

ASSOCIATION BYLAWS
OF
LAKE BEL-AIR PROPERTY OWNERS ASSOCIATION

ARTICLE I

NAME, LOCATION, PURPOSES, AND THE DEED RESTRICTIONS

Section 1 Name of the Association; Duration. This association is a Michigan nonprofit corporation, which shall be named the “Lake Bel-Air Property Owners Association.” In this document, it is usually referred to as the “Association,” and sometimes as the “Corporation.” Both in this document and in other documents, the name “Lake Bel Air” has alternately been spelled as “Lake Bel-Air” or “Lake Bel Air” (with or without a hyphen). Nevertheless, whether a hyphen is used or not, the name shall refer to the same lake, the same plats, and the same property owners association. The term of the Corporation is perpetual.

Section 2 Location. The principal office of the Association shall be located at the residential dwelling of the Corporation’s current agent or such other place within Hillsdale County, Michigan, as the Board of Directors shall indicate that meetings of members and directors may be held.

Section 3 Purposes. The purposes of the Association are to:

(a) promote and protect the health, safety, and welfare of the residents and property owners around Lake Bel-Air in Adams Township, County of Hillsdale, State of Michigan;

(b) enforce the building and use restrictions (i.e., the Deed Restrictions, as defined below) for the Lake Bel-Air community;

(c) administer and supervise the collection and expenditure of assessments against properties in the Lake Bel-Air community; and

(d) do all things reasonably necessary and incidental to promote the common benefit and enjoyment of the residents and property owners in the Lake Bel-Air community.

Section 4 The Deed Restrictions. The Deed Restrictions are the restrictions, covenants, and regulations governing the properties in the following plats or subdivisions in Adams Township, Hillsdale County, Michigan:

- Bel Air Terrace No. 1
- Bel Air Terrace No. 2
- Bel Air Terrace No. 3
- Bel Air Terrace No. 4
- Bel Air Terrace No. 5
- Bel Air Terrace No. 6
- Shannon Cove No. 1

(collectively, the “Plats”).

ARTICLE II

MEMBERSHIP

Section 1 Organized on a Membership Basis. The Association is organized on a membership basis.

Section 2 Qualifications for Membership. In order to be a member of the Association, a person must own a lot or parcel (which includes a purchaser of a lot on land contract) within the Plats. In most cases, where someone owns a lot or parcel within the Plats, Association membership is mandatory. The owner or owners of a lot or parcel not located within any of the Plats may be a voluntary member of the Association, but only if the two following requirements are met:

(a) The Board of Directors of the Association approves the membership application in writing; and

(b) The person or persons requesting membership agree to be bound by the rules and regulations of the Association.

Should the Board of Directors accept a person for voluntary membership in the Association, that person shall remain a member of the Association until the person sells his/her lot(s) or parcel(s) to a third party. The Board of Directors may also attach other conditions to such an approved voluntary membership. Any

person who becomes a voluntary member of the Association (once meeting the qualifications specified above) shall be deemed a regular member for purposes of voting and similar rights of other members.

Section 3 Voting Rights. Each lot or parcel which qualifies for membership and for which all assessments are paid current shall have one (1) membership and only one (1) vote. If there is more than one owner of any such lot or parcel and they cannot all agree on their vote for a particular membership vote, the vote for that lot or parcel shall not count (i.e., a vote for a particular lot or parcel cannot be split or fractionalized). If an owner or owners own more than one lot or parcel and a full annual assessment is only paid for one of the lots or parcels (with each additional lot or parcel only paying a fractional part of an annual assessment), then that owner or owners shall only have one (1) membership and only one (1) vote.

