



Bylaws of Shannondale-Mahogany Swim Club, Inc.

ARTICLE I OFFICES

1.01 Principal Office. The principal office of the Corporation shall be at such place within the State of Michigan as the Board of Directors may determine from time to time.

1.02 Other Offices. The Board of Directors may establish other offices in the State of Michigan as it deems necessary.

ARTICLE II SHARES

2.01 Issuance of Shares. One (1) share shall be issued per Shareholder (one (1) household is considered to be one (1) Shareholder) and no Shareholder shall own more or less than the one (1) share issued. Shares shall be issued at the times, for the consideration, and on the terms and conditions that the Board shall deem advisable, subject to the Articles of Incorporation, these Bylaws, and any requirements of the laws of the State of Michigan. The Secretary of the Corporation will maintain an updated list and database of Shareholders of the Corporation.

2.02 Authorization of Shares. The Corporation may issue shares without issuing certificates. Any previously issued shares which are represented by certificates are not affected until they are surrendered to the Corporation. Within a reasonable time after the issuance or transfer of a share without a certificate, the Corporation shall provide the Shareholder a written statement. The written statement shall indicate that the Corporation is formed under the laws of the State of Michigan, the name of the person (or persons) to whom the share is issued, any conditions or restrictions on transferring the share, the act under which the Corporation was formed, and any other provisions that may be required by the laws of the State of Michigan.

2.03 Registered Shareholders. The Corporation shall be entitled to treat the person in whose name any share is registered as the owner of it for all purposes including, but not limited to, any merger, plan of share exchange, reorganization, sale of assets, or liquidation, for the purpose of votes, approvals, and consents by Shareholders, for the purpose of notices to Shareholders, and for all other purposes whatsoever, and shall not be bound to recognize any equitable or other claim to or interest in the shares by any other person, whether or not the Corporation shall have notice of it, save as expressly required by the laws of the State of Michigan.

2.04 Transfer of Shares. The shares of the Corporation are freely transferable; however, such a transfer is only effective if it is completed on the books of the Corporation, meaning the Corporation is notified of a valid transfer. To be valid, the new Shareholder must meet the Shareholder eligibility requirements, as listed in section 3.01 of these Bylaws, the twenty-five dollar (\$25) transfer fee must be paid, and any additional requirements the Corporation may have to establish the validity of the assignment and transfer must be fulfilled.

Any Shareholder who moves within the boundaries set for eligibility, in section 3.01, shall continue to own the share without limitation or restriction. A share is transferable with a transfer in ownership of a home located within the boundaries described in section 3.01.

2.05 Installment Purchase. Shares of the Corporation may be purchased on an installment basis, provided there shall be no more than three (3) equal annual installments, in addition to the annual membership dues and any applicable fees. The terms of purchase and due dates for such installments shall be as set by the Board of Directors.

Holders of a share being purchased on an installment basis shall have all of the rights and privileges of other Shareholders, provided the installments are paid when due. Such a share may be transferred provided the new owner meets the eligibility requirements of section 3.01 and shall continue to pay the installments when due.

2.06 Lien for Payment. There shall be a lien in favor of the Corporation against any share being purchased on installments. In the event a Shareholder does not make a required installment payment by the due date of such installment, a written notice shall be sent to the Shareholder by certified mail, giving notice that if the installment is not paid within thirty (30) days following the date of the notice, the share will be cancelled and any sums paid will be forfeited to the Corporation as liquidated damages.

Holders of a share being purchased on an installment basis shall be entitled to vote on all matters unless a required installment payment is past due. Any amount that remains unpaid for more than fifteen (15) days after the due date shall be considered "past due." No Shareholder whose installment payments are past due shall be entitled to privileges as a Club Member until such past due amounts are paid.

2.07 Lien for Dues. There shall be a lien in favor of the Corporation against the share owned by any Shareholder, in an amount equal to any unpaid amount, levied by the Board of Directors. The maximum amount of any lien for dues shall be equal to three (3) years accumulated dues. In the event a Shareholder does not pay their annual dues for three (3) years, a notice shall be sent to the Shareholder, via certified mail, giving notice that if all unpaid dues are not paid within thirty (30) days following the date of the notice, the share will be cancelled and any sums already paid will be forfeited to the Corporation as liquidated damages.

Holders of a share which have a lien for unpaid dues shall not be entitled to vote until such amounts are paid in full. No Shareholder or their successor in interest shall be entitled to privileges as a Club Member until the lien for unpaid dues is paid in full.

