

THE LEISURE WORLD OF MARYLAND CORPORATION

BY-LAWS

ARTICLE I

OFFICES

Section 1. The principal office shall be in Silver Spring, State of Maryland.

Section 2. The Corporation may also have offices at such other places, both within and without the State of Maryland, as the Board of Directors may from time to time determine or the business of the Corporation of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Meetings of stockholders shall be held at the office of the Corporation in Silver Spring, State of Maryland or at any other place within the United States as shall be designated from time to time by the Board of Directors and stated in the notice of meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of stockholders, commencing with the year 1981, shall be held on the first day of November if not a legal holiday, and if a legal holiday then on the next secular day following, at 10:00 A.M., or at such other date and time as shall be fixed by the Board of Directors. Any business of the Corporation may be transacted at the annual meeting without being specially designated in the notice, except such business as is specifically required by statute to be stated in the notice.

Section 3. At any time in the interval between annual meetings, special meetings of the stockholders may be called by the Board of Directors, or by the President, a Vice President, the Secretary, or an Assistant Secretary.

Section 4. Special meetings of stockholders shall be called by the Secretary upon the written request of the holders of shares entitled to not less than twenty-five percent of all the votes entitled to be cast at such meeting. Such request shall state the purpose or purposes of such meeting and the matters proposed to be acted on thereat. The Secretary shall inform such stockholders of the reasonably estimated cost of preparing and mailing such notice of the meeting, and upon payment to the Corporation of such costs the Secretary shall give notice stating the purpose or purposes of the meeting to all stockholders entitled to notice at such meeting. No special meeting need be

called upon the request of the holders of shares entitled to cast less than a majority of all votes entitled to be cast at such meeting, to consider any matter which is substantially the same as a matter voted upon at any special meeting of the stockholders held during the preceding twelve months.

Section 5. Not less than ten nor more than ninety days before the date of every stockholders' meeting, the Secretary shall give to each stockholder entitled to vote at such meeting, and to each stockholder not entitled to vote who is entitled by statute to notice, written or printed notice stating the time and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, either by mail or by presenting it to him personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at his post-office address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 6. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 7. At any meeting of stockholders the presence in person or by proxy of stockholders entitled to cast a majority of the votes thereat shall constitute a quorum; but this section shall not affect any requirement under the statute or under the charter for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 8. A majority of the votes cast at a meeting of stockholders, duly called and at which a quorum is present, shall be sufficient to take or authorize action upon any matter which may properly come before the meeting, unless more than a majority of the votes cast is required by the statute or by the charter.

Section 9. Unless the charter provides otherwise, each outstanding share of stock having voting power shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders; but no share shall be entitled to vote if any installment payable thereon is overdue and unpaid. A stockholder may vote the shares owned of record by him either in person or by proxy executed in writing by the stockholder or by his duly

authorized attorney-in-fact. No proxy shall be valid after eleven months from its date, unless otherwise provided in the proxy. At all meetings of stockholders, unless the voting is conducted by inspectors, all questions relating to the qualification of voters and the validity of proxies and the acceptance or rejection of votes shall be decided by the chairman of the meeting.

Section 10. Any action required or permitted to be taken at any meeting of stockholders may be taken without a meeting, if a consent in writing, setting forth such action, is signed by all the stockholders entitled to vote on the subject matter thereof and any other stockholders entitled to notice of a meeting of stockholders but not to vote thereat have waived in writing any rights which they may have to dissent from such action, and such consent and waiver are filed with the records of stockholders meetings.

ARTICLE III

DIRECTORS

Section 1. The number of Directors of the Corporation shall be equal to the number of Mutuels constituting the membership of the Corporation that is its stockholder. Each Mutual is entitled to select a Director, qualified under the provisions of this Article, to cast its votes and otherwise represent it on the Board of Directors. Each Mutual may also select an Alternate Director who may represent the Mutual when its Director is absent. Such selections shall be made in accordance with procedures established by the Mutual.

Section 2. That person designated by an individual Mutual to be its Councilor on the Community Council of the Leisure World Community Corporation shall also be designated its Director for this Board, ex officio.

Section 3. A Director shall continue to serve as the representative of his Mutual until he is replaced by his Mutual, vacates the office, or becomes disqualified. The successor to a Director shall take office following the receipt by the Executive Secretary of written notification from the Mutual the Director is to represent confirming the effective date of his appointment and his eligibility to serve. A new cooperative or condominium may select a Director following a determination made by the Board that the developer has turned over the affairs of such new Corporation to the residential unit owners thereof and that the new cooperative or condominium has subscribed to the Trust Agreements and acknowledged its obligation to observe and apply the By-Laws and the rules and regulations that have been or may be adopted by the Corporation

Section 4. Nothing in these By-Laws prevents a Mutual from

establishing a fixed term of office for its Director or from removing its Director at any time. The Board, by an affirmative vote of two-thirds of the Directors, may recommend to a Mutual the removal of its Director for cause.

