

**LITTLE TRAVERSE LAKE
PROPERTY OWNERS ASSOCIATION**

**CORPORATE BYLAWS
Approved June 30, 2015**

ARTICLE I Purposes

The purposes of the Little Traverse Lake Property Owners Association (“Association”) are as set forth in the Articles of Incorporation.

ARTICLE II Membership

Section 1. Eligibility and Definitions Each parcel of property which is contiguous with the water of Little Traverse Lake located in Cleveland Township, Leelanau County, State of Michigan (“Lake Parcel”) shall be defined as a (“Membership Entity”) of the Association, regardless of number of owners or ownership structure. However, multiple Lake Parcels having the same legal ownership shall only qualify as a single Membership Entity. The owner or collective owners of a Lake Parcel constituting a Membership Entity who has paid the annual dues for that calendar year shall be a (“Member”) of the Association entitled to vote on Association issues, with each Membership Entity eligible for one membership in the Association. The Board of Directors of the Association (“Board of Directors” or “Board”) may additionally extend membership eligibility to persons not otherwise eligible if to do so is determined to be consistent with the best interests of the Association and the person or persons pays the annual dues. Former Members who have failed to pay their dues for two (2) consecutive calendar years shall be deleted from the roster and email notification list of the Association.

Section 2. Active Members Only those eligible members who have paid their dues for the current year shall be deemed to be Active Members and eligible to vote on Association issues. Active members who fail to pay their dues for two (2) consecutive years shall then be deleted from the membership roster and the email notification list.

ARTICLE III Dues

Section 1 Dues The Board of Directors shall determine the amount of the annual dues and any supplemental dues for each fiscal year. However, any Member shall have the right to call for a Member vote at any properly convened membership meeting to establish a maximum

amount for any dues. Each Member shall pay only the annual dues required for one Member, regardless of the number of owners or Lake Parcels that make up a Membership Entity.

Section 2 Notice of Dues The Board of Directors shall determine the method by which Members are notified as to when and how dues are levied.

Section 3 Payment of Dues Dues for Members and persons desiring to become Members shall be due and payable at any time within the calendar year and will be for that calendar year only. Only Members shall be eligible to vote on Association issues.

ARTICLE IV Membership Meetings

Section 1. Location and Procedures Meetings of the Membership shall be held at such suitable location convenient to the Members as the Board of Directors shall select. Membership meetings shall be conducted in accordance with Robert's Rules of Order when not in conflict with the Articles of Incorporation, these Bylaws, or the laws of the State of Michigan.

Section 2 Annual Meeting Annual meetings of the Members shall be held on such date during the month of August and at such time as the Board of Directors shall determine. The Board shall serve notice of each Annual Meeting at least twenty (20) calendar days in advance of the Meeting, the method of notification to be determined by the Board. Notice shall also include the meeting agenda. At each Annual Meeting there shall be an election of Directors and the Association may transact such additional business as shall properly come before it. Non-members may attend the Annual Meeting and may be allowed to address the Board during the time allocated for Public Comment, as deemed appropriate by the Board of Directors. Concerns and potential agenda items of Members and non-members may be submitted in writing to the Board at least 30 days prior to the Annual Meeting for the Board's consideration. The Board of Directors will determine the agenda items.

Section 3 Special Meetings Special meetings of the Association may be called by the Board of Directors. In addition, the Board or the Secretary shall call a special meeting if presented with a written request signed by at least twenty five (25) Members. The notice for any special meeting shall be served not less than ten (10) days in advance of the meeting, and shall state the purpose(s) of the meeting. No business shall be transacted at any special meeting except as specifically described in such notice.

Section 4 Quorum Requirement The presence in person of at least twenty five (25) Members shall constitute a quorum for conducting business at any meeting of the Association. If

any meeting duly noticed is not attended by a quorum, the Members in attendance may vote to adjourn the meeting for not more than thirty (30) calendar days.

ARTICLE V Voting

Section 1 The owner or collective owners of a Membership Entity shall be entitled to a maximum of two (2) votes per Membership Entity. A simple majority vote of Members of a voting quorum is required to pass any action item of the Association.

ARTICLE VI Board of Directors

Section 1 Eligibility, Compensation The affairs of the Association shall be governed by a Board of Directors, all of whom must be Members of the Association. Directors shall serve without compensation. No candidate for election or appointment to the Board of Directors shall be eligible if delinquent in the payment of any sum of money owed to the Association. If a Member is a partnership then only one partner thereof shall be qualified and eligible to serve as a director. If a Member is an incorporated association, then only one shareholder or a director thereof shall be qualified and eligible to serve as a director. If a Member is a limited liability company, then only one member of the company shall be qualified and eligible to serve as a Director. If a Member is a spousal unit or other committed relational unit, then only one person of such unit shall be eligible to serve as a Director during any given term of Board service.