Section 4 Proxies and Absentee Votes. At all meetings of members, each member may vote in person, by absentee ballot, or by proxy as follows:

(a) Proxies. A “proxy,” for purposes of these Bylaws, shall be a writing which authorizes another member to vote on behalf of the member who is giving the proxy. All proxies shall be in writing and filed with the Secretary. A proxy shall be signed by the member giving the proxy and shall list the date on

which it commences. No proxy shall be valid for longer than ninety (90) days, provided, however, that the member giving the proxy may indicate on the proxy that it is valid for a shorter period of time. Every proxy shall be revocable upon the filing of a written notice with the Association by the member who gave the proxy stating that the proxy is revoked. A proxy shall automatically be revoked upon conveyance by the member of his or her lot or parcel. No proxy shall be valid unless it shall be in proper form approved by the Board of Directors and has been filed with the Association at least forty-eight (48) hours prior to the meeting at which it will be utilized.

(b) Absentee Ballots. For purposes of these Bylaws, an absentee ballot shall be in writing whereby a member votes on a particular issue by executing and filling in the absentee ballot ahead of time and in accordance with the applicable rules and regulation. All absentee ballots shall be in writing and filed with the Secretary. An absentee ballot shall be valid for only one (1) meeting. Once a valid absentee ballot is filed with the Secretary, it shall not be revocable except due to a transfer or conveyance of the lot or parcel involved. An absentee ballot shall automatically be revoked if the member conveys his or her lot or parcel before the meeting involved. No absentee ballot shall be valid unless it shall be in proper form approved by the Board of Directors and it has been filed with the

Association at least twelve (12) hours prior to the meeting at which it will be utilized.

(c) Conflict. No member who has filed or cast an absentee ballot may authorize a proxy for the same vote. If there is a conflict between an absentee ballot and a proxy for a given vote, the absentee ballot shall govern.

(d) Rules and Regulations. The Board of Directors shall be empowered to adopt reasonable rules and regulations regarding the form of proxies and absentee ballots, as well as the procedures for their utilization. If a conflict or ambiguity arises regarding the use of a proxy or absentee ballot, the Board of Directors shall be the final judge.

(e) Quorum. Proxies and absentee ballots shall count toward a quorum of members as provided in Article III, Section 9 hereof.

ARTICLE III

MEETINGS AND QUORUM

Section 1 Annual Meeting of Members. The annual meeting of members shall be held each year at such date, time, and place as may be designated by the Board of Directors. At least fifteen (15) days prior to the date of the annual

meeting, written notice of the date, time, place, and purpose of such meeting shall be mailed, emailed or delivered to each member entitled to vote at the meeting at their last known address; provided, that not less than thirty (30) days' written notice shall be provided to each member of any proposed amendment to these Bylaws or to other Association documents.

Section 2 Delayed Annual Meeting of Members. If, for any reason, the annual meeting shall not be held on the day so designated, such meeting may be called and held as a special meeting with the same proceedings as at an annual meeting.

Section 3 Special Meetings of Members. Special meetings of the members may be called by the President or by a majority of the members of the Board of Directors, or by a writing signed by at least twenty percent (20%) of the members. Notice of special meetings shall be provided in the same manner as for annual meetings.

Section 4 Organizational Meeting of Board of Directors. At the place of holding, and immediately following the annual meeting of members, the Board of Directors as constituted upon final adjournment of such meeting shall convene for the purpose of electing officers and transacting any other business properly

proposed; provided, that the organizational meeting in any year may be held at a different time and place by consent of a majority of the Board of Directors.

Section 5 Regular Meetings of the Board of Directors. In addition to its organizational meeting, the Board of Directors may hold regular meetings at such other times and places as it shall from time to time determine. Notice of regular meetings shall be given to each director personally or by mail, telephone or email at least five (5) days prior to the date of such meeting.

Section 6 Special Meetings of Board of Directors. Special meetings of the Board of Directors may be called by the President or by any two directors by written notice or email to each director of the time, place and purpose of such meeting, at least three (3) days prior to the date of such meeting.

