

**BY-LAWS  
OF  
LAKELAND ASSOCIATION RECREATION, INC.**

(As Amended)

October 20, 2003

**ARTICLE I**

**OFFICES**

- 1.01 The registered office shall be in the City of Manistee, County of Manistee, and State of Michigan.
- 1.02 The Corporation may also have offices at such other places both within and without the State of Michigan as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II**

**FISCAL YEAR**

- 2.01 The fiscal year of the Corporation shall end on the last day of December of each year unless another date shall be fixed by resolution of the Board of Directors. After such date is fixed, it may be changed for future fiscal years at any time by further resolution of the Board of Directors.

**ARTICLE III**

**PURPOSE**

- 3.01 In addition to the purposes of the Corporation set forth in its Articles of Incorporation, the Corporation may hold and manage the property described on the attached Schedule of Real Estate (the "Property").
- 3.02 The Property, to the extent held by the Corporation, shall be held for the following purposes:

- (A) To foster the preservation and use of the Property in harmony with that of other lands owned by the members in the Plat of Lakeland I and II, as such Plats are commonly known, and
- (B) To maintain the ecological integrity of the land with due regard to suitable active and passive recreational uses.

## ARTICLE IV

### MEMBERSHIP

- 4.01 To use the Property of the Corporation, an individual shall be an owner or member. *(Amended July 1, 1987 – All owners of land previously owned by William Leininger and wife in Filer Township, Manistee County, Michigan shall, subject to these Bylaws. To use the property of the Corporation, an individual shall be an owner or member.)*
- (A) “Owner” shall mean the record or contract purchaser, with right to possession, of a fee simple title to any lot, providing the lot shall be no smaller than the smallest platted lot in the Plats of Lakeland I and II. No one holding such interest for security purposes shall be deemed an owner. Only the first two persons named in any deed or land contract shall be deemed an owner. Additional such persons may become social and recreational members pursuant to SECTION 1 (D) below.
  - (B) “Member” shall mean a person in good standing pursuant to the requirements of this Article.
  - (C) “Lot” shall include any land, whether or not platted as a lot, the ownership of which qualifies the owner for membership, provided that it shall be no smaller than the smallest platted lot in the Plats of Lakeland I and II.
  - (D) Subject to rules adopted by the Board of Directors, persons entitled to possession of any of the land described in this Article, but not entitled to become members under Section 1 (A) hereof, may become social and recreational members upon payment of annual dues, which shall be determined by the Board of Directors.
  - (E) The Corporation shall maintain a current roster of owner and/or members in good standing at the corporate offices. Additionally, the Corporation shall maintain a current roster of suspended members.
  - (F) New owners shall be entitled to membership upon mailing a copy of the deed or land contract by which ownership is acquired to the Secretary of the Corporation together with the transfer fee in an amount as determined by the Board of Directors together with all unpaid dues and assessments with regard to the lot or parcel the ownership of which entitles the owner to membership. However, if any predecessor entitled to the lot or parcel has been terminated in membership for non-payment of dues or assessments, the new owner shall have no right of membership. The Board of Directors may provide other notification and other reasonable requirements for membership.

- 4.02 Social and recreational privileges shall be enjoyed by the owner and/or member's immediate family, guests and tenants, subject to reasonable rules and regulations adopted from time to time by the Board of Directors.
- 4.03 Membership privileges, including use of the beach, recreational facilities, and use of the land of the Corporation shall be suspended for any owner and/or member during any period in which such owner and/or member shall be delinquent in the payment of any dues or assessments. Such suspension shall also be effective for any other social or recreational member using the facilities of the Corporation by virtue of such owner and/or member's membership. Additionally, such rights may be suspended after notice and opportunity for hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations by an owner and/or member or by one using the facilities of the Corporation by virtue of such owner and/or member's membership, except that for a continuation of such infraction, the suspension may relate to the periods of time when the member's lot or cottage is being used by such member rather than calendar days as determined by the Board of Directors.
- 4.04 Membership may be permanently terminated for non-payment of dues or assessments remaining unpaid for a period of in excess of one (1) year from the due date. Membership termination for non-payment of dues or assessments may be invoked by the Board of Directors thirty (30) days after the member has been provided with a notice of intent to terminate membership together with an itemized statement of the dues or assessments delinquent in excess of one (1) year. The notice of intent to terminate membership shall provide that the member may avoid termination of membership by payment within thirty (30) days of the amount stated on the notice of intent to terminate membership and shall also provide that the member may request a hearing before the Board of Directors to present proof of payment of the claimed delinquencies. If payment has not been received by thirty (30) days from the mailing of the notice of intent to terminate membership, or if adequate proof of payment has not been provided by the member to the Board of Directors at the requested hearing, the Directors may declare a permanent termination of his or her membership. Such termination shall be permanent as to such owner and/or member as well as any other social or recreational member using the facilities of the Corporation by virtue of such owner and/or member's membership.

#### **DUES AND ASSESSMENTS**

- 4.05 The Board of Directors shall levy annual dues on a membership basis and assessments on a lot ownership basis, with one (1) assessment for each lot owned. In the event of the division of any lot, the Board of Directors may allocate the assessment for the divided lot between the owners.

