

By-laws of the Shady Beach Improvement Association

As adopted by the membership 2006

Article I. Name

The name of this corporation is the Shady Beach Improvement Association ("SBIA" or "Association").

Article II. Purpose

The purpose for which this Association is organized is as outlined in the Addendum to Restated Articles of Incorporation filed with the State of Michigan.

Article III. Membership

Section 1. As a prerequisite to membership in the Association, all members, family members and guests shall obey all rules, bylaws and articles of incorporation of the Association. All members shall take an active part, insofar as their physical condition may permit, to assist in all community work necessary to keep Association property in a presentable manner.

Section 2. Voting membership in the association shall be as described in Article V, Paragraph C, Subparagraph 2 of the Restated Articles of Incorporation.

Section 3A. Application for membership shall be made to the Recording Secretary, accompanied by an initiation fee, current yearly dues, and any applicable fees as outlined in the fee schedule. The Recording Secretary will issue a receipt for all money collected, advising the applicant that they should be present at a general membership or executive board meeting where an acquaintance can be made between the membership, the executive board and the applicant. The applicant's name, address and legal description of the property in the subdivision shall be given to the Recording Secretary. The Recording Secretary will provide the new member with a copy of the Articles of Incorporation, Bylaws, Resolutions, Rules and Guidelines and membership directory. If membership is not approved the Association will so notify the applicant and refund the dues and fees paid by the applicant.

Section 3B. There shall be no membership splitting between an owner and tenant; the owner may choose to become an Association member, or (s)he may allow tenant to do so as an associate member. Application for an associate member shall follow the procedures for membership outlined in Article III, Section 3A above. An associate membership permits the use of all facilities of the Association but prohibits voting.

Section 4. Membership dues in the Association shall be paid annually as specified in the fee schedule. A penalty, as specified in the fee schedule, will be assessed for delinquent payment of annual dues. Members of record who are six (6) months delinquent in payment of annual dues shall have their membership terminated. New members shall be required to pay an initiation fee, membership dues for the current year, and all necessary deposits or other fees as specified in the fee schedule. Membership dues will not be prorated for any reason.

Section 5. Special assessments may be levied against the membership after all members have been given thirty (30) days notice. The written notice shall state the purpose of the assessment and the date of the general membership meeting at which the assessment will be discussed and voted upon.

Section 6. If a member leaves the Association for any reason and reapplies for membership, they may be required to pay special assessment(s) levied during their absence, as determined by the Executive Board.

Section 7. Any member in good standing for a period of 10 consecutive years prior to reaching the age of 65, may at age 65, showing proof thereof, become an "Honorary Member" and be carried as a lifetime member, free of dues, providing (s)he maintains residence or property in Shady Beach or Shady Beach Heights Subdivisions. Any contribution to the welfare and expenses of the Association will be left to the Honorary Member's discretion.

Section 8. Membership may be canceled for violation of any of the Articles of Incorporation or Bylaws of the Association and for conduct derogatory to the purpose and dedication for which this Association was organized, as described in Article III hereof. If any conflict exists between the Articles of Incorporation and the Bylaws of the Association, the Articles of Incorporation shall govern.

Section 9. Cancellation of membership must be approved by a majority vote of members present at any regular general membership or special meeting, only after a complaint in writing has been presented to the Recording Secretary, who, in turn, has notified the subject member not less than two weeks prior to the date of the meeting at which the complaint is to be acted upon.

Section 10A. Only a natural person who owns a legal or equitable interest in a "Buildable Site" (as defined below) in the Shady Beach or Shady Beach Heights Subdivision, as grantee under a proper deed, or purchaser under a proper land contract, or by order of court of competent jurisdiction, is eligible to be a member. No other persons, and no corporations or other organizations shall be members. A Buildable Site shall be and mean: a lot or lots or portion of lots which, in compliance with all applicable building and use restrictions and zoning ordinances, form and constitute the site for construction of a residence which has been or may be approved by any government agency having authority over such matters, and including all such lots and/or portions of lots on which such residences have been constructed and/or approved for construction as of the date of the Restated Articles of Incorporation.

