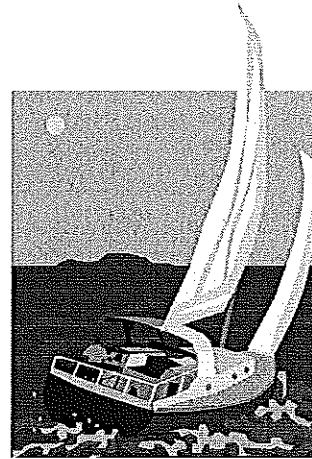


# West View Shores Civic Association

Top of the Chesapeake Bay

18 Short Road

Earleville, Maryland 21919-2269



## West View Shores Civic Association Newsletter

February 11, 2011

### IMPORTANT UPDATE - PLEASE READ CAREFULLY

As stated in our letters of December 13<sup>th</sup> & 21<sup>st</sup>, the West View Shores Civic Association Board has pursued a number of issues regarding the "right to vote, dues, and our by-law compliance with Maryland Corporate Code", as a Stock Corporation. These issues were suggested by Bill Hemphill and Gloria Bertz during fall meetings with Bob Davidson. Since November 2010, the Civic Association Board has met three times, and has discovered several closely related matters, and is engaging legal counsel to ensure that the Civic Association is in compliance with Maryland Corporate Code.

### DISCOVERY POINTS IMPACTING ALL WEST VIEW PROPERTY OWNERS

#### Dues

'Dues' infers a voluntary payment related to membership in a voluntary organization.

- What we have historically called 'dues' has, in reality, been a pro rata share of the actual expense incurred by the Civic Association for the upkeep and maintenance of all common area assets, roads and basin area. This maintenance expense is not related to a property owner's membership in the Civic Association. In as much as each property and, therefore, each property owner derives benefit from the upkeep and maintenance performed by the Civic Association, these expenses are more appropriately dealt with as an 'assessment', collected on each property on a pro-rata basis, rather than as 'dues'. Legal Counsel has assured us that Maryland case law is consistent with the 'assessment' approach. The Civic Association Board has agreed that we should be consistent with case law and that our by-laws be revised appropriately.

## Shares & Voting Rights

In the past, property owners who have not owned a share, but who have paid their 'dues' have been permitted to vote on Civic Association business. The legality of permitting non-share owners to vote in a stock corporation requires addressing. The most obvious solution is to have every property owner become a share owner, perhaps with different share classes (Class A or Class B).

- Since the original purchase of a share (\$600) was to raise enough capital to purchase the deed in 1974 has been accomplished, the selling of shares for \$600 is no longer needed. The Board is proposing that a new class of share (Class B) be issued to those who currently do not own an original \$600 share. This approach is compatible with Maryland Corporate Code, and satisfies the requirement that only shareholders vote in a Stock Corporation.
- The investment amount of acquiring a 'Class B' share is yet to be determined. To differentiate between original shares (Class A or Legacy share) and (Class B share), the Board proposes that the Class B share owner be limited to voting on annual assessment issues, and voting to elect Directors & Officers. Additionally, the Class B share owner shall not serve as a Director or Officer In the Association.
- Class A share owners (Legacy share) shall have the right to vote on all matters concerning the Community including the disposition of stock assets. Only Class A owners shall be elected to serve as Directors and Officers of the Association.

## **SHARE VALIDATION**

The Board has been actively pursuing share validation since our letter of January 10, 2011. You were asked to help clarify shares you currently own. Thank you for cooperating in this effort. Possession of share records has eluded the Civic Association Board. Our research of share history has concluded that past methods of share purchase and exchange were done without consistency. We have, with the help of some shareholders, been able to partially recreate a ledger of share owners. More work is required before an official shareholder list can be published. We are investigating with rigor to ensure all shareholders are properly identified.

## **SUMMARY**

The Board investigated the issues regarding "dues, right to vote, and our by-law compliance". We realize that specific by-law changes must take place in order to comply with Maryland Corporate Code. The Civic Association Board is continuing to obtain legal opinion on these issues and will continue to discuss them in our next Board meeting in early March.

As soon as we have more specifics, we will share in detail. Our goal is to provide recommendations on by-law revisions and the related issues during the upcoming community meeting Memorial Day weekend. Since these are complex issues, we appreciate your support and patience as we work to resolve them. Our collective hope is that we learn from past practices and together move our Civic Association into a compliant corporation.

As the Board has met and discussed these complex issues, we have also decided to propose the elimination of the nominating committee. We feel that the nominating committee concept may have made the process of elections too complex. In its place we are suggesting that any current share holder who wishes to run for any position on the Civic Association Board of Directors merely declare him or herself as a candidate to the Secretary 30 days before the Annual Meeting. The provision that calls for nominations from the floor at the Annual Meeting shall remain in place. The proposed elimination of the nominating Committee will also require a revision of the by-laws.

Please remember that the proposed revisions of our by-laws referred to in this letter can only be changed by you, the members of the Association as called for in the Civic Association by-laws.

Finally, the Board wishes to thank the 53 property owners who have to date shown their financial support.

On behalf of the Civic Association Board

A handwritten signature in cursive script, appearing to read "Bob Davidson".