

LAKWOOD SHORES PROPERTY OWNER'S ASSOCIATION, INC.

7701 East Cedar Lake Drive
Oscoda, Michigan 48750

ARTICLES OF ORGANIZATION

AND

BY-LAWS

The revised
Articles of Organization and By-Laws
of the
Lakewood Shores Property Owners Association
Proposed and adopted June 26, 2004
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LAKWOOD SHORES PROPERTY OWNERS
ASSOCIATION, INC.

ARTICLE I

NAME

Section 1. NAME. This organization shall be known as the LAKWOOD SHORES PROPERTY OWNERS ASSOCIATION, INC. Its place of business shall be Oscoda Township, Iosco County, Michigan

This organization shall be an association of property owners in LAKWOOD SHORES SUBDIVISIONS and shall be a nonprofit corporation, with its fiscal year starting January first, ending December thirty-first.

ARTICLE II

PURPOSE

Section 1. PURPOSE. The Corporation is organized exclusively for the pleasure and recreation of its members and for the purpose of promoting social welfare to further the common good of all of the property owners and residents of LAKWOOD SHORES SUBDIVISIONS and their guests. It is also organized for the purpose of owning, constructing, operating, leasing, acquiring, developing, maintaining, repairing, replacing and protecting, on a non-profit basis, common areas including restaurant and refreshment facilities, greenways, parks, recreation areas, tennis courts, water access areas, swimming facilities, boat ramps, and other facilities or property which is or shall be owned or leased by it and located in the LAKWOOD SHORES SUBDIVISIONS. It provides for the administration and enforcement of any deed restrictions and architectural control requirements or policies covering such property in accord with the terms thereof including the assessment and collection of annual membership fees and charges as provided thereunder, and for any other purposes permitted under the Michigan non-profit corporation code, as amended. And, it provides for security surveillance for LAKWOOD SHORES SUBDIVISIONS and residents.

Section 2. SCOPE OF PROPERTY. For the purposes hereof, "LAKWOOD SHORES SUBDIVISIONS" and the "LAKWOOD SHORES DEVELOPMENT" shall consist of property located in the following subdivisions in Oscoda Township, Iosco County, Michigan: Lakewood Shores 1 through 12, Lakewood Shores South 1 and 2, Lakewood Shores Golf and Country Club 1 through 9, Lakewood Shores Villas 00 through 14, and Lakewood Shores West 1 and 2. It shall also include all other subdivisions in Oscoda Township, Iosco County, Michigan, which shall be platted of record by the developer as an integral part of the name thereof, with identical covenants and restrictions to those already in effect in Lakewood Shores proper, to be established at the time the property is platted and developed, e.g.; no structure of a temporary character, trailer, mobile home, basement, tent, shack, garage, or other out building shall be used on any lot at any time as a residence either temporarily or permanently. In all cases those additional properties to be platted and recorded by the developer as an integral part of such subdivisions and development using the name LAKWOOD SHORES as a part of the name thereof shall be limited to that property which was acquired by the original developer in Iosco County.

ARTICLE III

BASIS OF OWNERSHIP AND FINANCING PLAN

Section 1. THE LAKWOOD SHORES PROPERTY OWNERS ASSOCIATION, INC. is organized upon a non-stock basis. Lot purchasers share joint ownership of various amenities through said corporation.

Section 2. The Association is to be financed through the collection of annual membership fees assessed to each lot and tract as set forth in Article VI Section 2.

ARTICLE IV

OFFICE LOCATION

The address of the current registered office of the LAKEWOOD SHORES PROPERTY OWNERS ASSOCIATION, INC. is 7701 East Cedar Lake Drive, Oscoda, Michigan 48750.

ARTICLE V

DURATION

The duration of the LAKEWOOD SHORES PROPERTY OWNERS ASSOCIATION, INC. is intended to be perpetual.