2.08 Limitation on Shares. The Corporation shall issue no more than two hundred seventy-five (275) shares.

ARTICLE III SHAREHOLDERS

3.01 Shareholder Eligibility. The following requirements must be met to be a Shareholder in the Corporation.

(a) An individual must own, or be in the process of purchasing, residential real estate located on one (1) of the following streets:

- (1) Amberly St., Applewood St., Brigham St., Camelot St., Cherrywood St., Coachlite Ave., Cypress St., Davcliff Ave., Daventry Ave., Evergreen St., Glenwood Cr., Hickory Point Dr. (N,E,S,W) (north of Romence), Kalarama Ave., Lamplite Cr., Liteolier St., Lites-End Ct., Lost Pine Way, Pfitzer Ave., Radcliff Ave., Ridgefield Rd., Robinswood St., Rothbury St., Sablewood Cr., Shorbury St., Shoreham St., Tattersall Rd., Towhee St., Trotwood St., Welbury St., Westchester St., Westshire St., Winkfield Ave., or such other streets as may be approved by a two-thirds vote (2/3) of the Shareholders at a duly-called meeting.

(b) If the residential real estate is owned or being purchased by more than one (1) individual, the share shall be issued jointly in the names of each individual.

(c) If any individual shall cease being an owner of the real estate as set forth in 3.01(a)(1), the Corporation must be notified within a reasonable time, and the individual's name shall be removed as a Shareholder from the Corporation database.

3.02 Annual Meeting. The Annual Meeting of the Shareholders shall be held in the month of March of each year unless the Board determines it is impossible or impractical to hold it that month. In that case the meeting shall be held as soon thereafter as the Board determines it can reasonably be held. At each Annual Meeting, the Board of Directors shall be elected and any other business shall be transacted that may come before the meeting.

3.03 Special Meetings. Special Meeting of the Shareholders may be called by the Board of Directors or by the President. Such meetings shall also be called by the President or Secretary at the written request of Shareholders representing not less than ten percent (10%) of the issued and outstanding shares.

3.04 Place of Meetings. All Shareholder Meetings shall be held at the Corporation's principal office or at any other place determined by the Board of Directors and stated in the notice of meeting. Meetings may be held electronically through virtual meeting WEB sites upon approval of the Board and notice of the site and login information to the Shareholders.

3.05 Notice of Meetings. Except as otherwise provided by statute, written notice of the time, place, and purpose of a Shareholder meeting shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting. Notice may be delivered personally, by mail, or by electronic transmission to each Shareholder of record entitled to vote at the meeting at his or her last address or email address, as it appears on the books of the Corporation.

3.06 Record Dates. The Board of Directors may fix in advance a record date for the purpose of determining Shareholders entitled to notice of and to vote at a Shareholders Meeting or an adjournment of the meeting, or to express consent to or to dissent from a proposal without a meeting, or for the purpose of any other action. The date fixed shall not be more than sixty (60) calendar days or less than ten (10) calendar days before the date of the meeting, nor more than sixty (60) days before any other action.

3.07 List of Shareholders. The Secretary of the Corporation shall make and certify a complete list of the Shareholders entitled to vote at a Shareholder Meeting or any adjournment of such meeting. The list shall be arranged alphabetically by Shareholder surname and include each Shareholder's address, be produced at the time and place of the Shareholder Meeting, be subject to inspection by any Shareholder during the whole time of the meeting, and shall be *prima facie* evidence as to the Shareholders entitled to examine the list or to vote at the meeting.

3.08 Quorum. Unless a greater or lesser quorum is required by statute, Shareholders present in person or by proxy who, as of the record date, represented ten percent (10%) or more of the Shareholders entitled to vote at a Shareholder Meeting shall constitute a quorum at the meeting. Whether or not a quorum is present, the meeting may be adjourned by a vote of the Shareholders present.

A quorum shall not be lost as a result of a Shareholder leaving the meeting after it has begun.

In the event a Quorum is not present at the meeting, it may continue and action taken, provided such action be effective if ratified by ten percent (10%) of the Shareholders at a later date.

3.09 Proxies. A Shareholder entitled to vote at a Shareholders Meeting or to express consent or dissent without a meeting may authorize other persons to act for the Shareholder by proxy. A proxy shall be signed by the Shareholder or the Shareholder's authorized agent or representative and shall not be valid after the expiration of three (3) years, unless otherwise provided in the proxy. A proxy is revocable at the pleasure of the Shareholder executing it except as otherwise provided by statute. If a share is owned jointly, the proxy must be signed by all joint owners.