Section 7 Notice and Mailing. All written notices required to be given by any provision of these Bylaws shall state the authority pursuant to which that are issued (as, “by order of the President,” or “by order of the Board of Directors,” as the case may be) and shall bear the written, printed or typed signature of the Secretary. Each such notice shall be deemed duly served when it has been deposited in the United States mail, with postage fully prepaid, plainly addressed to the addressee at his, her or its last address appearing upon the membership records of the Association.

Section 8 Waiver of Notice. Notice of the date, time, place, and purpose of any meeting of the members or of the Board of Directors may be waived by email, cablegram or other writing, either before or after such meeting has been held. Attendance at any meeting of the Board of Directors constitutes a waiver of notice, except where a director attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 9 Quorum; Voting. The presence at a meeting of the Board of Directors of two-thirds (2/3) of the directors then in office shall constitute a quorum for the transaction of business. The presence at a meeting of the membership of fifty-one percent (51%) of all members shall constitute a quorum for the transaction of business at a membership meeting. For purposes of establishing a quorum (or counting votes) at a meeting of the membership, absentee ballots and proxies of members shall be counted. Members or directors present or represented at any such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough persons to leave less than a quorum. A majority vote of the members present at a meeting at which a quorum is also present shall constitute action or approval by the membership, unless a greater vote is required in a specific circumstance by these Bylaws or the Deed Restrictions. A majority vote of the members of the Board of Directors present at a meeting at which a quorum is also present shall constitute action or approval by

the Board of Directors, unless a greater vote is required in a specific circumstance by these Bylaws or the Deed Restrictions. For a meeting of the membership, if a quorum is not present at a given meeting, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting (or 25.5% of all members). No such subsequent meeting shall be held more than ninety (90) days following the preceding meeting.

Section 10 Meeting Procedure. Roberts Rules of Order, in the current revised edition, shall be in force at the meetings of the members and the Board of Directors unless modified by the chair or vote of those present.

Section 11 Nonmembers at Meetings. For meetings of the membership, as well as meetings of the Board of Directors, a person who is not a member of the Association shall not attend any such meeting unless such attendance is approved by at least two officers of the Association or by a vote of the Board of Directors. The Board of Directors shall have the right to remove anyone from a meeting of the membership or a meeting of the Board of Directors who is not a member of the Association or who was not expressly invited to attend the meeting or stay at the meeting by either two or more officers of the Association or with the consent of the Board of Directors.

ARTICLE IV

BOARD OF DIRECTORS

Section 1 Number and Term. The business, property and affairs of the Association shall be managed by a Board of Directors composed of not less than three (3) nor more than seven (7) members. The number of persons comprising each subsequent Board of Directors shall be determined by vote of the members prior to the establishment of each such Board of Directors; provided, however, that if a motion is not made and approved to increase or decrease the number of directors, then the Board of Directors shall consist of the same number of persons as theretofore comprised the full Board of Directors. Members of the Board of Directors shall serve three (3) year terms.

Section 2 Election. One-third (1/3) (or as close to 1/3 as possible in a given year) of all members of the Board of Directors shall be elected by the members at each annual meeting of the members.

Section 3 Nominating Committee. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made by any member in good standing (i.e., assessments paid) so long as the nomination is made in writing and is filed with the Association at least thirty (30) days prior to the annual meeting. The Nominating Committee shall consist of a

Chairperson, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors at least ninety (90) days prior to each annual meeting of the members. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. The Nominating Committee shall file a statement with the Association containing its nominees at least thirty (30) days before the annual meeting. Nominations may be made from among members only. No nominations shall be considered unless they have been filed with the Association at least thirty (30) days before the annual meeting.

Section 4 Qualification. Each director shall be a member or the spouse of a member (or, if a member is a trustee of a trust, a director may be a beneficiary of such trust, and if a member or such a beneficiary is a corporation or a partnership, a director may be an officer, partner or employee of such member or beneficiary). If a director shall cease to meet such qualifications during his/her term, he/she shall be deemed to have resigned as a director and his/her place on the Board of Directors shall be deemed vacant.