ARTICLE VI

MEMBERSHIP AND FEES

Section 1. MEMBERSHIP. Any individual, family or group owning or acquiring property in the LAKEWOOD SHORES DEVELOPMENT shall automatically, for the duration of such ownerships, become a member of the Corporation.

Section 1.1 Family membership is defined as recorded owner(s) who is the sole owner of a lot or lots. In addition, the unmarried children up to and including age 21 are also entitled to the benefits of membership.

Section 1.2 Individual membership is defined as an individual who is the sole owner of a lot or lots. In addition, his or her unmarried children up to and including age 21 are also entitled to the benefits of membership.

Section 1.3 Children or parents of resident members in good standing, living in the same household, shall be entitled to the benefits of the resident members.

Section 1.4 Children, grandchildren and/or parents not living in the same household with the resident member in good standing may enjoy the benefits of LAKEWOOD SHORES after receiving a guest pass issued by the business office of the corporation. Such pass shall be valid from date of issue through December 31 of the calendar year. The pass shall also carry a notice of possible revocability. In addition, friends and relatives not otherwise qualifying for a regular seasonal guest pass as defined in the preceding may be granted a guest pass under the same qualifications. The temporary guest pass will have a duration of not more than seven days and is renewable at the discretion of the Executive Director. It will carry the same notice of revocability as the seasonal guest pass.

Section 1.5 Group or corporate membership is a membership other than a family or individual membership and shall include, but not be limited to, the following: corporations, partnerships, private associations, trusts and other group ownerships. Said membership shall be limited to one family or individual as defined in Section 1.1 and 1.2 above. Said designation shall be effective for not less than one calendar year.

Section 2. FEES. The Board of Directors shall have the duty to assess and collect from each member of the Corporation, annual membership fees and special assessments (any exceptions must be recommended by the Finance Committee and approved by the Board of Directors) for each lot or building site the member owns. This fee will be used to pursue the corporate purposes as set forth in Article II hereof. Annual membership fees shall be assessed on each lot and tract, (as shown by the plats of the various sections of the subject property which shall have been filed of record in the office of the Register of

Deeds of Iosco County, Michigan) and each completed individual condominium unit, townhouse, or other separate unit of multi-unit place of residence (including but not limited to each individual apartment or hotel room) in the subject property, legal title to which is owned of record by such member. Each such lot, tract, condominium unit, town house, or unit in a multi-unit place of residence is herein referred to as a "lot". Annual membership fees shall not be changed without prior notice (as provided in Section 1.6 of the By-Laws) and the approval vote of a majority of the eligible members of the Corporation physically present and voting at a properly called meeting. Annual membership fees shall be due and payable on the 1st day of each year. At the discretion of the Board of Directors, a split billing system may be implemented in which the annual membership fees are divided equally for two or more billing periods of the calendar year. In the event this option is used, the timetable described in the following sentences as regards payment deadlines, late charges, etc. shall be adapted to the new schedule. Notice of such change shall be published no later than December 15th of the year preceding the year to which it applies and may be included as part of the annual billing notice. Any member who shall not have paid annual membership fees in full prior to February 1st of the year for which it is due, shall be a member not in good standing until such time as all delinquent fees shall have been paid in full. Any member delinquent in the payment of such fees shall not be entitled to use any of the facilities or property of the Corporation. Such a member shall be obligated to pay such late payments and reinstatement fees and processing costs as shall be determined by the Board of Directors. The Board shall enforce these and any other rules which may from time to time be adopted by the Corporation pursuant to these Articles of Organization and the By-Laws of the Corporation. The Board of Directors shall have discretion in dealing with members involving problems relating to annual membership fees.

Section 3. CONDUCT OF MEMBERS. The President may, for cause, suspend any member of the Corporation without previous notice from active participation in the Corporation's privileges until he or she can call a meeting of the Board of Directors to consider the conduct of such member and to determine the action to be taken thereon. Such suspended member shall receive a written copy of the charges against them before the Board can take any formal action.