Section 2 Size, Terms of Office The Board of Directors shall be composed of seven (7) persons who shall manage the affairs of the Association. Three (3) or four (4) Directors shall be elected in alternating years at each Annual Meeting, depending on the number of Directors whose terms expire, and will serve until their terms expire. The term of office for each Director shall be two (2) years.

Section 3 Nomination of Directors No less than thirty (30) days prior to the Annual Meeting, the Board of Directors will notify the Members of the Association whether three (3) or four (4) Director positions are to be filled that year. Names of Directors wishing to continue on the Board will be listed. Any other Member interested in serving on the Board must submit his/her name in writing to the Board no later than twenty one (21) days prior to the Annual Meeting. If there are insufficient nominations received by the Board by that date, the Board shall convene a nominating committee, which shall consist of not less than one Director whose term is not expiring and one active Member who is not a Director or considering running for election to the Board, to make recommendations to the Board to identify additional candidates to fill the requisite number of Director positions to be filled. All nominations must be emailed or mailed to

Association Members at least ten (10) days prior to the Annual Meeting. Only those names listed on the ballot will be considered for election.

Section 4. Election of Directors If the number of candidates slated for election is the same as the number of Director positions to be filled, the entire slate may be voted upon by a show of hands of voting Members. If there are more candidates listed on the slate than Director positions to be filled, the candidates shall be elected by written ballots at the Annual Meeting. A list of candidates shall be distributed to members by email or mail not less than ten (10) days prior to the Annual Meeting. If a Member is not able to attend the Annual Meeting, the Member may request a written absentee ballot by email or fax. It must be returned to the Association email address by 5:00 PM EST the day prior to the Annual Meeting. An Election Committee composed of one (1) Director and one (1) non-Board member selected by the Board will record ballots and announce the results at the end of the Annual Meeting. The three (3) or four (4) candidates depending on the number of Director positions to be filled, who receive the greatest number of votes will be those elected for the open Director positions. In the event of a tie, attending Members will vote to break the tie. No vote count or ranking will be announced, but vote results will be provided to candidates upon request.

Section 5. Powers, Duties The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the Articles of Incorporation or these Bylaws, or required thereby to be exercised and done by the Members. In addition to the foregoing general duties imposed by these Bylaws, or any further duties which may be imposed by resolution of the Members of the Association or which may be set forth in the Association Bylaws, the Board of Directors shall be responsible specifically for the following:

- (a) To manage and administer the affairs of the Association.
- (b) To collect dues from the Members of the Association and to use proceeds thereof for the purposes of the Association.
- (c) To carry insurance and fidelity bonds when appropriate and collect and allocate the proceeds thereof.
- (d) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto.

Section 6. Recall At any regular or special meeting of the Association duly called, any one or more of the Directors may be removed with or without cause by affirmative vote of at least fifty one (51%) percent of Members deemed eligible to vote. Any Director whose removal

has been proposed shall be given an opportunity to be heard at the meeting. Recalls shall be done by written ballot completed in person, or by absentee ballot and received by 5:00 pm EST the day prior to the recall meeting.

Section 7. Vacancies Vacancies in the Board of Directors arising between Annual Meetings shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until the original term is completed.

Section 8. Organizational Meeting of the Board Within thirty (30) calendar days of election, the organizational meeting of a newly elected Board of Directors shall be held at such time and place as shall be fixed by the Directors at which meeting said Directors were elected, and no other notice shall be necessary to the newly elected Directors to constitute a duly called meeting. The newly elected Board Directors shall be seated as members of the Board at this time.

Section 9. Regular Board Meetings Regular meetings of the Board of Directors shall be held at such times and places as shall be determined by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director and members, personally, by mail, fax, telephone or e-mail, at least seven (7) days prior to the date named for such meeting. Directors may participate in Board meetings using a telephone conference call.

Section 10. Special Board Meetings Special meetings of the Board of Directors may be called at the request of the majority of the Board or the President or the Secretary, on three (3) calendar days' notice to each Director, given personally, by mail, fax, telephone or e-mail, which notice shall state the time, place and purpose of the meeting.

Section 11. Waiver of Notice Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be deemed a waiver of notice by him/her of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned

meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring to the minutes thereof shall constitute the presence of such Director for purposes of determining a quorum.

Section 13. Fidelity Bonds The Board of Directors may require that any or all of the Directors, Officers, agents and employees of the Association handling or responsible for Association funds shall be covered by adequate fidelity bonds or employees dishonest insurance purchased by the Association.