Section 5 Vacancies. Vacancies in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors, even though less

than a quorum of the Board of Directors. Each person elected to fill a vacancy shall remain a director until his/her successor has been duly elected and qualified, which election shall be for a term equal to that remaining of the director whose death or resignation has created the vacancy.

Section 6 Resignation and Removal. A director may resign at any time and such resignation shall take effect upon receipt of written notice by the Association, or at such subsequent time as may be set forth in the notice of resignation. Any or all the directors may be removed at any time, with or without cause, by the vote of the majority of the members.

Section 7 Action by Written Consent. If and when all the directors shall severally or collectively consent in writing to any action to be taken by the Association, either before or after the action, such action shall be as valid a corporate action as though it had been authorized at a meeting of the Board of Directors.

Section 8 Action Taken via Teleconference/Telecommunication; No Proxies. A member of the Board of Directors may attend or participate in a meeting of the Board of Directors via conference telephone, video teleconferencing, or similar communications equipment by which all persons participating in the meeting may hear each other, provided that all participants are

advised of the communications equipment and the nature of the participants in the conference are divulged to all participants. Such participation by a member of the Board of Directors in a meeting shall constitute presence in person at the meeting. Any action so approved shall have the same effect as though taken at a meeting where all of the directors are present. Directors shall not vote by proxy or absentee ballot.

Section 9 Powers and Duties.

(a) The powers and authority of the Board of Directors shall include, but are not limited to, the following:

(1) Adopt and publish rules and regulations governing the use of common areas and facilities of the Association, the personal conduct of the members and their guests thereon, and to establish penalties (including fines) for the infraction thereof.

(2) Suspend the voting rights and right to use of the Association's recreational facilities or common areas of a member during any period in which such member is in default in the payment of any assessment levied by the Association or in violation of any Association rule or regulation;

(3) Exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, the Deed Restrictions, or law;

(4) Declare the office of a director to be vacant in the event that such director shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(5) Employ a manager, an independent contractor, attorney, accountant, or such other employees or agents as it deems necessary, and to prescribe their duties;

(6) Enforce the Deed Restrictions and the Bylaws and rules or regulations adopted by the Board of Directors;

(7) Institute, defend, appeal or settle litigation;

(8) Enter into contracts for the Association, including for aquatic weed treatments and eradication;

(9) Keep and maintain all common and Association properties in a clean and orderly condition, cut and remove weeds, cut grass, pick

up loose materials, refuse, etc., and do any other things reasonably necessary or desirable to keep such properties neat in appearance and in good order;

(10) Do all things reasonably necessary for the promotion and protection of water quality, plants and wildlife on the common or Association properties and in and around the lake, and pursue special assessments to cover aforesaid;

(11) Provide for the installation and maintenance of gateways or entrances and other features, and maintain common recreational facilities or any addition thereto, and to pursue assessments to cover the costs of the aforesaid;

(12) In order to develop community and to keep Association members informed of and involved in Association affairs, the Board of Directors shall manage the Association website, keep the Association Calendar current concerning dates of Board meetings as well as dates of weed control spraying and publicize other Association activities. The Board of Directors shall also post all agendas and minutes of all meetings, and any public announcements and articles of general interest, as well as all notices required by statute or law; and

(13) In accordance with the Deed Restrictions, the Board of Directors shall enforce such restrictions either in its own name, or in the name of any lot owner or property owners, as may be necessary. The Association shall

have full power and authority to bring proceedings in the names of any of the lot owners or its own name to enforce the Deed Restrictions. The expenses and costs of such proceedings may be paid out of the general funds of the Association.

