

**BY-LAWS OF
BEACH FOREST SUBDIVISION ASSOCIATION, INC.**

SECTION 1. Name. The name of the Association shall be the Beach Forest Subdivision Association, Inc., as incorporated with the State of Michigan pursuant to the provisions of Act 162, Public Acts of 1982, as a non-profit corporation.

SECTION 2. Jurisdiction. Beach Forest Subdivision Association, Inc. (the "Association") shall have jurisdiction pursuant to the Declaration of Restrictions for Beach Forest Subdivision, as recorded in Liber 10286, Pages 156-166, Oakland County Records, for all real property in Beach Forest Subdivision, more particularly described as follows:

Lots 1 through 73, inclusive, of Beach Forest Subdivision, a part of Section 7, Town 2 North, Range 11 East, city of Troy, Oakland County, Michigan, according to a plat thereof, as recorded in Liber 196 of Plats, Pages 19-24, Oakland County Records.

Lots 74 through 164, inclusive, of Beach Forest Subdivision No. 2, a part of the East 1/2 of Section 7 and the West 1/2 of Section 8, Town 2 North, Range 11 East, City of Troy, Oakland County, Michigan, according to a plat thereof as recorded in Liber 208 of Plats, Pages 1-7, Oakland County Records.

SECTION 3. Purpose. The purpose of the Association is to act as a homeowners' association for the efficient preservation of the values and amenities in Beach Forest Subdivision, to maintain and administer the common areas and facilities that may be constructed thereon, the subdivision entrances, and to elect and disburse the assessments and charges as provided in the deed restrictions and to promote the recreation, health, safety and welfare of the residents of the subdivision.

SECTION 4. Membership and Voting Rights. Every owner of one or more lots in the subdivision shall be a mandatory member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a lot. All members may be entitled to one vote for each lot owned. When more than one person holds an interest in a lot, all such persons shall be members and a vote for such lot may be exercised as they, among themselves shall determine, but in no event shall more than one vote be cast with respect to any one lot.

SECTION 5. Officers and Duties. The officers of this Association shall consist of the following: president, vice president, recording secretary, corresponding secretary, treasurer and, if deemed necessary, two assistant treasurers.

- (a) President. The president shall be the chief executive officer of the corporation and shall preside at all meetings of the Association and Board of Directors meetings. The president shall appoint, with the approval of the Board, the chairperson of any special committee and shall cooperate with that chairperson when necessary in appointing members of that committee. The president shall call any meetings of the Board of Directors at such time as deemed advisable or upon request of no fewer than three (3) members of the Board. It is the duty of the president to carry out the will of the Board and the Association as expressed at their respective meetings and, in general, conduct the affairs of the Association in a manner consistent with the authority and responsibilities of the office. The president or assignee, when representing Beach Forest Subdivision outside of normal Beach Forest Subdivision Association membership meetings or board meetings, must have prior approval of either the Board of Directors or the membership to act on behalf of the Beach Forest Subdivision membership. Without such approval, the president or assignee speaks as a private citizen.