3.10 Voting. Each Shareholder owning one (1) outstanding share is entitled to one (1) vote on each matter submitted for a vote. A vote may be cast either orally or in writing. When an action is to be taken by a vote of the Shareholders, it shall be authorized by a majority of the votes cast by the Shareholders entitled to vote, unless a greater vote is required by statute or these Bylaws. Each household is entitled to one (1) vote. Joint owners shall collectively determine how they will vote and which of them will be voting. If the joint owners disagree as to how their vote should be cast, each co-owner shall abstain from voting.

ARTICLE IV BOARD OF DIRECTORS

4.01 General Powers. The business, property, and affairs of the Corporation shall be managed by the Board of Directors.

Notwithstanding the authority of the Board of Directors to manage the affairs of the Corporation, nothing in these Bylaws shall be construed to permit the Board of Directors to borrow or pledge the credit of the Corporation without the specific approval of two-thirds (2/3) of the total Shareholders at a duly noticed Shareholders Meeting. Notice of such meeting shall include the terms of the borrowing and the purpose for which the borrowed funds are to be used.

4.02 Number. The number of Directors on the Board shall not be less than seven (7) or more than sixteen (16). The number of Directors may be changed by resolution of the Board of Directors from time to time, but shall not be changed to less than seven (7) or more than 16 unless the Board determines it is necessary to exceed 16 for a short time to account for changes in the Board Membership.

4.03 Eligibility. In order to serve on the Board of Directors for the Corporation, an individual must be a Club Member (see Article XI) in good standing. There shall be no more than forty (40) percent Non-Resident Club Members serving on the Board of Directors at one time. If an individual serving on the Board of Directors ceases to be a Club Member in good standing, his or her position on the Board of Directors shall automatically cease. "Good standing" shall be defined as having paid all sums due and owing to the Corporation.

4.04 Tenure. The Board of Directors shall be elected at the annual Shareholders Meeting and shall serve for a term of three (3) years or until a successor is elected and qualified, or until the Director's death, resignation, or removal. Directors shall be elected on a staggered basis with no more than four (4) Directors elected in any given year (unless election of additional Directors is necessary to meet the minimum).

4.05 Election of Directors. The Board of Directors shall present a slate of proposed Directors to the Shareholders at the Annual meeting consisting of one (1) candidate for each position to be filled on the Board. Additional nominations shall be accepted from the floor. The election shall be by majority vote for those Shareholders present and voting provided a quorum exists under section 3.08.

4.06 Resignation. Any Director may resign at any time by providing written notice to the Corporation. Notice of resignation will be effective upon receipt or at a later time designated in the notice. A successor shall be appointed as provided in section 4.07 of these Bylaws. A Director may also be removed with or without cause by a vote of $\frac{2}{3}$ majority of the Board entitled to vote at a regular or special meeting of the Board. Written notice of any action to remove a Director shall be given to the Director to be removed at least fourteen (14) days prior to the action for removal.

4.07 Removal. Any Director may be removed, with or without cause, by a majority vote of the Shareholders present and entitled to vote at the annual Shareholder Meeting or a Special Meeting for that purpose.

4.07 Board Vacancies. A vacancy on the Board may be filled with a person selected by the remaining Board of Directors, unless filled by proper action of the Shareholders. Each person, so elected, shall be a Director for a term of office until a successor is elected by the Shareholders at the next Annual Meeting or a Special Meeting for that purpose (unless he or she resigns or is otherwise removed).

4.09 Board Composition. The Board shall collectively appoint, from those elected and serving on the Board, the Officers and a Director of Facilities, Director of Membership, and a Director of Personnel. The Board may also collectively appoint, from the current Board of Directors, an Assistant Director of Facilities, Membership, and Personnel. These Bylaws contain Articles pertaining to these respective positions (Article V: Officers and Article VI: Directors of Facilities, Membership, and Personnel).

4.10 Annual Meeting. An Annual Meeting shall be held each year following the annual Shareholders Meeting. If the Annual Meeting is not held, the Board shall cause the meeting to be held as soon thereafter as is convenient.

4.11 Regular Meetings. Regular Meetings of the Board may be held at the time and place as determined by a Board

resolution without notice other than the resolution.

