these Yacht Club fees were in addition to any fees that Yacht Club members who owned lots in Harbor Hills paid to the Homeowners' Association.

Because, in part, there was a significant overlap in the membership of the Yacht Club and the Homeowners' Association, in the mid-1990's the Boards of Directors and members of both organizations undertook a study to determine the feasibility of a merger of the Homeowners' Association and Yacht Club. This study culminated in the overwhelming approval of the merger by votes of the Boards of Directors and members of the Homeowners' Association and the Yacht Club. As a result of the favorable votes for the merger, on December 30, 1996 the Yacht Club delivered a Deed to all the Yacht Club Facilities to the Association. On that date the Yacht Club Facilities became an asset of the Association, and an enhancement to the value of every lot in Harbor Hills that is a member of the Homeowners' Association. This transfer notwithstanding, Harbor Hills lot owners had, and continue to have, no right to use the Yacht Club Facilities except upon such terms and conditions as the Homeowners' Association (as the owner of the Yacht Club Facilities) may prescribe.

Since the Homeowners' Association took ownership of the Yacht Club Facilities the Homeowners' Association has continued to operate, maintain, repair and improve the Yacht Club Facilities, and periodically has required the payment of a "transfer fee" imposed by the Homeowners' Association payable upon transfer of a lot in Harbor Hills, similar to the transfer fee that previously had been paid to the Yacht Club. Many, but not all, owners of lots that are subject to the Harbor Hills Declaration of Covenants were members of the Yacht Club and paid initiation or transfer fees to the Yacht Club, or have purchased their lots since December 30, 1996, and have paid a transfer fee to the Homeowners' Association. Use of the Yacht Club Facilities is available to all lot owners upon payment of such transfer fee and other fees, and under such terms and conditions, as the Homeowners' Association may prescribe. The availability of the Yacht Club Facilities continues to be a significant enhancement to the value of lots in Harbor Hills, regardless whether a particular owner elects to use those facilities. To the extent a lot owner does not pay a transfer fee, an inequity exists in that such non-paying lot owner nonetheless benefits from the existence and availability of the Yacht Club Facilities within the community

Accordingly, the Board deems it appropriate that since all lots benefit from the existence of the Yacht Club Facilities, all members of the Homeowners' Association who have not heretofore paid initiation or transfer fees to the Yacht Club or transfer fees to the Homeowners' Association should be required to make a contribution to the Homeowners' Association for the Yacht Club Facilities. The Board further believes that the term "transfer fee" as previously used is obsolete and a more appropriate term for such a contribution is a "Yacht Club Facilities Capital Contribution Fee."

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE HARBOR HILLS HOMEOWNERS ASSOCIATION, INC. as follows:**

1. From and after the date of this Resolution, there is hereby imposed a Yacht Club Facilities Capital Contribution Fee in the amount of Four Thousand Dollars (\$4,000) upon all members of the Homeowners' Association who were not members of the Yacht Club on December 31, 1996 and who heretofore have not paid a transfer fee to the Homeowners' Association. The Yacht Club Facilities Capital Contribution Fee shall be payable as follows:

a. The Homeowners' Association shall provide written notice to all current members of the Homeowners' Association who are subject to payment of the Yacht Club Facilities Capital Contribution Fee advising of their obligation to pay such fee and the date upon which such fee is due and payable. The due date for the payment of the entire fee shall be sixty (60) days from the date of the notice ("due date"), after which the member will be deemed delinquent if the fee has not been paid. Notwithstanding the foregoing, the notice shall provide that the member may pay the fee in up to four monthly installments of \$1,000 each. The first installment shall be paid on or before the due date and each succeeding installment shall be paid on or before 120, 180 and 240 days from the due date. If the member elects to pay the fee in such installments, the member shall not be deemed to be delinquent in the payment of the fee as long as each installment is paid in a timely manner.


b. As part of a resale package to be provided in connection with the sale of the home of a member, the Homeowners' Association shall provide a copy of this Resolution (as the same may be amended from time to time), disclose the requirement for the payment of the Yacht Club Facilities Capital Contribution Fee and request that such fee be collected from the purchaser at settlement and paid to the Homeowners' Association. If the Homeowners' Association is not paid the Yacht Club Facilities Capital Contribution Fee at settlement, the Homeowners' Association shall provide written notice to the new member of the Homeowners' Association advising of the member's obligation to pay the fee and specifying the date upon which the fee is due and payable, which due date shall be thirty (30) days from the date of the notice ("due date") after which the new member will be deemed delinquent.

2. A member or new member who is delinquent in the payment of the Yacht Club Facilities Capital Contribution Fee may not use any of the Yacht Club Facilities until the Yacht Club Facilities Capital Contribution Fee has been paid in full or, in the sole discretion of the Board of Directors, until the member has made alternate arrangements with the Board for payment of the fee.

3. Any prior act by the Board of Directors imposing a transfer fee upon the transfer of a lot in Harbor Hills is rescinded, except that such rescission shall not affect the validity or enforceability of any transfer fee heretofore imposed by the Board.

4. The President and other appropriate officers of the Homeowners' Association are authorized and directed to file with the Maryland Department of Assessments and Taxation a trade name registration to authorize the Harbor Hills Homeowners Association, Inc. to conduct business under the names of Harbor Hills Homeowners Association and Harbor Hills Homeowners Association and Yacht Club.

The foregoing Resolution was adopted by the Board of Directors of the Harbor Hills Homeowners Association, Inc., by unanimous electronic written consent in lieu of a meeting of the Board.

  
Secretary

Dated: April 27, 2006