Five members of the Corporation in good standing may prefer charges against any member to the Board of Directors. Such charges shall be in writing and the member against whom the charges are made shall receive a copy of the charges before the Board can take any action thereon. The accused member shall have the right to be heard before the Board, either in person or by counsel, with the full right to answer thereto in writing and the hearing thereon shall be had no later than the next regular meeting of the Board of Directors. Any member may be suspended, expelled or declared to have forfeited their membership by the Board of Directors for improper conduct or misuse of facilities. The decision of the Board of Directors shall be final.

Section 4. CREDIT. All charges for meals and any other purchases at the LAKEWOOD SHORES BEACH CLUB shall be paid immediately. The Board of Directors shall have discretion in such matters and may, as conditions dictate, institute a policy wherein credit is extended to members.

Section 5. DEPOSIT OF FUNDS. Any and all funds collected by LAKEWOOD SHORES PROPERTY OWNERS ASSOCIATION, INC. for retail sales of food or merchandise or for any other authorized purpose shall be deposited in the Corporation's account and credited to the specific special fund.

ARTICLE VII

OPERATION AND CONTROL

Section 1. OPERATION OF BUSINESS. All policy decisions pertaining to the management of the Corporation's business shall be made at meetings of the Board of Directors, such decisions being reached by the majority vote of those Directors present.

Section 2. AMENDMENTS. Only property owners in good standing may submit an amendment to these Articles of Organization of the Corporation which must be submitted to the Board of Directors in

writing by February 1, for their study and recommendation. The proposed amendment and the favorable recommendation of the Directors shall then be submitted to the next annual meeting of the Corporation after having been published and made available not less than twenty (20) nor more than forty-five (45) days prior to the meeting for their review, study and response. To be adopted, any proposed amendment must have a favorable vote of at least two-thirds of the eligible members physically present and voting.

Section 3. VOTING. All elections and all other issues voted upon by the membership of the Corporation shall be carried by a simple majority of the eligible members voting, with the exception of votes on amendments which shall be as noted in Section 2 above.

ARTICLE VIII

DIRECTORS AND OFFICERS

Section 1. DIRECTORS. The management of the Corporation shall be vested in a Board of Directors consisting of nine (9) members, elected by the membership of the Corporation at the time of the annual meeting, as set forth in the By-Laws. The Board shall organize itself within ten (10) days following the annual meeting, electing from its membership the following four officers: President, Vice President, Secretary, and Treasurer.

Section 1.1 BOARD MEETINGS. The Corporation's Board of Directors shall schedule regular Board meetings no less than quarterly.

Section 2. TERM OF DIRECTORS. The term of office of any Board member shall be three (3) years. A board member may not serve more than two consecutive terms, except that a person appointed to fill a vacancy of less than one (1) year on the Board shall be eligible for election to two full terms beyond the time served in the vacancy.

Section 3. TERM OF OFFICERS. The term of the officers shall be one (1) year. An officer may not serve more than three (3) consecutive years in any office.

Section 4. NOMINATIONS. Nominations for members of the Board of Directors shall be made by a nominating committee comprised of three (3) members. The nominating committee shall be appointed by the President and not more than two (2) may be current members of the Board of Directors. The announcement giving the names of persons on the nominating committee shall be made by April 1. Any member of the Corporation in good standing may make nominations to the committee, such nominations shall be included on the ballot, and shall be in writing with biographical sketches and shall have the consent of persons nominated. Furthermore, such nominations must be presented to the Board of Directors by May 1. The list of nominees from the committee should be at least twice the number of Board positions to be filled. Additional nominees will not be accepted at the annual meeting. The announcement of the nominations should be in accordance with Section 1.6 of the By-Laws and should include biographical sketches of all nominees.

BY-LAWS
LAKEWOOD SHORES PROPERTY OWNERS ASSOCIATION, INC.