Section 5. The provisions of these By-Laws that are applicable to the selection, qualifications, replacement, removal and other aspects of the position of a Director equally apply to the position of an Alternate Director. An Alternate Director may exercise all the powers of the Director in whose place he serves, except that he is not, by virtue of his position as an Alternate, entitled to serve as an officer of the Board, a member of the Executive Committee, or a member of any other committee.

Section 6. The business and affairs of the Corporation shall be managed by its Board of Directors, which may exercise all of the powers of the Corporation, except such as are by law or by the charter or by these By-Laws conferred upon or reserved to the Stockholders.

Meetings of the Board of Directors

Section 7. Meetings of the Board of Directors, regular or special, may be held at any place in or out of the State of Maryland as the Board may from time to time determine.

Section 8. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board of Directors.

Section 9. Special meetings of the Board of Directors may be called at any time by the Board of Directors or the Executive Committee, if one be constituted, by vote at a meeting, or by the President or by a majority of the Directors or a majority of the members of the Executive Committee in writing with or without a meeting. Special meetings may be held at such place or places within or without Maryland as may be designated from time to time by the Board of Directors; in the absence of such designation such meetings shall be held at such places as may be designated in the call.

Section 10. The Executive Secretary shall arrange for the distribution to Directors, at least 24 hours in advance of a Board meeting, whether regular or special, of a notice of the meeting, including its time and place and its agenda or purpose. In emergency circumstances, notice may be provided to Directors by telephone. Attendance by a Director at any Board meeting constitutes a waiver by him of the requirements of this section for that meeting.

Section 11. A majority of the Directors representing a majority of the votes that Mutuals are entitled to cast

constitutes a quorum. If any meeting of the Board lacks a quorum, the Directors present may adjourn the meeting from time to time without repeating notice of its purpose. Except for actions under Article III, Section 4, when each Director shall have one vote, Directors may cast the number of votes they are entitled to cast as members of the Community Council of the Leisure World Community Corporation. Except as otherwise provided in these By-Laws, a majority of the votes cast decides a question before the Board. Proxy voting is not permitted.

Section 12. The Council may decide a question by mail, telephone, or other form of special poll without a meeting if (a) the use of a special poll is authorized in advance at a meeting of the Board, or (b) the Chairman or the Executive Committee determines that a decision of the Board is urgently needed to protect important interests of the Corporation or the community and that sufficient time is not available to follow ordinary Board procedures. A special poll shall be conducted by or under the direction of the Executive Secretary or, in his absence, by or under the direction of the Chairman. The Executive Secretary or the Chairman shall promptly communicate to the Board and record in its Minutes the results of a special poll and the reasons for its use.

Committees of_ Directors

Section 13. The Board of Directors may appoint from among its members an executive committee and other committees composed of two or more Directors, and may delegate to such committees any of the powers of the Board of Directors except the power to declare dividends or distributions on stock, recommend to the stockholders any action which requires stockholder approval, amend the By-Laws, approve any merger or share exchange which does not require stockholder approval or issue stock. However, if the Board of Directors has given general authorization for the issuance of stock, a committee of the Board, in accordance with a general formula or method specified by the Board of Directors by resolution or by adoption of a stock option plan, may fix the terms of stock subject to classification or reclassification and the terms on which any stock may be issued. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint a member of the Board of Directors to act in the place of such absent members.

Section 14. The committees shall keep Minutes of their proceedings and shall report the same to the Board of Directors at the meeting next succeeding, and any action by the committees shall be subject to revision and alteration by the Board of Directors, provided that no rights of third persons shall be affected by any such revision or alteration.

Compensation _of Directors

Section 15. Directors, as such, shall not receive any compensation for their services.

ARTICLE IV

NOTICES

Section 1. Notices to stockholders shall be in writing and delivered personally or mailed to the stockholders at their addresses appearing on the books of the Corporation. Notice by mail shall be deemed to be given at the time when the same shall be mailed. In the case of stockholder's meetings, the notice may be left at the stockholder's residence or usual place of business.

Section 2. Whenever any notice of the time, place or purpose of any meeting of stockholders is required to be given under the provisions of the statute or under the provisions of the charter or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to such notice and filed with the records of the meeting, whether before or after the holding thereof, or actual attendance at the meeting of stockholders in person, shall be deemed equivalent to the giving of such notice to such persons.