Section 10B. Each member shall have only one (1) vote irrespective of the number of Buildable Sites in such subdivision(s) thus owned. If more than one (1) natural person owns the requisite legal or equitable interest in such Buildable Site, the vote for that Buildable Site shall be shared by them pro rata to their respective partial interests, and may be cast only by the decision of the holders of a majority of such partial interests.

Section 10C. Notwithstanding the limitations on eligibility and voting set forth above, the benefits of membership may be shared by the members of the immediate family of that member who regularly reside in the home on that member's Buildable Site in the aforesaid subdivisions and/or the persons renting and residing in the home on that member's Buildable Site, Pursuant to Article III, Section 3B.

Section 10D. A member may not assign, transfer, lease or permit the use or exploitation of his or her rights and privileges and the benefits of membership by any non-member except as permitted in Section 10C above.

Article IV. Officers and the Election Thereof

Section 1. The Executive Board of the Association shall consist of: President, Vice President, Recording Secretary, Corresponding Secretary, Treasurer, each elected for a term of one (1) year, and three (3) members of the Board of Directors, each elected for a term of three (3) years, with one (1) being elected each year. These officers shall be elected by secret ballot of the membership at the regular election to be conducted at the November general membership meeting each year.

Section 2. No member shall hold any elective office in the Association unless they are at least twenty-one (21) years of age, a citizen of the United States, and the sole or joint resident owner of property in either of the aforementioned subdivisions for one (1) year prior to the date of election to office.

Section 3. Who may vote: Property owners who are members, provided they are over the age of eighteen (18) years, in accordance with Article III, Section 10B above.

Section 4. At the September meeting each year, the President shall appoint a nominating committee consisting of three (3) members, naming one as chairperson. This committee shall be responsible for the selection of suitable candidates for all elective offices for recommendation to the membership at the October meeting. Any member desiring to seek any elective office of the Association shall make this desire known to the chairperson prior to the October meeting, at which time all candidates for various offices will be announced. Motions from the floor will be entertained for or from any member seeking any of the elected offices at the November meeting.

Section 5. The Corresponding Secretary shall prepare all ballots for the November meeting, showing the names of the various candidates under the office they are seeking. Not less than two (2) weeks prior to the election, ballots for election of officers will be mailed to all members in good standing. Ballots may be returned either by mail or personal delivery to the Recording Secretary prior to the date and time stated on the ballot. The Recording Secretary shall list in the minutes of the November meeting the results of the election.

Article V. Duties and Powers of Elected Officers

Section 1. President: Shall be Chief Executive Officer of the Association, and will preside at all meetings of the Association. Will supervise the affairs of the Association and properties belonging thereto and see that the rules relating thereto are properly observed and enforced. Will hold meetings, when necessary, with the Board of Directors to discuss and recommend changes, ideas, projects, etc. for possible discussion and action by the membership at a general membership meeting. The President is empowered to expend an amount not exceeding Two Hundred Fifty (\$250.00) dollars without immediate approval by the membership. The President is encouraged to attend all council meetings of the City. The President shall arrange an annual audit of the books of the Association and report on it at a general membership meeting following the close of the fiscal year.

Section 2. Vice President: Shall aid and counsel with the President, and in the absence of the President shall perform all of the duties and obligations of the President. If the office of the President is vacated, the Vice President shall become the President effective immediately. Shall be in charge of the management and maintenance of the Association beach and parks, including, but not limited to, arranging for work parties for general cleanup and special projects. Shall inspect the beach and park areas to determine what repairs or improvements are needed and make a report to the membership so that such repairs or improvements can be made before the summer season is underway. Shall notify the Corresponding Secretary so that proper notice is given to the membership to insure good attendance at general work parties. Shall be in charge of procuring

equipment and materials necessary for successful work parties. Shall organize and supervise work parties so that each member in attendance is given appropriate tasks and guidelines for completing them.