SECTION 1

MEMBERS

1.1 MEMBERSHIP. Any individual, family, or group (as defined in Section 1 of Article VI of the Articles of Organization) who shall be the owner and holder of record of the legal title to property in LAKEWOOD SHORES SUBDIVISIONS and LAKEWOOD SHORES DEVELOPMENT shall automatically (for the duration of such ownership commencing with the date on which such title shall be acquired) become a member of LAKEWOOD SHORES PROPERTY OWNERS ASSOCIATION, INC. (the "Corporation"), a membership corporation organized under the provisions of the Michigan Non-Profit Corporation Code, as amended. Notwithstanding any other provision herein, any political subdivisions to which a portion of or any interest in the subject property may be conveyed, any lien holders, mortgagees, and any holders or owners of any right-of-way easement or similar interest, shall not, as such, be deemed to be owners of record of the legal title to any portion of the subject property and shall not, by reason of any such interest owned or held or acquired by them, be or become eligible for membership in this Corporation.

1.2 EXTENSION OF TERRITORIAL ELIGIBILITY FOR MEMBERSHIP. If, at any date subsequent to the adoption of these By-Laws, land within the LAKEWOOD SHORES DEVELOPMENT, not previously platted, in Oscoda Township, Iosco County, Michigan, should be developed by the developer as an integral part of the subject property, then such land may be included within the definition of the subject property. The owners thereof shall be eligible to become members of this Corporation in accordance with the rules established herein. Restrictions identical with existing covenants and restrictions shall be established at the time the property is platted and developed.

(No structure of a temporary character, trailer, mobile home, basement, tent, shack, garage, or other outbuilding shall be used on any lot at any time as a residence either temporarily or permanently.) It shall be further understood that such properties to be platted and recorded by the developer as an integral part of such subdivisions and development using the name LAKEWOOD SHORES as a part of the name thereof shall be limited to that property previously acquired by the original developer in Alcona and Iosco Counties.

1.3 VOTING RIGHTS. Each membership is entitled to one vote regardless of the number of lots owned providing said membership is in good standing. Written proxies will not be accepted. For the purpose of an election of members of the Board of Directors, only one absentee ballot may be procured by a property owner in good standing from the business office of the Corporation. Absentee Ballots are to be mailed to the member upon request, and must be returned at least ten (10) days before the day of the election.

1.31 In the event of a tie vote there shall be a run-off by a majority of the members in attendance. Memberships for the purposes of this section shall be defined as family memberships, individual memberships, group or corporate memberships and each membership in these classifications shall be entitled to only one vote.

1.4 ANNUAL MEETING. An annual meeting of the members of the Corporation shall normally be held at 1:30 p.m. on the 3rd Saturday in June of each year at such place in Oscoda Township, Iosco County, Michigan as the Board of Directors may designate in the notice of such meeting.

1.5 SPECIAL MEETINGS. Special meetings of the eligible members of the Corporation may be called by the President or the Vice President. A special meeting shall be called by the President upon written request of ten percent (10%) of the eligible members of the Corporation or a majority of the Board of Directors. Any business which may properly be conducted at an annual meeting of the members may also be conducted at any special meeting. All special meetings shall be held at such place as the Board of

Directors shall designate in the notice of the meeting, and shall be held on a Saturday.

1.6 NOTICE. Notice of annual and special meetings stating the day, hour and place of the meeting shall be given to members not less than twenty (20) nor more than forty-five (45) days prior to the date of any such meeting. Any notice which shall be given to a member of the Corporation with respect to any meeting or for any purpose shall be deemed to have been properly given if mailed in care of the street address on file at the business office of the Corporation, or any other address provided by the member to the Board of Directors.

1.7 QUORUM. At least fifty (50) eligible members, physically present, shall be requisite for and shall constitute a quorum for the transaction of business at all meetings of the members of the Corporation. Any meeting of members may be adjourned from time to time, without notice other than announcement at the meeting, until a quorum shall be present. When a quorum is present at any meeting, the vote of a majority of the eligible members physically present at such meeting shall decide any question, with the exception of proposed amendments to the Articles of Organization or to these By-Laws and Recall, brought before such meeting.

