

BYLAWS OF LAKE DIANE PROPERTY OWNERS ASSOCIATION (Revision Date 10/12/13)

ARTICLE I - NAME

SECTION 1 - The name of the corporation shall be as set forth in the Articles of Incorporation as from time to time amended.

SECTION 2 - The location of, principal office for, and resident agent for the corporation shall be situated within the Township of Amboy, County of Hillsdale, State of Michigan, as set forth in the Articles of Incorporation, as from time to time amended.

ARTICLE II - PURPOSE

SECTION 1 - The Articles of Incorporation and these bylaws are calculated and designed to carry into effect the purposes detailed in Article II of the Articles of Incorporation as more fully articulated in Article II, Section 3 of these bylaws and authorized under the Summer Resort Owners Corporations Act, Public Act 137 of 1929 (hereinafter “the Act”).

SECTION 2 – Said purposes shall be advanced through the programs and initiatives of the corporation and through the exercise of jurisdiction over those lands owned by the corporation and those lands for which valid Grants of Authority have been voluntarily executed and recorded.

SECTION 3 – The purposes of the corporation are as follows: To form, operate and maintain the Lake Diane Property Owners Association, a nonprofit corporation, formed under act 162-1982 **137-1929**, by its association of property owners through its Board of Trustees; to administer the acquisition by purchase, devise or gift such real property (not to exceed 320 acres) and personal property as it may desire for the purposes set forth in the Articles of Incorporation; to administer the improvement, sale and lease of lands; to exercise the certain police powers over the lands of the corporation or within its jurisdiction; to provide certain penalties for the violation of the bylaws; to levy, collect., budget and expend dues and assessments for the better welfare of the corporation and association; to make proposed members of the corporation eligible to vote; to assure that all affected freeholders are given opportunity to speak at the ballot box; to manage the affairs of the corporation through its Board of Trustees to publish notices; to conduct action of the Board of Trustees through its resolutions; to authorize and direct the duly elected and qualified officers of the corporation to discharge certain duties consistent with 1929 PA, No. 137, as amended, the Articles of Incorporation and these bylaws, including but not limited to the recordation of instruments with the County Clerk and the County Register of Deeds; to conduct annual meetings of the association; to allow members of the association to vote by proxy for membership on the Board of Trustees, for adoption or amendment of bylaws, for the establishment of dues and assessments, and for authorization to sell or dispose of lands of the association.

ARTICLE III - GOALS

SECTION 1 - It is the goal of the corporation to keep the lands within its jurisdiction in good and sanitary condition, to preserve the purity of the water of all streams, springs, bays and lakes within or bordering upon its lands; to compel persons occupying any part of the lands to keep the same in good sanitary condition; to establish and enforce land use and zoning ordinances and bylaws; and promote the goodwill of the association through recreational activities.

SECTION 2- The territory boundary of the corporation (hereinafter “territory boundary”) is described as those lands situated within the Township of Amboy, County of Hillsdale, State of Michigan, which are within or contiguous to the following described roads; beginning at the intersection of Territorial and Woodbridge Roads; thence continuing northerly to Sampson Road, thence easterly along Sampson to Woodbridge Road; thence northerly along Woodbridge Road to Cellars Road; thence easterly along Cellars Road to East Diane Drive; thence southerly along East Diane Drive to Tyson Trail; thence easterly and southerly on Tyson Trail to Easy Street; thence southerly along Easy Street to Territorial Road; thence westerly along Territorial Road to the place of beginning.

ARTICLE IV - MEMBERSHIP

SECTION 1 - Persons eligible to membership in the corporation, at any and all times, must be landowners in Hillsdale County with land located within or contiguous to the territory boundary.

A. The Board of Trustees shall have the sole discretion in determining whether land is within or contiguous to the territory boundary and eligible for membership.