(b) The duties of the Board of Directors shall include, but are not limited to, the following:

(1) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting where such statement is requested by the members, as provided by these Bylaws;

(2) Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed;

(3) Issue, or cause an appropriate officer to issue, upon demand by any member, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states the assessment has been paid, such certificate shall be conclusive evidence of such payment;

(4) Where appropriate, procure and maintain adequate general, liability, and hazard insurance on any property owned or controlled by the

Association, general liability insurance for the directors, officers, and employees of the Association, and professional liability insurance for directors and officers of the Association;

(5) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(6) Cause the Association's common areas and facilities to be maintained.

(c) In addition to the powers and duties imposed or permitted by the Deed Restrictions, these Bylaws, by law, or by approval of the members of the Association, the Board of Directors shall have all powers and duties which are reasonably necessary for the administration of the affairs of the Association.

Section 10 Compensation. Directors shall receive no compensation for their services as directors unless expressly provided for in resolutions duly adopted by not less than sixty percent (60%) of all members.

Section 11 Overturing Board Decisions or Actions. The membership may, by the vote of sixty percent (60%) of the members present at a meeting of the membership where a quorum is present, overturn or modify any actions taken or decision made by the Board of Directors at any time.

ARTICLE V

OFFICERS

Section 1 Designation and Term. The Board of Directors shall elect (from its members) a President, a Secretary and a Treasurer, and may also elect one or more Vice-Presidents, Assistant Secretaries and Assistant Treasurers, as the needs of the Association may require. Each officer shall hold office for the term of one year and until his/her successor is elected and qualified. No officer shall receive any compensation from the Association for acting as such. Each officer must be a member or a member's spouse (or, if a member is a trustee of a trust, an officer may be a beneficiary of such trust, and if a member or such a beneficiary is a corporation or a partnership, an officer may be an officer, partner or employee of such member or beneficiary).

Section 2 The President. The President shall be the chief executive officer of the Association, shall preside over all meetings of the members and of the Board of Directors, and shall be *ex officio* a member of all standing committees.

Section 3 The Secretary. The Secretary shall attend all meetings of the members, of the Board of Directors, and of any committees established pursuant to Article VI, and shall preserve in books of the Association true minutes of the proceedings of all such meetings. The Secretary shall safely keep in custody the

seal of the Association (if any) and shall have authority to affix the seal to all instruments where its use is required. The Secretary shall give all notices required by statute, Bylaw or resolution and shall perform such other duties as may be delegated to the Secretary by the Board of Directors.

Section 4 The Treasurer. The Treasurer shall have custody of all corporate funds and securities and shall keep in books belonging to the Association full and accurate accounts of all receipts and disbursements. The Treasurer shall deposit all monies, securities and other valuable effects in the name of the Association in such depositories as may be designated for that purpose by the Board of Directors. The Treasurer shall disburse such funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and directors at regular meetings of the Board of Directors, and whenever requested by them, an account of all transactions as Treasurer and of the financial condition of the Association.

Section 5 Vacancies. Vacancies in any office may be filled by the affirmative vote of a majority of the remaining members of the Board of Directors at any regular or special meeting. Each person appointed to fill the vacancy shall remain an officer for a term equal to that remaining of the officer whose death or

resignation has created the vacancy, and until such officer's successor has been duly elected and qualified.

Section 6 Resignation and Removal. An officer may resign at any time and such resignation shall take effect upon receipt of written notice by the Association, or at such subsequent time as may be set forth in the notice of resignation. Any or all the officers may be removed at any time, with or without cause, by the vote of a majority of the Board of Directors.

ARTICLE VI

COMMITTEES

In addition to the Nominating Committee, the Board of Directors may appoint such committees as it deems appropriate in carrying out the purposes of these Bylaws. Duties for committees shall be assigned by the Board of Directors by resolution. Any member of any committee may be removed from the committee at any time, with or without cause, by a vote of the majority of the directors. The Board of Directors may dissolve any committee at any time, except the Nominating Committee.