1.8 RECALL. A member of the Corporation may petition the Board for the recall of an officer or director for good and sufficient cause which shall be defined as a serious incident of misconduct, habitual failure to attend meetings without sufficient reason, failure to maintain member in good standing status with the Association or any other act or deed that is inconsistent with the standards of the Board and is judged to be detrimental to the best interests and welfare of the Association, by stating the complaint either in person or by letter. If the complaint is resolved to the satisfaction of the parties involved there is no need for further action. However, if there is a dispute regarding the allegation(s) then the member lodging the request for a recall must provide a written petition that has been signed by a minimum of fifty (50) members of the Corporation, who are in good standing, and fully understand the request for the recall.

When a written petition is presented to the Board of Directors, the Board of Directors must present it to members of the Corporation, at a special meeting, within thirty days. The recall of an officer or director must be ratified by a two-thirds (2/3) vote of a quorum of members in good standing who are present at the meeting where the recall is to take place.

1.9 ORDER OF BUSINESS. The order of business for all meetings of the Corporation shall be determined by the Board of Directors.

1.10 ROBERT'S RULES OF ORDER. At meetings of the Corporation, Robert's Rules of Order shall prevail insofar as they do not conflict with these By-Laws and the Articles of Organization of the Corporation.

SECTION 2

DIRECTORS

2.1 DIRECTORS. The number of Directors of the Corporation shall be nine (9) members, elected by the eligible members of the Corporation for such terms as set for the in Article VIII, Section 2, of the Articles of Organization of the Corporation.

2.2 QUALIFICATIONS. Directors shall be members of the Corporation in good standing, and at least twenty-one (21) years of age. Also, directors shall be of good moral character with no record of conviction for any felony or have any history of behavior inconsistent with the personal qualities inherent in the office they seek and to comply with bonding requirements.

2.3 VACANCIES AND REMOVAL. Any Director may be removed for cause by the unanimous vote of the remaining members of the Board (excluding the Director to be removed). Removal for cause shall be defined as a serious incident of misconduct, habitual failure to attend meetings without

sufficient reason, failure to maintain member in good standing status with the Association or any other act or deed that is inconsistent with the standards of the Board and is judged to be detrimental to the best interests and welfare of the Association. Upon death, removal, resignation, or incapacity of any member of the Board of Directors, a simple majority of the Directors present at a board meeting shall appoint the successor to fill the existing vacancy until the next annual meeting and elections. This replacement will be selected from a list of previous Board nominees and/or candidates proposed by members of the remaining board and must meet the same qualifications as stated in Section 2.2 above.

2.4 MEETING. An annual meeting of the newly elected Board of Directors of the Corporation shall be held within ten (10) days following the adjournment of the annual meeting of the Corporation. The schedule of the meetings of the Board of Directors shall be determined at this meeting, reference Article VIII, Section 1.1. Special meetings of the Board of Directors may be called by the President or the Vice President and shall be held at such time and place as shall be specified in the notice of such meetings.

Five (5) members of the Board of Directors shall constitute a quorum for the conduct of business.

Robert's Rules of Order shall prevail at meetings of the Board insofar as they do not conflict with the Articles of Organization.

2.5 MANAGEMENT. The affairs and property of the Corporation shall be managed and controlled by the Board of Directors. (See Article VIII, Section 1, of the Articles of Organization). The Board of Directors shall have the duty to cause the Corporation to own, acquire, develop, construct, maintain, operate, repair and replace, on a nonprofit basis, common areas including restaurant and refreshment facilities, tennis courts, greenways, recreation areas, parks, water access areas, including swimming facilities, boat ramps and other facilities in the subject property. These facilities are for the use, enjoyment, protection and benefit of the members of the Corporation, their families and guests. The Board of Directors is expressly given, with respect to the subject property, full powers not inconsistent with these By-Laws, the Articles of Organization of the Corporation, and applicable provisions of law to accomplish such purposes. These include the power to acquire, purchase or lease any such facilities or transfer the management responsibilities for any such facilities to others in order to provide for the maximum enjoyment of such facilities by the eligible members, their families and guests.