SECTION 2 - Membership shall be achieved as follows:

- A. By filing with the corporation secretary or treasurer, in recordable form, a writing which shall grant to the corporation the right to exercise all jurisdiction conferred by the Act over land of the landowner within or contiguous to the territory boundary. Such Grant of Authority to the corporation shall be duly recorded in the office of the Register of Deeds; OR
- B. By acquiring property within or contiguous to the territory boundary for which a predecessor in interest has already voluntarily executed and recorded a valid Grant of Authority in compliance with Article IV, Section 2(A).

SECTION 3 – Membership shall terminate immediately upon the alienation of the property upon which membership depends under Article IV, Sections 1 and 2. If at any time the Grant of Authority upon which a landowner’s membership depends under Article IV, Section 2 shall cease to be valid or in full force and effect, the membership of said landowner shall terminate immediately. Membership may be reinstated pursuant to Article IV, Section 2.

SECTION 4 - Each member shall have full privileges of voting.

SECTION 5 - Members whose dues and assessments are not paid on or before October first of the year in which they were assessed, shall not be entitled to the use of properties or facilities owned by the corporation, to hold office, or to participate in the affairs of the corporation other than voting.

ARTICLE V - MEETINGS, VOTING, NOTICE, QUORUM

SECTION 1 - The annual meeting of the association shall be held in Hillsdale County between June 1 and August 31 of each year, at such time and place as may be determined by the Board of Trustees. Such meeting may adjourn from day to day as may be necessary for the transaction of its business.

SECTION 2 - At such annual meeting there shall be elected such number of trustees as shall be necessary to fill the places of trustees whose term of office then expires, and all vacancies on such board. During such election the entire number of trustees shall be balloted at one time and not separately.

SECTION 3 - Each member shall be entitled to one (1) vote. Husbands and wives owning property by the entirety and qualifying for membership under Article IV shall be entitled to one (1) vote each. Each and every joint owner of a lot or parcel shall be members and thereby entitled to one (1) vote each if the qualifications for membership under Article IV have been satisfied.

SECTION 4 - The books of the corporation shall be reviewed by three members of the corporation as appointed by the president at the annual board meeting. Reviewed results shall be delivered to the Board of Trustees at a monthly meeting preceding the annual meeting. The review results shall be reported at the annual meeting the following year. An audit can be requested by the review committee. No trustee, immediate relative of a trustee, or employee of the corporation shall be involved with this review or audit.

SECTION 5 - Members of the association may vote by proxy for membership on the Board of Trustees, for adoption or amendment of bylaws, for the establishment of dues and assessments, and for the authorization to sell or dispose of lands of the association.

SECTION 6 - Special meetings of the membership may be called at any time with at least a 10 day notice by a trustee of the board, or upon written demand of not less than 5% of the membership served upon a trustee of the board. Special meetings shall only consider such business as is specified in the notice.

SECTION 7 - The secretary shall notify each member of the date, time, and location of the annual and any special meeting at least ten days prior to the meeting date. A notice to members shall be mailed by first class postage, prepaid US mail to their address listed in the membership books of the corporation. Such mailings shall constitute presumptive evidence of service thereof.

SECTION 8 - At any meeting of the membership, twenty-five members must be present to constitute a quorum for the transaction of business. If a quorum is not present, the presiding officer of the meeting shall adjourn the meeting to a date, time and place announced prior to adjourning, for the purpose of transacting the business with a quorum.

SECTION 9 - The membership at all reasonable times shall have access to and the right of examination of the books, records, statements, and accounts of the corporation.

SECTION 10 - All questions of any meeting procedure shall be decided pursuant to Robert's Rules of Order.

SECTION 11 - Lands owned by the corporation and its members may not be annexed to any city or village without the consent of two-thirds (2/3) majority of the members of the corporation.

ARTICLE VI - BOARD OF TRUSTEES, TRUSTEES, OFFICERS

SECTION 1 - The Board of Trustees shall have the management and control of all the business and all the property, real and personal, of the corporation and shall represent the corporation with full power and authority to act for it in all things legal whatsoever, and subject only to restrictions or limitations imposed by the bylaws of the corporation and any special restrictions or limitations imposed by a majority vote of the members at any annual or special meeting.