4.12 Special Meetings. Special Meetings of the Board may be called by the President or any two (2) Directors at a time and place as determined by those persons calling the meeting. Notice of the time and place of Special Meetings shall be given to each Director in any manner at least three (3) days before the meeting.

4.13 Statement of Purpose. Unless otherwise required under these Bylaws or the laws of the State of Michigan, neither the business to be transacted, nor the purpose of any Regular or Special Meeting of the Board need be specified in the notice for that meeting.

4.14 Waiver of Notice. The attendance of a Director at any Board Meeting shall constitute a waiver of notice of the meeting, except where the Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. In addition, any Director may submit a signed waiver of notice that shall constitute a waiver of notice of the meeting.

4.15 Meeting by Telephone or Similar Equipment. A Director may participate in a Board Meeting by telephone conference or other similar communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting, pursuant to this section, constitutes presence, in person, at the meeting. Meetings may be held electronically through virtual meeting websites upon approval of the Board and notice of the website and login information to the Board Members.

4.16 Quorum. A majority of the Directors then in office constitutes a quorum for the transaction of any business at any meeting of the Board. Actions voted on by a majority of Directors present at a meeting, where a quorum is present, shall constitute authorized actions of the Board.

In the event a Quorum is not present at the meeting, it may continue and action taken, provided such action will only be effective if ratified by a majority of the Board Members at a later date.

4.17 Consent to Corporate Actions. Any action required or permitted to be taken pursuant to Board authorization may be taken without a meeting if, before or after the action, all Directors consent to the action in writing. Written consents shall be filed with the minutes of the next Board Meeting. Consent may be obtained and binding if done through electronic means and shall be recorded in the minutes.

4.18 Conflict of Interest. At any meeting of the Board of Directors any Director who has personal financial interest in the action being discussed or taken by the Board of Directors (including without limitation matters of compensation) shall recuse himself or herself from at least a portion of the Board discussion of that matter and from the vote on the proposed action. This recusal shall be reflected in the minutes of the meeting. In situations where a quorum is present, but shall not be counted for purposes of determining the majority necessary to approve the action. The Board may develop such policies and forms as it deems necessary to carry out the section.

ARTICLE V OFFICERS

5.01 Number. The Officers of the Corporation shall be appointed by the Board of Directors. The Officers shall include a President, a Secretary, and a Treasurer. The President shall be a voting member of the Board of Directors. There may also be a Vice President, Assistant Treasurer, or such other Officers as the Board deems appropriate. Two (2) or more offices may be held by the same person, but such person shall not execute, acknowledge, or verify an instrument in more than one (1) capacity if the instrument is required by law, by the President, or by the Board to be executed, acknowledged, or verified by two (2) or more Officers.

5.02 Appointment Authority. The Board of Directors may also appoint such other Officers and agents as they may deem necessary for the transaction of business of the Corporation. All Officers and agents shall respectively have such authority and perform such duties as may be designated by the Board of Directors.

5.03 Eligibility. All Officers of the Corporation shall be currently serving on the Board of Directors and shall be a Club Member.

5.04 Term of Office. Each Officer shall hold office for the term appointed or until a successor is appointed and qualified. An Officer may resign at any time by providing written notice to the Corporation. Notice of resignation is effective upon receipt or at a later time designated in the notice. If an Officer resigns, is removed, or otherwise ceases to serve on the Board of Directors, his or her position as an Officer shall also cease.

5.05 Removal. An Officer appointed by the Board may be removed, with or without cause, by vote of a majority of the Board. The removal shall be without prejudice to the person's contract rights, if any. Appointment to an office does not of itself create contract rights.

5.06 Vacancies. A vacancy in any office for any reason may be filled by the Board.

5.07 President. The President shall be the Chief Executive Officer of the Corporation and shall have authority over the general control and management of the business and affairs of the Corporation. The President shall have power to appoint or discharge employees, agents, or independent contractors, to determine their duties, and to fix their compensation. The President shall sign all corporate documents and agreements on behalf of the Corporation, unless the President or the Board instructs that the signing be done with or by some other Officer, agent, or employee. The President shall see that all actions taken by the Board are executed and shall perform all other duties incident to the office. This is subject, however, to the President's right and the right of the Board to delegate any specific power to any other Officer of the Corporation. The President or the President appointee shall preside over all Shareholder Meetings and Board Meetings.

5.08 Vice President. The Vice President, if any, shall have the power to perform duties that may be assigned by the President or the Board. If the President is absent or unable to perform his or her duties, the Vice President shall perform the President's duties until the Board directs otherwise. The Vice President shall perform all duties incident to the office and other duties assigned by the President or the Board.