Section 3. Board of Directors: This Board, consisting of three members, shall act as the advisory council to the membership and the elected officers and may be called into session at any time by any Executive Board Member with reasonable notice. This Board, along with the elected officers, will conduct studies of the major issues as to feasibility, costs, labor, etc., making their recommendations through the President at the next general membership or special meeting.

If an elected office other than President is vacated, a member of the Board of Directors will be requested to fill that vacated office until the next regular election, at which time that board member shall resume his or her position on the Board of Directors for the remainder of their term.

Section 4. Recording Secretary: Shall receive all money. Shall receive payment of annual dues, fees, and boat dock fees, giving receipt for same as requested. Shall keep complete and accurate records thereof. Will have custody of all legal papers and official documents, keeping same in safe deposit box to which s/he and the President have keys. Will have written minutes of all meetings readily available, and will present the previous month's minutes at each regularly scheduled monthly meeting. Will maintain a current list of names, mailing addresses and phone numbers of all property owners in the two subdivisions herein named, with proper identification of such property. Will work with the Corresponding Secretary to prepare and deliver to all members an annually issued and current membership directory, a copy of all rules and regulation amendments. Will report at each meeting the amount of money turned over to the Treasurer, showing amounts and from sources received. Shall mail to all current members the annual dues and dock fee notice six (6) weeks prior to the due date. Due to the possible conflict of interest between this office and that of Corresponding Secretary, these two officers must work in close cooperation so that the interest of the Association shall at all times be protected.

Section 5. Corresponding Secretary: When requested, shall prepare all correspondence for the Association and its Executive Board on matters of Association business. Shall issue notices for all meetings and for all other events coordinated by various committees. Shall prepare all voting ballots, questionnaires, etc. Shall prepare and arrange for delivery of the monthly newsletter to all residents and mailing of it to all non-resident members. Shall secure from the Recording Secretary a list of all members, their addresses, etc., and shall cooperate in keeping this list up to date. Due to possible conflict of interest between this office and that of Recording Secretary, these two officers must work in close harmony so that the interest of the Association shall at all times be protected.

Section 6. Treasurer: Shall establish a budget for the new fiscal year with the guidance of the Executive Board. The budget shall be approved by a majority vote at the first general meeting of the year. Shall receive from the Recording Secretary all yearly dues and boat dock fees and from the Boat Dock Chairperson(s) all ramp usage fees, issuing appropriate receipts. All funds of the Association shall be deposited at an accredited bank in checking, savings or other interest-bearing accounts covered by Federal Deposit Insurance, whichever the Executive Board may deem proper and which is approved by a majority vote at a regular or special meeting of the Association. Shall maintain accurate books for the accounting of same. All non-budgeted expenditures of money must be approved by a majority vote of members at a general meeting or duly advertised special meeting. All budgeted items shall be considered approved expenditures for payment by the Treasurer. All payments shall be made by checks signed by the Treasurer and countersigned by the President. The Treasurer shall maintain dishonesty insurance covering all officers and board members. The fee for this insurance will be paid by the Association. Shall furnish a financial statement at all regular meetings. Shall submit on request the accounts for an inspection by an auditing committee who shall be appointed by the Executive Board. In the event the Treasurer is unable to attend a scheduled monthly meeting, the Treasurer's monthly financial statement must be filed with the President in advance of the meeting so that the President may present it.

Section 7. Vacancy of Elected Office: The office of any elected or appointed member of the Association may be declared vacant if such elected or appointed member is absent for four (4) consecutive meetings, including general and special meetings during any fiscal year, unless such absence shall be excused by the President or Vice President and the reason entered in the minutes of such special or general meetings from which the officer is absent. If the President's office is declared vacant, the Vice President becomes the President and will assume all responsibilities and duties of that office. Vacancies in all other elected offices may be filled by Executive Board appointment of one of the current Board of Director members. Should all three directors decline the appointment, a special election will be held according to normal election procedures as stated in Article IV, Sections 2-5.