SECTION 2 - The Board of Trustees shall have the authority to enact bylaws, subject to repeal or modifications by the members at any regular or special meeting calculated and designed to carry into effect the following jurisdiction over the lands owned by the corporation and its members, to uphold the purpose and goals as set forth in these bylaws.

SECTION 3 - The Board of Trustees shall consist of seven (7) trustees. The terms of office of the trustees shall be as follows: three trustees for three years, two trustees for two years, and the final two trustees also for two years. Each year, one (1) trustee shall be elected for a three (3) year term and two (2) trustees shall be elected for two (2) year terms. The trustees shall be elected at the annual meeting by a majority of votes from the members present. All trustees must have been members of the corporation for at least two (2) years, with all dues and assessments paid, and only one (1) member from a single household shall be eligible for the office of trustee. The nominations for such elections may come from the floor or from a nominating committee appointed by the Board of Trustees at a monthly meeting.

A. The nominating committee appointed by the board shall develop a slate of candidates meeting the above stated criteria and who are believed capable of discharging the duties of trustee.

SECTION 4 - Immediately following the election of trustees, the trustees so chosen shall elect a president, vice president, secretary and treasurer from their membership, who shall hold their office for one (1) year and until their successors shall become elected and qualified. They shall discharge the usual duties of such offices as more fully set forth in Article XI below and such other duties as may be prescribed by the bylaws and orders of the corporation.

SECTION 5 - Two-thirds (2/3) of the members of the board shall constitute a quorum for the transaction of business.

SECTION 6 - No officer or trustee shall receive salary or compensation for service.

SECTION 7 -

Meetings of the board shall be held on a monthly basis unless the board decides otherwise, shall be open to the membership, shall be held at such time and place as the board shall decide, and shall comply with the Open Meetings Act. A member of the board or of a committee designated by the board may participate in a meeting by means of conference telephone or other means of remote communication through which all persons participating in the meeting can communicate with the

other participants. Participation in a meeting pursuant to this subsection constitutes presence in person at the meeting. Attendance in person is required at 50% of monthly meeting held per year. A board member must be available to vote in person or by remote communication at 75% of the monthly meetings held per year.

SECTION 8 - The Board of Trustees may remove any officer or trustee of the board from office for misfeasance, malfeasance or nonfeasance of office only, upon the affirmative vote of two-thirds (2/3) of the trustees, at a meeting duly noticed, called and held for such purpose. Vacancies of the board due to resignation, death, or expulsion or other any reason may be filled by the remaining members of the board, and the appointee shall hold office until the next annual meeting of the corporation. The appointee will be the person who received the highest runner up vote count from the most recent election.

SECTION 9 - A trustee may be removed for misfeasance, malfeasance or nonfeasance by a majority vote of all eligible members of the corporation at a meeting duly noticed, called, and held for such purpose.

SECTION 10 - The Board of Trustees shall not authorize an expenditure exceeding \$1,000 without approval from the association members at the annual meeting or a special meeting duly called. Expenditures may be made in excess of this amount if they comply with the budget approved by the general membership.

ARTICLE VII - OFFICERS

SECTION 1 - The officers of the Board of Trustees of this corporation shall consist of the president, vice president, secretary, and treasurer. No officer may hold more than one office and no person may be eligible to any office who is not a trustee. Officers shall serve for a term of one (1) year.

SECTION 2 - The president shall exercise general leadership and supervision over the affairs of the corporation and its Board of Trustees; conduct and preside over all meetings of the membership and the board; serve as the spokesperson for the corporation and board in the media or at public functions; appoint committees deemed necessary to conduct the activities of the board; and prepare the agenda for all meetings of the membership or the board. Within thirty (30) days after retirement or vacation of office, the president shall tender all corporate and board records to the successor in an up to date condition.