5.09 Chairperson. The Chairperson, if elected, shall preside at all Board Meetings. The Chairperson shall have the power to perform duties as may be assigned by the Board. If the President (and Vice President) is absent or unable to perform his or her duties, the Chairperson shall perform the President's duties until the Board directs otherwise. The Chairperson shall perform all duties incident to the office.

5.10 Secretary. The Secretary shall (a) keep minutes of Board Meetings and Shareholder Meetings; (b) be responsible for providing notice to each Shareholder or Director, as required by law, the Articles of Incorporation, and these Bylaws; (c) be the custodian of corporate records; (d) keep a register of the names and addresses of each Shareholder, Officer, and Director; and (e) perform all duties incident to the office and other duties assigned by the President or the Board.

5.11 Treasurer. The Treasurer shall (a) have charge and custody over corporate funds and securities, including preparing the annual budget; (b) keep accurate books and records of corporate receipts and disbursements; (c) oversee the deposit of all money and securities received by the Corporation at such depositories in the Corporation's name that may be designated by the Board; (d) complete all required corporate filings; and (e) perform all duties incident to the office and other duties assigned by the President or the Board.

ARTICLE VI DIRECTORS OF FACILITIES, MEMBERSHIP, AND PERSONNEL

6.01 Number. The Directors of Facilities, Membership, and Personnel of the Corporation shall be appointed by the Board of Directors. The Board may also appoint an Assistant Director of Facilities, Membership, and/or Personnel.

6.02 Eligibility. The Directors of Facilities, Membership, and Personnel and their respective Assistants, if any, shall be currently serving on the Board of Directors and shall be a Shareholder, Resident Club Member, or Non-Resident Club Member.

6.03 Term of Office. The Director of Facilities, Membership, and Personnel shall hold office for the term appointed or until a successor is appointed and qualified. A Director of Facilities, Membership, or Personnel may resign at any time

by providing written notice to the Corporation. Notice of resignation is effective upon receipt or at a later time designated in the notice. If a Director or Assistant Director of Facilities, Membership, or Personnel resigns, is removed, or otherwise ceases to serve on the Board of Directors, his or her position as a Director or Assistant Director of Facilities, Membership, or Personnel shall also cease.

6.04 Removal. The Directors and Assistant Directors of Facilities, Membership, or Personnel may be removed, with or without cause, by vote of a majority of the Board. The removal shall be without prejudice to the person's contract rights, if any. Appointment to a Director or Assistant Director position does not of itself create contract rights.

6.05 Vacancies. A vacancy in a Director or Assistant Director of Facilities, Membership, or Personnel or Assistant Director Position, may be filled by the Board.

6.06 Director of Facilities. The Director of Facilities shall exercise supervision over the operation of the pools; shall tend to the maintenance of the pools, operation of equipment, building, tennis courts, and grounds. The Assistant Director of Facilities shall assist the Director of Facilities with the above mentioned and related tasks. The Director and Assistant Director of Facilities shall see that the Rules and Regulations of the Club are enforced.

6.07 Director of Membership. The Director of Membership shall solicit, receive, and review the membership applications and dues. After reviewing the applications, the Director of Membership shall deliver the applications to the Board of Directors. The Board shall consider the applications and recommendation and determine whether such applications will be approved. In the event all memberships are not filled by Residents, applications from Non-Residents will be received for consideration. The Assistant Director of Membership shall assist the Director of Membership with the above mentioned and related tasks. The Director and Assistant Director of Membership shall see that the Rules and Regulations of the Club are enforced.

6.08 Director of Personnel. The Director of Personnel shall be responsible for the hiring and firing pool staff. In addition, the Director of Personnel shall recommend, to the Board of Directors, the appropriate wages for pool manager, lifeguard, and gate guard. The Director of Personnel shall also oversee swim lessons, if applicable, and concessions. The Assistant Director of Personnel shall assist the Director of Personnel with the above mentioned and related tasks. The Director of Personnel shall see that the Rules and Regulations of the Club are enforced.