ARTICLE VII

BOOKS AND RECORDS

The Articles of Incorporation, Deed Restrictions, Bylaws, and minutes of member meetings shall be available for inspection by any member at the principal office of the Association during reasonable business hours. The other books, records, and documents of the Association shall be available, during reasonable business hours, for inspection by members upon written request of any member with proof of a proper purpose. Notwithstanding the preceding, certain books, records, and documents may be withheld from inspection if a proper purpose (as required by the Michigan Nonprofit Corporation Act, as amended) is not shown or if the Board of Directors determines that the release of the document would involve a privileged communication from legal counsel or an employment record. The Association may charge a reasonable fee for review and/or copies of any document.

ARTICLE VIII

INDEMNIFICATION

Section 1 Indemnification. Subject to all of the other provisions of this Article, as well as limitations provided by the Michigan Nonprofit Corporation Act, the Association shall indemnify any person who was or is a party or is

threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, whether formal or informal, because such person was or is a director or officer of the Association, or was or is serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, whether for profit or not for profit. The person shall be indemnified and held harmless against expenses (including attorney fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association or its members. With respect to any criminal action or proceeding, the person must have had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent, shall not by itself create a presumption that (a) the person did not act in good faith and in a manner that the person reasonably believed to be in or not opposed to the best interests of the Association or its members or (b) with respect to any criminal action or proceedings, the person had reasonable cause to believe that his or her conduct was lawful.

Section 2 Expenses of Successful Defense. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Section 1 of this Article, or in defense of any claim, issue, or matter in the action, suit, or proceeding, the person shall be indemnified against expenses (including actual and reasonable attorney fees) incurred in connection with the action and in any proceeding brought to enforce the mandatory indemnification provided by this Article.

Section 3 Non-Exclusivity; Indemnification of Others. The right of indemnity provided in Section 1 shall not be exclusive, and the Association may provide indemnification to any person, by agreement or otherwise, on such terms and conditions as the Board of Directors of the Association may approve. Any agreement for indemnification of any director, officer, employee or any other person may provide indemnification rights which are broader or otherwise different than those set forth in the Michigan Nonprofit Corporation Act, unless otherwise prohibited by law.

Section 4 Determination that Indemnification is Proper. Any indemnification under Section 1 of this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case. The Association must determine that indemnification of the person is proper in the circumstances

because the person has met the applicable standard of conduct set forth in Section 1. Such determination shall be made only after ten (10) days' written notice to all members of the facts surrounding the request for determination, and shall be made in any of the following ways:

(a) By a majority vote of a quorum of the Board of Directors consisting of directors who were not parties to such action, suit, or proceeding.

(b) If the quorum described in clause (a) above is not obtainable, then by independent legal counsel in a written opinion; or

(c) By approval of the members.

Section 5 Proportionate Indemnity. If a person is entitled to indemnification under Section 1 of this Article for a portion of expenses, including attorney fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount, the Association shall indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

Section 6 Expense Advance. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in Section 1 of this Article may be paid by the Association in advance of the final disposition of the action, suit, or

proceeding on receipt of an undertaking by or on behalf of the person involved to repay the expenses, unless it is ultimately determined that the person is not entitled to be indemnified by the Association.

Section 7 Former Directors and Officers. The indemnification provided in this Article continues for a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors, and administrators of that person.

Section 8 Insurance. The Association may purchase and maintain insurance on behalf of any person who (a) was or is a director, officer, employee, or agent of the Association or (b) was or is serving at the request of the Association as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise. Such insurance may protect against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Association would have power to indemnify against such liability under this Article or the laws of the state of Michigan.

ARTICLE IX

ASSESSMENTS

Section 1 Assessments. The Association and the Board of Directors shall have the power to raise and the responsibility for raising, by annual assessment or special assessment, any sums required to discharge its obligations and exercise its powers under these Bylaws and the Deed Restrictions.

Section 2 Annual Assessments. As of January 1, 2013, the maximum annual assessment shall be \$200 per year per lot.

(a) The maximum annual assessment may be increased each year by the Board of Directors not more than five percent (5%) above the maximum assessment for the previous year without a vote of the membership.