Section 8. Vacancy of Appointed Position: The President, with Executive Board approval, will appoint a member in good standing to fill any vacated appointed position.

Article VI. Meetings

Section 1. Open Monthly General Membership or Executive Board Meetings: Monthly Association meetings shall be held during the second week of each month unless changed by the President on a month-to-month basis. At the November general membership meeting, the President-elect will recommend the day and time of all monthly meetings for the following fiscal year for general membership approval. Frequency of regular meetings may be changed by approval of the membership at any general membership meeting. General membership meetings must be held at least quarterly. Notification of all monthly meetings will be made to the membership at least twenty-four (24) hours prior to such meetings, stating the business to be discussed.

To afford continuity at meetings, all matters approved by the membership at any general or special meeting must be brought up as old business in each succeeding month until the matter is disposed of.

Section 2. Quorum: Twelve (12) members, including elected officers, or five (5) members of the Executive Board shall constitute a quorum for the transaction of business at any general or special meeting.

Section 3. Special Meetings: The President may call special meeting as (s)he deems necessary. Special general membership meetings can be scheduled with twenty-four (24) hour notice stating what business will be discussed. The President may call special Executive Board meetings as (s)he deems necessary without notice to the general membership. All business discussed will be reported at the next general membership meeting.

Article VII. Standing Committees

Section 1. Appointments: The President, with Executive Board approval, shall appoint a chairperson to active committees whose duties are outlined in SBIA Rules and Guidelines. Each chairperson may choose from the membership a co-chairperson to assist them, if desired. The President, with Executive Board approval, may appoint special committees as the need arises.

Section 2. Committee Reports: At every general membership meeting the chairpersons of active committees will be asked for a progress report of their committee's activities since the previous meeting. If a chairperson is absent from such meeting, a report in writing shall be filed with the President two (2) days in advance of the meeting. If there is no report, a "nil" report should be filed by the chairperson. If the chairperson is absent without report for four (4) consecutive meetings, their position may be considered vacant and a new chairperson appointed by the President according to Article VII, Section 1 above.

Article VIII. Fiscal Year

The fiscal year of the Association shall start January 1 of each year and end on December 31 of that year.

Article IX. Amendments

Section 1. The regulations and articles may be amended as needed by the following procedures:

Any change or amendment can be proposed by a motion accompanied by a second and a favorable vote of the members present at a general meeting. Written notice outlining the proposed changes must then be mailed to each Association member in good standing seven (7) days prior to the first meeting, advising the member of the dates of the three (3) successive monthly meetings at which the change or amendment will be open for discussion and action by the membership. A final vote will be taken after the third reading. Passage of a proposed amendment requires a majority of votes from at least twenty-five percent of the registered membership. Votes will be counted from all members present at the meeting of the third reading plus all signed absentee ballots submitted prior to the vote.

Article X. Rules and Regulations

Section 1. Additional rules and regulations consistent with the act, the Articles of Incorporation, and these Bylaws may be promulgated and amended by the Executive Board of Directors. Copies of such rules and regulations must be furnished by the Executive Board of Directors to each member at least 10 days prior to their effective date, and may be revoked at any time by the affirmative vote of 50 percent or more of all members.

Article XI. Facilities for Membership

Section 1. The Association, upon taking joint jurisdiction with the City of Orchard Lake Police Department of all lanes leading to the lake and canal, prohibits the use of such lanes for launching of boats, construction of docks, parking of boats, swimming, etc. This also applies to roads that dead end at the canal and lake. The Association, having title to all park areas and bathing beach area, prohibits the parking of boats in all Association areas except at such docks as are provided and assigned for the membership.