ARTICLE V

OFFICERS

Section 1. The Corporation may employ staff and designate corporate officers (including, as necessary, a President, one or more Vice Presidents, a Treasurer and a Secretary) to administer its affairs and promote its purposes in accordance with the decisions of the Board.

Section 2. The Board of Directors may elect officers to conduct its proceedings and facilitate its activities, including a chairman, a vice chairman, an executive secretary, and such other officers as it may, from time to time, consider necessary.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. Each stockholder shall be entitled to a certificate or certificates which shall represent and certify the number and kind and class of shares owned by him in the Corporation. Each certificate shall be signed by the President or a Vice President and countersigned by the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer

and may be sealed with the Corporate Seal.

Section 2. The signatures may be either manual or facsimile signatures and the seal may be either facsimile or any other form of seal. In case any officer who has signed any certificate ceases to be an officer of the Corporation before the certificate is issued, the certificate may nevertheless be issued by the Corporation with the same effect as if the officer had not ceased to be such officer as of the date of its issue. Each stock certificate shall include on its face: the name of the corporation, the name of the stockholder and the class of stock and number of shares represented, by the certificate. If the Corporation has authority to issue stock of more than one class, the stock certificate shall contain on its face or back a full statement or summary of the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption of the stock of each class which the Corporation is authorized to issue and if the Corporation is authorized to issue any preferred or special class in series, the differences in the relative rights and preferences between the shares of each series to the extent they have been set, and the authority of the Board of Directors to set the relative rights and preferences of subsequent series. A summary of such information included in a registration statement permitted to become effective under the Federal Securities Act of 1933, as now or hereafter amended, shall be an acceptable summary for the purposes of this section. In lieu of such full statement or summary, there may be set forth upon the face or back of the certificate a statement that the corporation will furnish to any stockholder upon request and without charge, a full statement of such information. Every stock certificate representing shares of stock which are restricted as to transferability by the Corporation shall contain a full statement of the restriction or state that the Corporation will furnish information about the restriction to the stockholder on request and without charge. A stock certificate may not be issued until the stock represented by it is full paid, except in the case of stock purchased under an option plan as provided by Section 2-207 of the Corporations and Associations Article of the Annotated Code of Maryland.

Lost Certificates

Section 3. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been stolen, lost or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be stolen, lost or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such

stolen, lost or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and to give the Corporation a bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise by reason of the issuance of a new certificate.

Transfers of Stock

Section 4. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Closing Transfer Books

Section 5. The Board of Directors may fix, in advance, a date as the record date for the purpose of determining stockholders entitled to notice of, or to vote at, any meeting of stockholders entitled to receive payment of any dividend or the allotment of any rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall be not more than sixty days, and in case of a meeting of stockholders not less than ten days, prior to the date on which the particular action requiring such determination of stockholders is to be taken. In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, twenty days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such books shall be closed for at least ten days immediately preceding such meeting.

Registered Stockholders

Section 6. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Maryland.

ARTICLE VII

GENERAL PROVISIONS

Dividends

Section 1. Dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in its own shares, subject to the provisions of the statute and of the Articles of Incorporation.

Section 2. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Directors from time to time, in their absolute discretion, think proper as a reserve fund to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the Directors shall think conducive to the interests of the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created.

Annual Statement

Section 3. The President or a Vice President or the Treasurer shall prepare or cause to be prepared annually a full and correct statement of the affairs of the Corporation, including a balance sheet and a financial statement of operations for the preceding fiscal year, which shall be submitted at the annual meeting and shall be filed within twenty days thereafter at the principal place of the Corporation in the State of Maryland.

Checks

Section 4. All checks, drafts, and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Corporation shall be signed by such officer or officers as the Board of Directors may from time to time designate.

Fiscal Year

Section 5. The fiscal year of resolution of the Corporation shall be fixed by resolution of the Board of Directors.

Seal

Section 6. The Corporate Seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal, Maryland". The Seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Stock Ledger

Section 7. The Corporation shall maintain at its office in Silver Spring, State of Maryland, an original stock ledger containing the names and addresses of all stockholders and the number of shares of each class held by each stockholder. Such stock ledger may be in written form or any other form capable of being converted into written form within a reasonable time for visual inspection.

ARTICLE VIII

AMENDMENTS

Section 1. The Board of Directors shall have the power, at any regular meeting or at any special meeting if notice thereof be included in the notice of such special meeting, to alter or repeal any By-Laws of the Corporation and to make new By-Laws, except that the Board of Directors shall not alter or repeal any By-Laws made by the stockholders.

Section 2. The stockholders shall have the power, at any annual meeting or at any special meeting if notice thereof be included in the notice of such special meeting, to alter or repeal any By-Laws of the Corporation and to make new By-Laws.