It shall further be the duty of the Board of Directors to cause the Corporation to use its best efforts to attempt in every way to support the enforcement of the provisions of the Protective Covenants and Landowners' Agreement covering any of the subject property, as well as any similar restrictions and covenants subsequently filed for record with respect to a portion of the subject property.

The Board of Directors shall have the responsibility to deal with various governmental officials and agencies regarding governmental responsibilities, decisions, and services affecting LAKEWOOD SHORES.

2.6 AUTHORITY. The Board of Directors shall have the duty and the power to make such rules and regulations for their own government and for the government of the Corporation as it may deem necessary and to alter and to amend the same; to maintain the excellent character of LAKEWOOD SHORES by establishing and publishing appropriate rules and regulations for the welfare and safety of members and their guests; to prescribe and enforce penalties for violations of the rules, regulations and By-Laws of the Corporation; to assess and fix charges to be levied against the members subject to limitations and conditions contained in these By-Laws and the Articles of Organization. The Board of Directors shall create committees by appropriate resolutions, and shall delegate such authority as it may deem advisable, and shall specify, in writing, the duties and tenure of any committee so created. In addition, they shall create three (3) standing committees; Architectural, Finance, and Maintenance.

2.7 AT WILL EMPLOYEES. The Board of Directors shall have responsibility and authority to employ an Executive Director who shall have the responsibility to employ such persons, or retain such

agents, independent contractors, or others, as the affairs of the Corporation shall require. The Board of

Directors has the authority to discharge the Executive Director. The Executive Director shall have the power to discharge any or all employees of the Corporation.

SECTION 3

OFFICERS AND DUTIES

3.1 OFFICERS. The officers of the Corporation shall consist of a President, a Vice President, a Secretary, and a Treasurer, each of whom shall be a member of the Board of Directors and shall be elected each year by the Board at its annual meeting. The person to be elected as President shall have been a member of the Board of Directors for at least one year prior to his or her election as President however, if necessary, a Board member with less than one year tenure may be elected. If any office becomes vacant, the Board of Directors shall select one of its members to fill such office for the unexpired term.

3.2 DUTIES. The duties of the officers of the Corporation shall be as follows:

3.21 PRESIDENT. The President shall preside at all meetings of the Board of Directors and the Corporation. The President shall be responsible for the administration of the affairs of the Corporation. The President shall approve and execute contracts, conveyances, and other documents on behalf of the Corporation. The President shall also appoint chairpersons of committees and charge them with their duties and the purposes of the committees.

3.22 VICE PRESIDENT. In the absence of the President, or when it is inconvenient for the President to act, the Vice President shall perform the duties and exercise the powers of the President. At such time any third party dealing with the Corporation may presume conclusively that the President was absent and that the Vice President was authorized to act in place of the President.

3.23 SECRETARY. The Secretary shall issue notices of Directors' and members' meeting, when so directed by the person calling the meeting, and shall be responsible for corporate minutes and records. The Secretary shall make a complete list of the eligible members of the Corporation entitled to vote at a meeting of the Corporation, or any adjournment thereof. This list shall be in alphabetical order with each member's address and the number of lots owned. It shall be kept on file at the business office of the Corporation and shall be subject to inspection by any member at any time during usual business hours for a period of ten (10) days prior to such meeting.

3.24 TREASURER. The Treasurer shall be responsible for the custody of corporate funds and securities, keeping of adequate books of all accounts, and serve as a member of the finance committee. The Treasurer shall oversee the preparation of the roster of members' fees and/or assessments and shall maintain a record of their payments and of other funds. Such records shall be kept at the business office of the Corporation and shall be open to inspection by any eligible member at any reasonable time during business hours.