ARTICLE VII COMMITTEES

7.01 General Powers & Appointment. The Board, by a resolution adopted by a vote of a majority of its Directors, may designate one (1) or more committees. Each committee shall consist of one (1) or more Director(s) a Club Member in good standings and such other individual as shall be selected by the Board of Directors. If a Committee Member is absent or disqualified from voting, then the Members present at a Committee Meeting, who are not disqualified from voting, may, whether or not they constitute a quorum, unanimously appoint an alternate Committee Member, to act at the Committee Meeting, in place of the absent or disqualified Member. All Committees designated by the Board shall serve at the pleasure of the Board. Committees shall report to the Board on all matters dealt with by the Committee as shall be required by the Board of Directors.

7.02 Meetings. Committees shall meet as directed by the Board of Directors and the meetings shall be governed by the rules provided in Article III. Minutes shall be recorded at each Committee Meeting, if requested by the Board of Directors or a Committee Member and shall be presented to the Board of Directors.

7.03 Consent to Committee Actions. Any action required or permitted to be taken pursuant to authorization of a Committee may be taken without a meeting if, before or after the action, all Members of the Committee consent to the action in writing. Written consents shall be filed with the minutes of the Committee's proceedings.

7.04 Ad Hoc Committees. The Board may, from time to time, determine that a temporary Ad Hoc Committee is necessary to perform a specific task or address a particular issue or concern. The members of an Ad Hoc Committee shall be appointed by the Board and any such committee shall only exist until its particular assignment is completed.

ARTICLE VIII CORPORATE DOCUMENT PROCEDURE

8.01 Contracts and Conveyances. All corporate documents (including shares, bonds, agreements, insurance and annuity contracts, notes, disbursements, loans, and other debt obligations) shall not be signed by any Officer, designated agent, or attorney-in-fact unless authorized by the Board or by these Bylaws.

The Board of Directors of the Corporation may, in any instance, designate the Officer and/or agent who shall have authority to execute any contract, conveyance, mortgage, or other instrument on behalf of the Corporation, or who may ratify or confirm any execution. When the execution of any instrument has been authorized without specification of the executing Officers or agents, the Chairperson of the Board, the President or Vice President, and the Secretary, Assistant Secretary, Treasurer, or Assistant Treasurer, may execute the same in the name and on behalf of the Corporation and may affix the corporate seal to it.

8.02 Orders for Payment of Money. All checks, drafts, or other instruments for the payment of money drawn in the name of the Corporation shall be signed by one or more Officers as shall be directed by the Board.

8.03 Debit Cards. The Board of Directors shall determine which individuals may be issued a corporate debit card, the purposes for which it may be used, and when the debit card needs to be withdrawn. Only those individuals serving on the Board of Directors may be issued a corporate debit card.

ARTICLE IX INDEMNIFICATION

9.01 Non-Derivative Actions. Subject to all of the other provisions of this Article, the Corporation shall 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. This includes any civil, criminal, administrative, or investigative proceeding, whether formal or informal (other than an action by or in the right of the Corporation). Such indemnification shall apply only to a person who was or is a Director or Officer of the Corporation or who was or is serving at the request of the Corporation as a Director, Officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not for profit. The person shall be indemnified and held harmless against expenses (including attorney fees), judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit, or proceeding, if the person acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation. With respect to any criminal action or proceeding, the person must have had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction or on a plea of *nolo contendere* or its equivalent, shall not by itself create a presumption that (a) the person did not act in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, or (b) with respect to any criminal action or proceeding, the person had reasonable cause to believe that his or her conduct was unlawful.

9.02 Derivative Actions. Subject to all of the provisions of this Article, the Corporation shall indemnify any person who was or is a party to, or is threatened to be made a party to, any threatened, pending, or completed action or suit by or in the right of the Corporation to procure a judgment in its favor because (a) the person was or is an Officer or Director of the Corporation, or (b) the person was or is serving at the request of the Corporation as an Officer, Director, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, or other enterprise, whether or not for profit. The person shall be indemnified and held harmless against expenses (including actual and reasonable attorney fees) and amounts paid in settlement, incurred by the person in connection with such action or suit, if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation. However, indemnification shall not be made for any claim, issue, or matter in which the person has been found liable to the Corporation unless and only to the extent that the court in which such action or suit was brought has determined on application that, despite the adjudication of liability but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnification for the expenses that the court considers proper.

9.03 Expenses of Successful Defense. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in sections 9.01 or 9.02 of this Article, or in defense of any claim, issue, or matter in the action, suit, or proceeding, the person shall be indemnified against expenses (including actual and reasonable attorney fees) incurred in connection with the action and in any proceeding brought to enforce the mandatory indemnification provided by this Article.

