

Subject: Size , Indemnification, and By-Laws

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Hello, Committee Members.

OK, Worcester County doesn't think size is important. Ocean City doesn't think size is important. But size must be considered important to us because it's specified in our by-laws. Every new potential owner is given a copy of the by-laws prior to purchasing a unit. We can't say "I wasn't aware" or "Nobody told me." At best, we can say "I forgot." We agreed, upon purchase of our units, that we will abide by the by-laws - this is how we agree to live as neighbors. Any individual owner can insist upon enforcement of the by-laws until a super-majority agrees to change the by-laws. It's not easy to change the by-laws. It's not meant to be easy.

Like it or not, dogs make some people uncomfortable. Large dogs make more people more uncomfortable. Our by-laws, in part, are in force to make people comfortable living with one another.

We all feel more comfortable around well disciplined dogs. Well disciplined dogs retain their instincts, however. While I'm not able to put my hands on it right now, I hope you'll accept the fact that the owner of Sadie the Rottweiler told me that she had received many comments about how well she had trained her dog and how friendly Sadie was with children. Yet, Sadie was involved in the incident that initiated this discussion.

If only it were practical to accept Margot's suggestion... Allow all dogs of all sizes belonging to owners and owners' families and owners' guests but register them and have the owners indemnify the association against any lawsuits due to pet misbehavior. That might be a partial solution if all owners had sufficient net worth to stand behind their promises. That's probably not the case. The problem then is, for example:

Owner of 2401 brings his large dog to 9400, registers the dog and agrees to indemnify.

Dog attacks a small child.

Child's parent sues the dog owner and 9400 and receives a judgement in the amount of \$5MM against 9400.

Parent's attorney visits the 9400 office to collect his \$5MM.

Nancy tells attorney "I don't have the money but don't worry. The owner of 2401 agreed to be responsible when she registered the dog."

Attorney says "That's interesting. Please give me my \$5MM now and you can collect from the owner of 2401 at your convenience."

Nancy splits \$5MM into 164 shares and bills each owner.

I think that's close to the way things would develop.

Now, here's an interesting question. Does the 9400 liability insurance policy cover such incidents and what are the policy limits. We should have our Treasurer answer that question for us.

Just one more thing before I get off the soap box. THIS NOT A PROJECT TO PROTECT SMALL DOGS FROM LARGE DOGS. While it was initiated due to a specific incident, in my mind, it's more a project to ensure that your investment and mine is not unduly put at risk. The Board of Directors has been given notice that lack of enforcement of our by-laws has contributed to a very unpleasant but cost-free incident. There is potential for a very expensive serious incident. Relaxing out rules doesn't seem to me to be the solution.

JR