3.25 BONDING. All members of the Board of Directors, the Executive Director and his or her secretary shall be bonded. The amount of the bond shall be determined by the Board of Directors and any cost incurred in securing the bond shall be borne by the Association.

3.26 INDEMNIFICATION. Lakewood Shores Property Owners Association, Inc., A nonprofit corporation, by and through its members, hereby resolves to 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 (other than an action by or in the right of the corporation) by reason of the fact that the person is or was a director, officer, employee, or agent of the corporation, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the

best interests of the corporation or its share holders or members, and with respect to any criminal action or proceeding, had no reasonable cause to believe that conduct was unlawful. Whether the director, officer, employee, or agent has met the applicable standard of conduct above defined in a specific case, shall be determined by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding. If such quorum is not obtainable, then such determination shall be made by independent legal counsel in a written opinion. For the purposes set forth herein, the corporation shall secure and maintain appropriate insurance to meet this requirement.

3.27 DISPOSITION OF FUNDS. Accounts of the Corporation shall be kept in local banks and savings institutions. The Board of Directors shall determine the persons authorized to sign checks for the Corporation. In general two signatures shall be required on all checks, but the Board may authorize a single signature for small amounts, the limit to be set annually by the Board.

SECTION 4

ASSESSMENTS

4.1 ASSESSMENTS. The Board of Directors has the authority and the duty to assess and collect annual membership fees and special assessments from the members of the Corporation in accordance with Article VI, Section 2 of the Articles of Organization. The Board may, by written contract, designate an agent to manage and administer the business affairs of the Corporation. Among these are the collection and enforcement of annual membership fees and special assessments when needed herein described, the payment of expenditures for the operation and maintenance of common facilities owned or leased by the Corporation, and such other duties which may be specifically designated by the Directors.

4.2 OTHER CHARGES. The Board of Directors shall determine the charges, if any, to be made to members and their guests with respect to the use of various facilities, property, and equipment of the Corporation.

4.3 PENALTIES. If any member shall fail to promptly pay annual membership fees, special assessments, late charges, use fees and charges owed to the Corporation when due, the member's privileges shall be terminated until such member becomes eligible. If any member shall violate or fail to comply with the rules and regulations adopted from time to time by the Board of Directors regarding Corporation memberships or the use of Corporation owned facilities, or if any member shall be guilty of disorderly conduct or behavior offensive to good taste, then in any such event, the Board of Directors may at any meeting temporarily suspend or permanently terminate the privileges of such member.

SECTION 5

DISPOSITION OF ASSETS

5.1 DISSOLUTION. Upon dissolution of the Corporation or at any earlier time deemed necessary by the Board of Directors and approved by two-thirds (2/3) of the eligible voting property owners, the assets, both real and personal, of the Corporation, including all sums representing annual membership fees or any part thereof, may be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Corporation. In the event that such dedication is refused acceptance, such assets may be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable as the same as those to which they were required to be devoted by the Corporation. No such disposition of properties shall be effective to divest or diminish any right or title of any member vested in him or her under any Protective Covenants and Landowners' Agreement or deed applicable to the subject property unless made in accordance with the provisions of such protective Covenants and Landowners' Agreement and deed.

AMENDMENTS

6.1 AMENDMENTS. These By-Laws may be amended at any annual meeting of the eligible members of the Corporation, Any amendment to these By-Laws must be submitted in writing by a member in good standing to the Board of Directors for their study and recommendation. The proposed amendment and the favorable recommendation of the Directors shall then be submitted to the next annual meeting of the Corporation. To be adopted any proposed amendment must have a favorable vote of at least two-thirds (2/3) of the eligible members physically present and voting. Any amendment inconsistent with the provisions of the Articles of Organization or any violation of any applicable law shall be invalid. Deadline dates shall be the same as those established in the Article VII, Section 2 of the Articles of Organization.