9.04 Contract Right; Limitation on Indemnity. The right to indemnification conferred in this Article shall be a contract right and shall apply to services of a Director or Officer as an employee or agent of the Corporation as well as in such person's capacity as an Officer or Director. Except as provided in section 9.03 of this Article, the Corporation shall have no obligations under this Article to indemnify any person in connection with any proceeding, or part thereof, initiated by such person without authorization by the Board.

9.05 Determination That Indemnification Is Proper. Any indemnification under sections 9.01 or 9.02 of this Article (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case. The Corporation must determine that indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in sections 9.01 or 9.02, whichever is applicable. Such determination shall be made in any of the following ways:

- (a) By a majority vote of a quorum of the Board consisting of Directors who were not parties to such action, suit, or proceeding;
- (b) If the quorum described in clause (a) above is not obtainable, then by a Committee of Directors who are not parties to the action. The Committee shall consist of not less than two (2) disinterested Directors; or
- (c) By independent legal counsel in a written opinion.

9.06 Proportionate Indemnity. If a person is entitled to indemnification, under sections 9.01 or 9.02 of this Article, for a portion of expenses, including attorney fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount, the Corporation shall indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

9.07 Expense Advance. Expenses incurred in defending a civil or criminal action, suit, or proceeding described in sections 9.01 or 9.02 of this Article may be paid by the Corporation in advance of the final disposition of the action, suit, or proceeding, on receipt of an undertaking by or on behalf of the person involved to repay the expenses, if it is ultimately determined that the person is not entitled to be indemnified by the Corporation. The undertaking shall be an unlimited general obligation of the person on whose behalf advances are made, but need not be secured.

9.08 Nonexclusivity of Rights. The indemnification or advancement of expenses provided under this Article is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under a contractual arrangement with the Corporation. However, the total amount of expenses advanced or indemnified, from all sources combined, shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

9.09 Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation, to the fullest extent of the provisions of this Article, with respect to the indemnification and advancement of expenses of Officers and Directors of the Corporation.

9.10 Former Directors and Officers. The indemnification, as provided in this Article, continues for a person who has ceased to be a Director or Officer and shall inure to the benefit of the heirs, executors, and administrators of that person.

9.11 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who (a) was or is a Director, Officer, employee, or agent of the Corporation or (b) was or is serving at the request of the Corporation, a Director, Officer, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise. Such insurance may protect against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Corporation would have power to indemnify against such liability under this Article or the laws of the State of Michigan. Indemnification of any individual may be limited to the extent that such indemnification is consistent with the Corporation's insurance policy.

9.12 Changes in Michigan Law. If there are any changes in the Michigan statutory provisions applicable to the Corporation and relating to the subject matter of this Article, then the indemnification to which any person shall be entitled shall be determined by such changed provisions, but only to the extent that any such change permits the Corporation to provide broader indemnification rights than such provisions permitted the Corporation to provide before any such change.

ARTICLE X COMPENSATION

When authorized by the Board, a person shall be reasonably compensated for services rendered to the Corporation as an Officer, Director, employee, agent, or independent contractor, except as prohibited by these Bylaws.

ARTICLE XI CLUB MEMBERS

11.01 Club Members. There shall be four (4) categories of membership in the Corporation. Those categories shall be as follows:

- (a) Shareholders - Active. Individuals who are eligible under section 3.01, own a share, and pay the annual active Shareholder dues;
- (b) Shareholders - Inactive. Individuals who are eligible under section 3.01, own a share, and pay the annual inactive Shareholder dues;
- (c) Resident Club Members. Individuals residing within the area set forth in section 3.01, do not own a share, and pay the annual Resident Club Member dues; and
- (d) Non-resident Club Members. Individuals who live outside the boundaries set forth in section 3.01 and pay the annual Non-Resident Club Member dues. Non-resident Club Members cannot own a share.

The term "Club Member" shall mean any individual(s) who falls into one (1) of the four (4) categories in this section. Joint Shareholders shall be treated as one (1) Club Member.

11.02 Club Member Rights. Club Members shall have the right to use the pool(s), clubhouse, tennis courts, and any other facilities owned and operated by the Corporation, subject to the Rules and Regulations of the Corporation, and contingent upon the Member's payment of all dues required. Notwithstanding this provision, those individual(s) classified as "Shareholders - Inactive," shall be entitled to the use of the facilities, only on the terms and conditions set by the Board of Directors.

