

Proposed By Law Changes and Accompanying Rule Changes

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Introduction

The desired changes in the administration and operation of Chelsea Tower Condominium can be achieved in two ways: (1) Changes to the By-Laws, and (2) Changes to the Rules. Changes to the By-Laws require voting by the Unit Owners while changes to the Rules may be enacted by the Board of Directors.

At the meeting on 15 April 2009 the attendees agreed to the suggested changes in the ByLaws and Rules as suggested. The attendees were: Louis P. Solomon (Chairman), Kathye Wharton, PT Venugopal, and Eugenie Hershaft.

There is a second document, Discussion of Proposed Possible changes to the ByLaws. It provides reasons for the suggested ByLaw changes.

There are two parts to each proposed action: (1) the presentation of the current language of the By Law, and (2) the suggested changes to the By Law. There is no order of priority. The same presentation will be made for the existing and proposed Rule changes.

After careful thought and considerable discussion the attendees decided that any changes that would affect potential sales or purchases of Units by new Owners should not be added to the ByLaws. Specifically, the attendees agreed that compelling an owner to sell a unit only to a buyer who agrees to reside himself/herself for a period of time would, in the present market, limit the availability of buyers and hence depress the property value.

Proposed By-Law Changes¹

1. Lease Issue: Article VII Section 3. Leases

Existing language:

.....written lease for an initial term of not less than six (6) months.....

Proposed language:

.....written lease for an initial term of not less than twelve (12) months.....

Rules: Rule 5

Existing:of at least six (6) months. Certain....

Proposed Language:of at least twelve (12) months. Certain....

Proposed Additional Language: The standard lease as provided by the Montgomery County Commission on

¹ See companion document: *CommentsByLawRuleChangesNew*

Landlord-Tenant Affairs may be used for the Standard Lease for all Chelsea Tower Units that are rented by their owners. The Chelsea Tower Lease Addendum must be an integral part of any lease.

2. Membership on the Board of Directors: Article III Section 1

Existing language:

.....of at least three (3) but not more than nine (9) persons as may be determined by the Board of Directors. Each Director

Proposed Language:

.....of five (5) persons. A sixth person shall be elected to the Board of Directors as an Adjunct Director, but without the right to vote. The term of the Adjunct Director shall last until the next regular annual meeting of the Council. Each Director and Adjunct Director.....

3. Filling Vacancies on the Board of Directors: Article III Section 7

Existing language:

Vacancies in the Board of Directors caused by any reason other than the removal of a director by vote of the Unit Owners, shall be filled by a vote of the majority of the remaining directors, regardless of whether those directors constitute a quorum, at any meeting of the Board of Directors. The director selected by the Board shall fill the

unexpired portion of the term of the director whose position is vacant.

Proposed Language:

A vacancy in the Board of Directors caused by any reason other than the removal of a director by vote of the Unit Owners, shall be filled by the Adjunct Director. Thereupon, he/she shall be a Director with the right to vote until the unexpired portion of the director whose position became vacant. For a subsequent interim vacancy, if any, the Board of Directors shall convene a special meeting of the Council to elect a director and determine the term.²

**4. Nominating Committee: Article III Section 3(c) :
Nominations**

Existing language:

The Board of Directors may appoint a Nominating Committee consisting of three (3) persons who shall, at least thirty (30) days prior to the meeting at which the election is to be held, nominate selected individuals for the director vacancies. Such nominees must comply with Section 3(a) above. The names of such nominees shall be delivered or mailed to each Unit Owner along with the notice of such meeting. Failure to comply with this section (c) shall in no way invalidate the election of the directors who were not nominated in accordance with the provisions

² It appears that the Board, under its present powers, can co-opt an additional non-voting director (adjunct director) on the basis of the election results at the general meeting held on March 26 2009. Or, decide to appoint him as a regular director in a vacancy as may arise pending passing of the proposed amendments.

hereof.

Proposed Language: (Delete existing By Law.)

5. Books: Article III Section 16 (n): Books

Existing Language:

----shall be audited at least once a year by an outside auditor employed by the council

who shall not be a resident of the condominium or a Unit Owner therein.

Proposed Language: (Insert a sentence as follows after the end of the words quoted above:)

Audited Financial Statements with the auditor's certificate and observations shall be

available for discussion by the Board at its open meeting to be held in the month of May

following the previous fiscal year.

6. Reserve and Capital Budget: Article V Section 8

Existing language:

The reserve contribution shall be fixed by the Board of Directors and included within the budget and Assessments as provided in this Article.

Proposed language: (Insert after the sentence quoted above the following:)

The capital budget (namely for items to be financed from Reserves) shall be presented with the operating budget discussed in Section 4 and expenditure reviewed in identical manner as provided for the operating budget in that section.

Proposed Changes to Rules and Regulations³

1. Use of the community room (p.7 of existing Rules)

Current Rule: A security deposit as set by the Board must be paid at least 10 days prior to the party; if not, a certified check, cashier's check or money order is required.

Proposed Amendment: A security deposit, as set by the Board, must be paid at least ten days prior to the party; if not, a certified check, cashier's check or money order is required. After the party, if damages are assessed, then and only then, will the security deposit be cashed; if the assessed amount of damage is less than the security deposit, the Owner will get the appropriate amount back.

2. Swimming pool (p.13)

Current Rule: No food, gum or glassware of any kind is permitted in the pool area. Canned drinks are permissible. Empty cans must be placed into designated trash

³ These rules were received from the Rules and Regulations Committee.

receptacles. No alcoholic beverages are permitted in the pool area.

Proposed Amendment: No gum or glassware of any kind is permitted in the pool area. Canned and plastic bottles are permissible. No alcoholic beverages are permitted in the pool area.

3. Outside antennae (p.4)

Current Rule: No outside television or radio aerial or antenna, or other aerial or antenna, for reception or transmission, shall be marinated upon any Unit or upon any Common Elements, other than the master antenna provided as part of the general Common Elements, without the prior written consent of the Board of Directors. No Unit Owner may install wiring for electrical or telephone installation, television antennae, machines or air conditioning units on the exterior of a Unit or the Common Elements or which protrude through the walls or roof of a Unit or Common Elements except as authorized by the Board of Directors.

Proposed Amendment: No Unit owners may install wiring for electrical or telephone installation, machines or air conditioning units on the exterior of a Unit or the Common Elements or which protrude through the walls or roof of a Unit or Common Elements except as authorized by the Board of Directors.