- (b) Vice-President. The vice-president shall perform the duties and exercise the powers of the president during the absence or inability of the president to serve and shall also be an ex officio member of all committees. The vice-president shall serve as sergeant-at-arms at all meetings of the members to determine specifically the eligibility of all persons to vote, and the number of votes to which each person is entitled, according to Section 4.
- (c) Recording Secretary. The recording secretary shall attend all regular business meetings and meetings of the Board of Directors and maintain a true and accurate record of the proceedings in books of the corporation. It shall be the duty of the recording secretary to mail the minutes of the previous meeting to all Board members, five to ten days prior to the next meeting. In the exceptional case that mailing minutes is impossible, the recording secretary shall read the minutes of the previous meeting to the Board members at the next meeting. The recording secretary shall file the annual report with the State of Michigan for non-profit corporations as it concerns this Association and shall safely keep in his custody the seal of the corporation and shall have authority to affix the same to all instruments where its use is required. The recording secretary shall perform such other duties as may be delegated to him or her by the Board of Directors.
- (d) Corresponding Secretary. The corresponding secretary shall give all notices required by statute, by-law or resolution and carry on the correspondence of the Association as directed by the Board. The corresponding secretary, shall be responsible for preparing the periodic Association newsletter. He or she shall perform all such other duties as may be delegated by the Board of Directors.
- (e) Treasurer. The head treasurer shall be responsible for accurate maintenance of all financial records and shall render to the president and directors an account of all transactions, the financial report, and the financial forecast of the Association at the regular meetings of the Board and/or whenever requested by them. The head treasurer shall be responsible for the following actions: (1) to prepare an annual financial statement and a tentative budget for the oncoming fiscal year; (2) to oversee all functions of the two assistant treasurers; (3) to instruct the bank or banks that all checks drawn shall require two signatures; (4) to collect all monies due the corporation; (5) to process all lien procedures created by delinquent dues; (6) to deposit all monies, securities and other valuable effects in the name of the Association; and (7) to disburse the funds of the Association as may be ordered by the Board, taking proper vouchers for such disbursements and maintaining an accurate record of all expenditures.
- (f) Bonding. The treasurer and any other person entrusted with the handling of funds or property of the Association shall (at the discretion of the Board of Directors) furnish (at the expense of the Association) a fidelity bond approved by the Board, in such a sum as the Board shall prescribe.
- (g) Compensation of Board of Directors. officers and directors shall serve without material compensation. The Association or Board of Directors may provide from Association funds for such necessary incidental expenses as may be incurred by such officers or directors in the transaction of Association business.

SECTION 6. Board of Directors.

- (a) Election of Directors. The members of the Board of Directors shall be elected by ballot of the members at each annual meeting. The original Board of Directors shall consist of not more than five (5) members. The original Board of Directors may be appointed by the declarant under the deed restriction for a period of not more than one (1) year and subject to replacement at the time of the first annual meeting.
- (b) Term of Directors. All directors elected at an annual meeting shall hold office for a period of one (1) year or until their successors are duly elected. However, if a director shall cease to be a member of said Association, he shall cease to be a director.
- (c) Vacancies. The Board shall have the power to fill any vacancy of any office occurring for any reason whatsoever. Vacancies in the Board shall be filled by appointment made by the remaining directors. However, said appointment shall be approved by two-thirds (2/3) of the remaining directors.
- (d) Action by Unanimous Written Consent. If and when the directors shall severally or collectively unanimously consent in writing to any action to be taken by the corporation, such action shall be a valid corporate action as though it had been authorized at a meeting of the Board of Directors.
- (e) Duties and Powers. It shall be the duty of the Board of Directors to provide for care of the property and interest of the Association and to determine the policies for the conduct of the Association affairs consistent with the deed restrictions, these By-Laws and the specific instructions received through a vote of the Association members. The Board shall have the power to raise and expend funds, to promote the welfare of the Association, and to employ by all such means, not in conflict with the deed restrictions, these By-Laws or with the laws of the land, as it may deem proper and expedient to fulfill the purpose of the Association.
- (f) Power to Appoint other Officers and Agents. The Board of Directors shall have the power to appoint such officers and agents as the Board may deem necessary for transaction of the business of the corporation.
- (g) Removal of Officers and Agents. Any officer or agent may be removed by the Board, with or without cause.
- (h) Delegation of Powers. For any reason deemed sufficient by the Board of Directors, whether occasioned by absence or otherwise, the Board may delegate all or any of the powers and duties of any officer to any other officer or director, but no officer or director shall execute, acknowledge or verify any instrument in more than one capacity.
- (i) Quorum. Five (5%) percent of the voting members of the Association must attend the meeting in person to constitute a quorum of members at any meeting. Sixty (60%) percent of the directors must be present in person to constitute a quorum at any meeting of the Board of Directors.

SECTION 7. Meetings.