11.03 Associate Members. An individual residing with a Club Member, on a full-time basis, shall be deemed to be Associate Member and shall be entitled to use the Corporation's facilities in the same manner and to the same extent as the Club Member.

11.04 Maximum Membership. The total number of Club Members, at any one (1) time, shall not exceed two hundred seventy-five (275), provided that Inactive Shareholders under Section 11.01(b) shall not be included in such number.

11.05 Priority for Membership. Membership in the Corporation shall be determined on an annual basis. The status of an individual shall be based upon the individual's status during the previous year. Priority for membership shall be given as follows:

- (a) Shareholders - Active;
- (b) Shareholders - Inactive;
- (c) Resident Club Members;

(d) Residents;

(d) Shareholders – Active, Shareholders –Inactive, or Resident Club Members who become Non-Residents;

(e) Non-Resident Club Members; and

(f) Non-Residents.

11.06 Rules and Regulations. The Board of Directors shall have the power and the right to set all rules, regulations, and restrictions concerning guests' and Club Members' use of the Club facilities.

11.07 Death of Club Member. In the event a Club Member dies, their membership shall be dealt with as follows:

- A. When there is a joint Shareholder, Resident Member, or Non-Resident Member of the Club membership shall continue as provided in these Bylaws as if the deceased Club Member had not died.
- B. Where there is no joint Shareholder the shares belonging to the deceased Shareholder may be transferred to a new Shareholder subject to the requirements of section 2.04 and 3.01.
- C. Where there is no joint Resident Member or Non Resident Member the membership shall be terminated.

ARTICLE XII DUES, FEES, AND SPECIAL ASSESSMENTS

12.01 Annual Dues and Fees. The Board of Directors, after reviewing the Corporation's annual budget and any related information, shall have the power to determine the annual amount of dues and fees that shall be required for each membership category. Such amounts are determined and set in consideration of the best interests of the Corporation and its continued operation.

12.02 Additional Assessments. The Board may determine, in its sole discretion, that additional assessments are necessary to properly pay for the costs of operation, management, repairs, replacements, and/or maintenance of the Corporation and its facilities or if an unexpected event or emergency arises. In any such event, the Board shall have the authority to levy such additional assessment(s) as the Board deems necessary.

12.03 Special Assessments. The Board of Directors may recommend to the Shareholders special assessments which, from time to time, meet the needs of the Corporation and the best interests of the Corporation (e.g. a special assessment for a capital improvement). No special assessment may be assessed against the Shareholders unless it is approved by two-thirds (2/3) of the votes cast by the properly noticed Shareholders entitled to vote.

ARTICLE XIII BOOKS AND RECORDS

13.01 Maintenance of Books and Records. The proper Officers and agents of the Corporation shall keep and maintain the books, records, and accounts of the Corporation's business and affairs, minutes of the proceedings of its Shareholders, Board, and Committees, if any, and the stock ledgers and lists of Shareholders, as the Board of Directors shall deem advisable and as shall be required by the laws of the State of Michigan or other jurisdictions empowered to impose such requirements. Books, records, and minutes must be kept within the State of Michigan in a place that the Board shall determine.

13.02 Reliance on Books and Records. In discharging his or her duties, a Director or Officer of the Corporation, when acting in good faith, may rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by any of the following:

- (a) One (1) or more Directors, Officers, or employees of the Corporation, or of a business organization under joint control or common control, who the Director or Officer reasonably believes to be reliable and competent in the matters presented;

(b) Legal counsel, public accountants, engineers, or other persons as to matters the Director or Officer reasonably believes are within the person's professional or expert competence; and

(c) A Committee of the Board, of which he or she is not a member, if the Director or Officer reasonably believes the Committee merits confidence.

A Director or Officer is not entitled to rely on the information set forth above if he or she has knowledge concerning the matter in question which would make his or her reliance unwarranted.

ARTICLE XIV FISCAL YEAR

The fiscal year of the Corporation shall end on March 31.

ARTICLE XV AMENDMENTS

The Shareholders entitled to vote may, at any Regular or Special Meeting, amend or repeal these Bylaws or adopt new Bylaws by a majority of votes cast, so long as appropriate notice regarding the proposal has been given in accordance with the notice requirement for such meeting of the Shareholders.

ARTICLE XVI INTERPRETATION

Any question as to the meaning or proper interpretation of any of the provisions of these Bylaws shall be determined by the Board of Directors, whose decision shall be final, conclusive, and binding on all concerned parties.