(b) The maximum annual assessment may be increased above 5% by a vote of fifty-one percent (51%) (or more) of the members who are voting in person or by a proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

Section 3 Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year or for multiple years, a special assessment applicable for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Association's common areas or facilities, including fixtures and personal property related thereto, or for aquatic weed treatment or preservation of the lake, provided that any such assessment shall have the approval of sixty percent (60%) (or more) of the members who are voting in person, by proxy or by absentee ballot at a meeting duly called for this purpose.

Section 4 Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized under Sections 2 or 3 above shall be sent to all members not less than thirty (30) days or more than forty-five (45) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies or absentee ballots entitled to cast sixty percent (60%) of all the votes of all members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than ninety (90) days following the preceding meeting.

Section 5 Delinquency or Nonpayment. Any member who is delinquent and has not paid an annual assessment or special assessment when due shall not be able to use any Association property, common area or facility or be able to vote on membership matters until all delinquent amounts have been paid in full (together with any interest and penalties).

Section 6 Multiple Lots. Where a member owns two or more lots or parcels, regardless of whether the lots or parcels adjoin each other or are located some distance from one another, the member shall pay one full annual assessment

for the first lot or parcel and eighty percent (80%) of an annual assessment for each additional lot or parcel owned beyond the first lot or parcel.

ARTICLE X

GENERAL PROVISIONS

Section 1 Rules and Regulations. The Board of Directors shall have the authority to adopt rules regarding the use and enjoyment of the property of the Association (including common areas and Association facilities), the use of Lake Bel-Air, and such other rules and regulations as may be desirable for the maintenance and operation of the Association and the betterment, health, safety, and welfare of the lake and the surrounding neighborhoods and areas. Such rules and regulations may be overturned by the vote of not less than sixty percent (60%) of all members.

Section 2 Consent and Compliance by Members. By being a member of the Association, each member agrees:

(a) To pay all assessments levied by the Association in a timely fashion; and

(b) To consent to and comply with the Bylaws (and any amendment thereto), as well as any rules or regulations of the Association.

Section 3 Attorney Fees and Costs. If the Association or any member of the Association commences court action seeking to enforce, interpret, or challenge any provision of the Bylaws (or any amendment thereto) or any rule or regulation of the Association, and the Association prevails in court, in full or in part, the member of the Association who did not prevail in court (in full or in part) shall pay the actual reasonable attorney fees and costs of the Association and shall so reimburse the Association.

Section 4 Execution of Instruments. All checks, drafts, and orders for payment of money shall be signed in the name of the Association by such officer or officers or agent or agents as the Board of Directors shall from time to time designate for that purpose. When the execution of any contract, conveyance or other instrument of title has been authorized without specification of the executing officers, the President, or a Vice-President, if any, may undertake the execution in the name or on behalf of the Association without attestation, acknowledgment or seal.

Section 5 Fidelity Bonds. The Association may require that all officers, employees and others who are responsible for handling funds obtain adequate

fidelity coverage to protect against dishonest acts, the cost of which shall be an expense of administration.

Section 6 Seal. The seal of the Corporation (if any) shall have inscribed thereon the name of the Corporation and the words “Corporate Seal, Michigan.” The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 7 Fiscal Year. The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

ARTICLE XI

AMENDMENT OF BYLAWS

Section 1 Amendment Procedures. The power to amend or repeal these Association Bylaws, or to adopt new Association Bylaws, has been reserved exclusively to the members of the Association. Amendments may be proposed by the Board of Directors or by petitions signed by at least thirty percent (30%) of the members, but shall not be effective until approved by fifty-one percent (51%) of all of the members of the Association pursuant to a vote taken at any regular or special meeting of members at which a quorum is present. A description of any proposed amendment to the Bylaws shall accompany the notice of any regular or special meeting at which such proposed amendment is to be voted upon.