- (a) Annual Meeting of Members. An annual meeting of the members shall be held in each year on the second Monday in October, unless otherwise ordered by the Board of Directors, but no later than November 1st. Such meeting shall be held at a time and place as determined by said Board of Directors. The agenda of said meeting shall include the election of officers and directors, the approval of the annual budget and such other business as may be necessary.
- (b) Notice of Annual Meeting of Members. The Board of Directors shall give notice of the annual meeting to all members delivered to their address of record not less than five (5) days prior to the meeting. Said notice shall include a proposed agenda for said meeting. Any defect in said notice may be waived by any member adversely affected by said defect, but only as to his notice.
- (c) Order of Business. The order of business at the annual meeting of members shall be in such sequence as the presiding officer, in his discretion, may determine.

- (d) Special Meeting of Members. A special meeting of the members may be called at any time by the president, a majority of the Board of Directors, or by a signed petition by twenty (20%) percent of the members presented to the Board of Directors for verification, with the Board calling for the meeting designating the date, time and place of said meeting. The corresponding secretary shall prepare, sign and have delivered notices requisite to such meeting. Such notice may be the stamped, typewritten or printed signature of the corresponding secretary.
- (e) Notice of Special Meeting of Members. At least five (5) days prior to the date fixed for the holding of any special meeting of members, the Board of Directors shall give written notice of the time, place and purposes of said meeting to each member entitled to vote at said meeting. No business not mentioned in the notice shall be transacted at said meeting.
- (f) Regular Meetings of Board. Regular meetings of the Board shall be held not less frequently than once in each quarter at such time and place as the Board of Directors shall determine. No notice of regular meetings of the Board shall be required. In the event the directors in their discretion, shall determine that quarterly meeting are unnecessary, then the directors by majority vote, may dispense with such meetings.
- (g) Special Meetings of Board. Special meetings of the Board may be called by the president or a majority of the Board at any time. A written or an oral notice of said meeting stating the date, time, place and purpose of said meeting shall be given to each member of the Board.
- (h) Unless otherwise stated in these By-Laws, a majority vote of the members voting in person shall prevail at all voting situations in general meetings.
- (i) Absent provisions herein to the contrary, the meetings of the Association shall be conducted in accordance with the latest edition of "Robert's Rules of Order".

SECTION 8. Fees.

- (a) Membership Fees and Purpose. In order to pay the cost of carrying out its responsibilities hereunder, the Association by and through its Board of Directors shall levy fees, fines, dues or assessments on each lot in the subdivision, whether or not the lot owner is an active member of the Association, except lots owned by the declarant under the deed restrictions. and which are financially maintained by the declarant, or its assignee who is not a resident of the subdivision. In no event shall declarant, while financially maintaining the subdivision and its lots (or its assignee) be obligated to pay fees, fines, dues or assessments to the Association. All such fees, fines, dues and assessments shall be charged equally to each lot and may be enforced through the lien provided for in the deed restrictions or by any other lawful means of collecting debts. The fees, fines, dues or assessments for each year shall be determined by the Board of Directors and approved at the annual meeting of members by a two-thirds (2/3) majority of the members. The bill for fees, dues or assessments shall be mailed to the lot owner, at his last known address and shall be paid annually in advance on or before the first day of April in each year. Except as provided herein, the fees, fines, dues and assessments shall be binding upon all building sites and the owners thereof. The fees, fines, dues and assessments levied by the Association shall be used exclusively to promote the recreational, health, safety and welfare of the residents of the subdivision, and future subdivisions or lots hereafter annexed or added, and in particular for the improvement and maintenance of the common areas (as defined in the deed restrictions) or subdivision entrance ways now or hereafter owned by the Association, and facilities thereon and other property under the control of the Association, for planting and maintenance of trees, shrubs and grass; for construction, operation and maintenance of recreational facilities, for caring for vacant lots, for providing community service, and for protection of the owners. The Association and the Board of Directors shall take all necessary steps to secure liability insurance for the common areas, entrance ways and other property of the facility under the control of the Association, which insurance policy shall