Section 2. Facilities are as described in Article V, Section (a) of the Restated Articles of Incorporation filed with the State of Michigan. These facilities are: Parcel 1, the Park (canal and boat dock area); Parcel 2, the beach; and, Parcel 3, the ball park.

Section 3. Facility management and maintenance shall be conducted as described in Article V, Section 2.

Section 4. Management of the boat docks and ramp is the responsibility of the boat dock committee under the direction of the boat dock chairperson(s).

Article XII. Boating Privileges

Section 1. Boat Launching. Boat launching is permitted only at the boat launch ramp off Shore Drive. Due to limitations of canal space, the number of boats that can be accommodated is limited. When all dock space is filled, a waiting list will be established as set forth under boat dock assignment procedures outlined in the Rules and Regulations.

Section 2. Boat Size. Due to limitations of space and dock sizes, no boat may exceed in length or width a size appropriate for the assigned dock as determined by the boat dock committee, and in no case may a boat exceed twenty-one feet (21') and twenty-two feet (22') in length if designated as a pontoon boat as described on the Michigan Watercraft Registration. No portion of any boat including equipment or accessories shall extend beyond the authorized slip length of twenty-four feet (24') as measured from the seawall. Any boat or portion thereof exceeding the authorized slip length of twenty-four feet (24') must be brought into compliance or removed within seven (7) days of notice from the boat dock chairperson. Modifications to docks or shoreline are not permitted for the purpose of installing boat hoists, shelters, storage boxes or similar devices. All other modifications must be approved by the boat dock chairperson.

Section 3. Eligibility. Boat docks are provided for a fee to resident Association members only and are not provided for the use of guests. For a fee, any member may use the ramp in lieu of a boat dock to launch their boat. Ramp use by non-members is restricted to persons with docking privileges on Upper Straits Lake. The Boat Dock Committee will maintain a system for securing the boat ramp for authorized use only. All fees must be paid at the time of dock assignment. No boarder or houseguest of an Association Member may use the boat ramp or apply for a boat dock assignment. There is a limit of one dock per membership. The Rules of the Association shall include specific guidelines for the transference of dock privileges. In lieu of such Rules dock privileges shall be forfeit upon sale or transfer of property of resident member.

Boats and equipment shall be safe and in good repair and operated in compliance with all the applicable laws of the State of Michigan and SBIA rules and regulations governing boat dockage.

Section 4. Fees. All rental fees will be set forth in the SBIA Annual Fee Schedule published before fees are due and made available to the membership. Any change in fees from those in effect the previous year must be proposed by the Executive Board and submitted for approval at a monthly meeting. Notice of the proposed changes will be part of the meeting announcement sent to all members for the meeting at which the changes will be voted upon. All fees must be paid per the SBIA annual fee schedule or the dock will be reassigned.

Section 5. Dock Assignments, Changes and Exchanges. Any member in good standing wishing to have their name added to the boat dock wait list must first pay a non-refundable fee as set forth in the SBIA Annual Fee Schedule. Termination of membership will result in removal from wait list and forfeiture of fees.

When a boat dock renter is no longer a resident Association member that boat dock reverts back to the Association for reassignment by the boat dock chairperson according to a (seniority-based) wait list. If a current boat dock renter switches residence within the subdivision, that member may retain their dock.

Resident members who temporarily leave the neighborhood due to extenuating circumstances may petition the Executive Board to maintain their dock. Renters do not get the use of the dock; the dock will be sublet in the resident member's absence.

Section 6. Penalties. Failure to comply with the rules covering use of facilities and boat dock rental may result in dock forfeiture.

Any dispute that cannot be settled between the boat dock chairperson and any person regarding the use of facilities and boat dock rental shall be referred to the President and Board of Directors for review. The forthcoming decision will be final.

Article XII. Rules of Order.

"Robert's Rules of Order, Newly Revised," shall prevail in all cases to which it is applicable and insofar as it is consistent with these Bylaws.