SECTION 3 - The vice president shall perform the duties of the president in the event of absence, inability to perform, or resignation of the president, serve the unexpired term of the president in the event such office becomes vacant, and assist the president, secretary, and treasurer in managing the affairs of the corporation. Within thirty (30) days after retirement or vacation of office, the vice president shall tender all corporate and board records to the successor in an up to date condition.

SECTION 4 - The secretary shall give notices of all meetings, shall be responsible for all nonfinancial records of the corporation and board; maintain a permanent book of minutes of all meetings of the board and membership, on a current up to date basis; perform the duties of the president in the absence of the president and vice president and treasurer; and within thirty (30) days after retirement or vacation of office, tender all corporate and board records to the successor

secretary in an up to date condition.

SECTION 5 - The treasurer shall keep an accurate and up to date record of all financial transactions, and be responsible for all financial records of the corporation and board; receive and record all receipts and disbursements of the corporation and board; retain and account for all invoices and relate such to all vouchers which shall be used for any and all disbursements; provide a financial report of receipts and disbursements and assets/liabilities at the annual meeting and at such other times as the board may direct; obtain such insurance and bonds as the board may authorize and direct; prepare, sign and file all necessary tax returns, forms and financial reports as required by law, such may be accomplished with assistance of a CPA as authorized by the board; maintain the corporation savings and checking accounts; maintain a register of all members of the corporation, maintain the register of eligible voters; perform the duties of the president in the absence of both the president and vice president; and within thirty (30) days after retirement or vacation of the office tender all financial records of the corporation and board to the successor treasurer in an up to date condition.

SECTION -6 - The president and secretary shall execute all nonfinancial documents and contracts. The president and treasurer shall sign all checks or financial disbursements.

ARTICLE VIII - CORPORATION POWERS, DUES, ASSESSMENTS, LIABILITIES, INDEMNITY, CONTRIBUTIONS, GIFTS

SECTION 1 - On compliance with the Act relative to filing the Articles of Incorporation, the persons so associating, their successors and assigns, shall become and be a body politic and corporate, under the name assumed in the Articles and shall have and possess all the general powers and privileges and be subject to all liabilities of a municipal corporation and become the local governing body.

SECTION 2 - The corporation may assess annual dues and special assessments against its members for purposes consistent with these bylaws through passage of a resolution on dues.

- A. Said resolution shall explicitly provide for all of the following:
 1. The amount of the annual dues and/or special assessment;
 2. The time and manner of payment and collection of the annual dues or special assessment;
 3. Whether delinquent annual dues or assessments shall become a lien upon the land of the delinquent member;
 4. The manner and method of enforcing any liens for delinquent annual dues or assessments.
- B. Said resolution must be passed in either one of the following two ways:
 1. By a majority vote of all the members of the corporation; OR
 2. By a majority vote of all the votes cast by the members voting if the following condition is met:
 - i. A resolution allowing a vote as provided by Article VIII, Section 2(B)(2) of these bylaws has been passed by a majority vote of all the members of the corporation.

SECTION 3 – In addition to any annual dues or special assessments assessed under Article VIII, Section 2, the corporation shall also collect and accept all dues or special assessments owing to the corporation pursuant to any restrictive covenants for such purposes as are consistent with said restrictive covenants.

- A. Any such dues or assessments owed to the corporation pursuant to any restrictive covenants which are not paid on or before October 1st of each year shall be addressed in the following manner to the extent permissible under said restrictive covenants:
1. After one (1) year of nonpayment, the board shall mail a notice of delinquency to the recorded property owner(s) of the delinquent property;
 2. After two (2) years of nonpayment, the board may place a lien on the delinquent property for the full amount of any delinquency to the extent permitted under said restrictive covenants;
 3. After three (3) years of nonpayment, the board may update any lien on the delinquent property for the full amount of any delinquency current owed and shall authorize the filing of a lawsuit against the property owner(s) to collect any delinquent balance. Foreclosure on the property will be pursued as necessary and permitted under said restrictive covenants to satisfy any delinquent dues or assessments.