- name the Association, its members and the declarant (and its assignee) as additional named insureds.
- (b) Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy against each owner, and in the assessment year, a special assessment applicable to that year only, for the purpose of defraying, in whole or in part the cost of any construction, reconstruction, repair or replacement of any improvement upon the common areas and other areas under the control of the Association, including subdivision entrances, retention ponds, fixtures and personal property, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of members who are voting in person or by., proxy at a meeting duly called for that purpose.
 - (c) Participation in the programs of this Association after April 1st of each year shall be open only to those members who are current in their annual fees, dues or assessments as approved in the prior year.
 - (d) Dues and assessments are payable through April 1st without penalty. Dues paid after April 1st are subject to a penalty of ten (10%) percent of the amount due. An additional penalty of Twenty Five (\$25.00) Dollars shall be added and property shall be liened if monies remain unpaid after July 1st. Any unpaid dues, fines, assessments, reasonable attorneys fees, penalties and interest shall become a lien on the property, as stipulated in the covenant restrictions.

SECTION 9. Committees.

The Board of Directors shall form and administer such committees or subcommittees as it may deem necessary to fulfill the purposes of the Association, these By-Laws and the deed restrictions. Those committees may be a permanent standing committee or special committee including but not limited to a maintenance committee, deed restriction and architectural control committee, social committee, new member committee, special projects committee, security committee, audit committee and nominating committee.

SECTION 10. Amendments.

- (a) The Articles of Incorporation and By-Laws may be amended at any annual meeting or special meeting called for that purpose by a three-fourths (3/4) majority of the lot owners as provided in Article V(H) of the deed restriction, provided that written notice of said meeting shall have been delivered to all members as per Section 7(b) at least five (5) days prior to the date of the meeting, which notice shall include the proposed amendments. These By-Laws shall also be amended to conform with any change or amendments in the deed restrictions. No amendment or modification of the By-Laws shall have a retroactive effect.
- (b) Amendment, How Effected. Any member or group of members may file with the recording secretary such amendment as he deems advisable. The recording secretary shall submit this amendment to the Board of Directors who shall give due and thorough consideration and report to the members at said meeting specified in (a) of this section with a recommendation for or against adoption or the Board may recommend alterations, additions or omissions.

SECTION 11. Severability of Provision.

If any provisions of these By-Laws is found to be illegal, void or otherwise unenforceable, that provision shall be excised and the balance of the By-Laws read as if that provision were not included.

SECTION 12. Resolution of Conflicts.

In the event there is a conflict between the provisions of the By-Laws and those provisions of the Beach Forest Subdivision deed restrictions, the provisions of the deed restrictions shall control.

SECTION 13. Indemnification of Directors.

Each Director and officer of this Association now or hereafter in office and his heirs, executors and administrators, and each Director and officer of this Association and his heirs, executors and administrators who now acts, or shall hereafter act at the request of this Association as director or officer of another Association controlled by this Association, shall be indemnified by this Association against all costs, expenses and amounts or liability therefore, including counsel fees, reasonably incurred by or imposed on him in connection with or resulting from any action, suit, proceeding or claim to which he may be a party, or in which he may be or become involved by reason of his acts of omission or commission, or alleged acts of commission as such director or officer, or, subject to the provisions hereof, any settlement thereof, whether or not he continues to be such director or officer at the time of incurring such costs, expenses or amounts, and whether or not the action or omission to act on the part of such director or officer, which is the basis of such suit, action, proceeding or claim, occurred before or after the adoption of this By-Law; provided that the indemnification herein shall only be applicable to acts known to the other Directors; provided further, that such indemnification shall not apply with respect to any matter as to which such director or officer shall be finally adjudged in such action, suit or proceeding to have been individually guilty of willful misfeasance or malfeasance in the performance of his duty as such director or officer unless and only to the extent that the Court in which such action or suit is brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court shall deem proper, and provided with respect to any settlement of any such suit, action proceeding or claim, include reimbursement of any amounts paid and expenses reasonably incurred in settling any such suit, action, proceeding or claim, when, in the judgment to the Board of Directors of this Association, such settlement and reimbursement appears to be for the best interest of this Association. Expenses incurred in defending a civil or criminal action, suit or proceeding herein described may be paid by the Association in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount unless it shall be ultimately determined that he is entitled to indemnification by the Association. The foregoing right of indemnification shall be in addition to and not exclusive of any and all other rights as to which any such officer or director may be entitled under the By-Laws, agreement, vote of members, or otherwise.