Section 14. Executive Sessions The Board of Directors may close a portion or all of any meeting of the Board of Directors to the Members of the Association or may permit Members of the Association to attend a portion or all of any meeting of the Board of Directors at its discretion. Any Member of the Association shall have the right to inspect, and make copies of the minutes of the meetings of the Board of Directors; provided, however, that no Member of the Association shall be entitled to review or copy any minutes which reference privileged communications between the Board of Directors and counsel for the Association, or any other matter to which a privilege against disclosure pertains under Michigan Statute, common law, the Michigan Rules of Evidence, or the Michigan Court Rules.

ARTICLE VII Officers

Section 1. Officers The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be Active Members of the Association and members of the Board of Directors. The Directors may appoint an Assistant Treasurer, an Assistant Secretary, and such other officers as in their judgment may be necessary. Those officers identified herein are defined collectively for purposes of these Bylaws as "Officers". Any two offices except that of President and Vice President may be held by one person.

Section 2. Election The Officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal Upon affirmative vote of a majority of the Board of Directors, any Officer may be removed either with or without cause, and his/her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President The President shall be the chief executive officer of the Association, He/She shall preside at all meetings of the Association and of the Board of

Directors. He/She shall have all of the general powers and duties which are usually vested in the office of President of an association, including, but not limited to the power to appoint committees from among the Members of the Association from time to time as he/she may in his/her discretion deem appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President The Vice President shall take the place of the President and perform his/her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him/her by the Board of Directors.

Section 6. Secretary The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of the meetings of the Members of the Association. He/She shall have charge of such books and papers as the Board of Directors may direct; and he/she shall, in general, perform all duties incident to the office of Secretary.

Section 7. Treasurer The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He/She shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, as in such depositories as may, from time to time, be designated by the Board of Directors.

Section 8. Miscellaneous The Officers shall have other duties, powers and responsibilities as shall, from time to time, be authorized by the Board of Directors.

ARTICLE VIII Finance

Section 1. Fiscal Year The fiscal year of the Association shall be on a calendar year basis. The commencement date of the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause in accordance with the advice and counsel of the Association's accountant and the requirements of the state and/or Federal taxing authorities.

Section 2. Depositories The funds of the Association shall be deposited in such credit unions, banks or with insured securities brokers or invested in federally insured securities as may be designated by the Directors and shall be withdrawn only upon check or order of such officers, employees or agents as are designated by resolution of the Board of Directors.

ARTICLE IX Indemnification of Officers and Directors

Section 1. Indemnification of Officers and Directors To the extent not covered by insurance in Section 2 hereof, every Director and every Officer of the Association shall be indemnified by the Association against all expenses and liabilities including actual and reasonable counsel fees and amounts paid in settlement incurred by or imposed upon the Director or Officer in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, to which the Director or Officer may be a party or in which he/she may become involved by reason of his/her being or having been a Director or Officer of the Association, whether or not he/she is a Director or Officer at the time such expenses are incurred, except in such cases wherein the Director or Officer is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of the Director's or Officer's duties, and except as otherwise prohibited by law; provided that, in the event of any claim for reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Directors and Officers entitled thereto.

Section 2. Directors' and Officers' Insurance The Association shall provide liability insurance for every Director and every Officer of the Association for the same purpose provided above in Section 1 and in such amounts as may reasonably insure against potential liability arising out of the performance of their respective duties. No Director or Officer shall collect for the same expense on a liability under Section 1 above and under this Section 2; however, to the extent that the liability insurance provided herein to a Director or Officer is inadequate to pay any expenses or liabilities otherwise properly identifiable under the terms hereof, a Director or Officer shall be reimbursed or indemnified only for such excess amounts pursuant to Section 1 hereof.

ARTICLE X Amendment

Section 1. Proposed Amendments Amendments to these Bylaws may be proposed by a majority of the Board of Directors or by one-third (1/3) or more in number of the Members in writing and signed by them.

Section 2. Acting on Proposed Amendments The Association may act on proposed amendments of the Bylaws:

- a) at any regular meeting

- b) at a special meeting called for such purpose
- c) by written ballot mailed to all Members

Proposed amendments must be communicated to the Members in advance of the regular or special meeting or written ballot, as directed by the Board.

Amendments must be approved by a majority of Members present at an Annual Meeting, special meeting and/or voting by written ballot.

Section 3. Binding Effect A copy of each amendment to the Bylaws shall be furnished to every Member of the Association after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all Members irrespective of whether such persons actually receive a copy of the amendment.