SECTION 4 - The corporation shall, to the fullest extent authorized or permitted by the Business Corporation Act, indemnify a director, trustee, or officer who was or is a party or is threatened to be made a party to a threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, other than an action by or in the right of the corporation, by reason of the fact that he or she is or was a director, trustee, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against expenses, including attorney's fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceeding. Such indemnification shall be subject to any and all relevant provisions of the Business Corporation Act.

SECTION 5 - This corporation and its officers and directors shall not, at any time or under any circumstances, contribute any corporate funds to any individual, group, or organization except as authorized by the Board of Trustees.

ARTICLE IX - BYLAWS

SECTION 1 - The Board of Trustees shall have the power to enact bylaws subject to repeal or modification by the members at any regular or special meeting calculated and designed to carry into effect the below stated purpose. The Board of Trustees shall not modify, change, and adopt new bylaws without forming a committee comprised of at least two (2) association members and two (2) board members. Changes, modifications, or new bylaws are to be determined by the committee and approved by the board members. The board shall then see to it that a copy of the proposed bylaws are sent to each association member by mail along with notification that a special meeting will take place for the sole purpose of discussing the proposed bylaws. New bylaws cannot be enacted without majority ratification of the membership.

SECTION 2 - All bylaws so established by the corporation shall take effect ten (10) days after

passage, and each duly approved bylaw shall be conspicuously posted in not less than three public places within the jurisdictional area of the corporation at least five days prior to the time for taking effect. Proof of such posting shall be made by an officer of the corporation and entered on the records of the corporation.

SECTION 3 - These bylaws may be amended, altered, or repealed in total or in part by the affirmative vote of the majority of the members of the membership, provided the proposed action has been presented to all officers and trustees of the corporation, and notice of the action was given in accordance with Michigan law.

ARTICLE X - DURATION, DISSOLUTION

SECTION 1 - The duration of corporate existence shall be for the maximum term allowed by the laws of the State of Michigan.

SECTION 2 - In the event of dissolution of the corporation, any assets remaining after satisfaction of all liabilities shall be turned over to a nonprofit organization having substantially similar purposes, within the meaning of Section 501(c)(3) of the Internal Revenue Code or corresponding section of any future federal tax code, or to state or local government organizations in Michigan with substantially similar purposes.

ARTICLE XI - LEGAL CONSTRUCTION, APPLICABLE LAW, GENDER, DESCRIPTIVE READINGS

SECTION I - These bylaws and actions of the corporation and the board shall be construed under and in accordance with the laws of the State of Michigan.

SECTION 2 - In case any one or more of the provisions contained herein are held to be invalid, illegal or unenforceable in any respect, such invalidity or unenforceability shall not affect any other provision hereof, and these bylaws shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

SECTION 3 - Words of any gender used in these bylaws shall be held and construed to include any gender, and words in the singular shall be held to include the plural, and vice versa, unless context requires otherwise.

SECTION 4 - The descriptive headings used herein are used for convenience only and in no way limit or enlarge the scope of meaning of the language hereof.

ARTICLE XII - VIOLATION OF BYLAWS, PENALTY, ENFORCEMENT

SECTION 1 - Any person who shall violate any of such by-laws shall be deemed guilty of a misdemeanor and upon conviction thereof shall be punished by a fine of not exceeding 25 dollars or imprisonment in the county jail not to exceed 30 days or by both such fine and imprisonment in the

discretion of the court, which fine shall be distributed to the same fund as other misdemeanor fines in the township where such lands may be located.

SECTION 2 - The Board of Trustees may appoint a marshal whose duties shall be to enforce the bylaws of the corporation. The marshal shall have the authority of a deputy sheriff in maintaining peace and order and the enforcement of law on the lands under the jurisdiction of the corporation. The marshal shall have authority to take any person arrested before a court of competent jurisdiction to be dealt with according to law.