- (A) Dues shall be levied by the Board of Directors by April 15.
  - (B) Statements shall be mailed by May 15.
  - (C) Dues shall be payable on or before June 15; and commencing July 15, shall bear interest at the rate of seven percent (7%) per annum unless otherwise determined by the Board of Directors and notice given with notice of dues.
  - (D) Failure to meet any deadline shall not invalidate any dues, levy or assessment, but may be remedied by reasonable procedures.
- 4.06 Annual dues established by the Board of Directors shall be sufficient to pay taxes when due, the reasonable cost of maintaining the Property, operating its programs and establishing and maintaining reasonable reserves for contingencies, depreciation, replacement and additional expenses. Nothing herein contained shall forbid the charging of reasonable special use fees in addition to annual dues.
- 4.07 Assessments shall be for capital improvements only, and shall be levied by the Board of Directors at an annual or special meeting. Statements shall be mailed and due dates, interest, and penalties shall be determined by the Board of Directors.

## **ARTICLE V**

### **MEETINGS OF SHAREHOLDERS**

- 5.01 All meetings of the Shareholders for the election of Directors shall be by waiver of notice and consent or shall be held at such place either within or without the State of Michigan as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting. Meetings of Shareholders for any other purpose may be held at such time and place, within or without the State of Michigan, as shall be stated in the notice of the meeting or in a duly executed Waiver of Notice thereof.
- 5.02 Annual meetings of shareholders, if actually held, shall be held on or about July 4 of each year or on such other date and time as shall be designated from time to time by the Board of Directors and stated in the notice of the meeting, at which they shall elect by a plurality vote a Board of Directors on a staggered term basis as set forth in Article VI and shall transact such other business as may properly be brought before the meeting.
- 5.03 When required by law, written notice of the annual meeting stating the place, date and hour of the meeting shall be given to each Shareholder entitled to vote at such meeting not less than fourteen (14) nor more than ninety (90) days before the date of the meeting.
- 5.04 Special meetings of the Shareholders, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, may be held

- by waiver of notice and consent or may be called by the President and shall be called by the President or Secretary at the request in writing of any three (3) of the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting.
- 5.05 When required by law, written notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each Shareholder entitled to vote at such meeting.
- 5.06 Business transacted at any special meeting of Shareholders shall be limited to the purposes stated in the notice unless all of said Shareholders agree to do otherwise. ***(Amended effective July 5, 1987 – Action by the Corporation to buy, lease, mortgage, sell or contract to sell or encumber real estate shall require the majority vote of the entire Board of Directors and a majority vote of the Shareholders for any item over \$7,500.00)***
- 5.07 Except as otherwise provided by statute or by the Articles of Incorporation, the holders of twenty percent (20%) of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the Shareholders for the transaction of business. If, however, such quorum shall not be present or represented at any meeting of the Shareholders, the Shareholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented by proxy, all business properly before the Shareholders at such meeting may be conducted. If the adjournment is for more than sixty (60) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each Shareholder of record entitled to vote at the meeting.
- 5.08 When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation require a different vote, in which case such express provision shall govern and control the decision of such question.
- 5.09 Each Shareholder shall be entitled to one (1) vote in person or by proxy for each share of capital stock having voting power held by such Shareholder, but no proxy shall be voted on after three (3) months from its date, unless the proxy provides for a longer period. If the Articles of Incorporation provide for more or less than one (1) vote for any share, on any matter, every reference in this Article to a majority or other proportion of stock shall refer to such majority or other proportion of the votes of such stock. At all elections of Directors of the

Corporation, each Shareholder having voting power shall be entitled to exercise the right of cumulative voting, if any, as provided in the Articles of Incorporation.

- 5.10 Whenever the vote of Shareholders at a meeting thereof is required or permitted to be taken for or in connection with any corporate action, by any provision of the statutes, the meeting and vote of Shareholders may be dispensed with if all of the Shareholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action taken; or if the Articles of Incorporation authorized the action to be taken with the written consent of the holders of less than all of the stock who would have been entitled to vote upon the action if a meeting were held, then on the written consent of the Shareholders having not less than such percentage of the number of votes as may be authorized in the Articles of Incorporation; provided that in no case shall the written consent be by the holders of stock having less than the minimum percentage of the vote required by statute for the proposed corporate action, and provided that prompt notice must be given to all Shareholders of the taking of corporate action without a meeting and by less than unanimous written consent.

## **ARTICLE VI**

### **DIRECTORS**

- 6.01 The number of Directors, which shall constitute the whole Board, shall consist of eight (8) directors, none of who needs to be a Shareholder of the Corporation.
- 6.02 The Shareholders shall, at the time of the adoption of these By-Laws, elect eight (8) Directors. At the first annual meeting, the eight (8) Directors shall be elected for terms of one (1) to four (4) years, respectively. Thereafter, at each annual meeting, two (2) Directors shall be elected for four-year terms so that the eight (8) Directors shall serve staggered terms of four (4) years each.
- 6.03 Vacancies and newly created directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office, though less than a quorum, and the Directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no Directors in office, then an election of Directors may be held in the manner provided by statute.
- 6.04 The business of the Corporation shall be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these By-Laws directed or required to be exercised or done by the Shareholders.
- 6.05 A Director of the Corporation who is either present at a meeting of the Board of Directors at which action on any corporate matter is taken, or who is absent but

- has notice of such action by certified mail, shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by certified mail to the Secretary of the Corporation immediately after the adjournment of the meeting or within seven (7) days after written notification of such action by certified mail. The objection shall be deemed made when mailed by certified mail. Such right to dissent shall not apply to a Director who voted in favor of such action.
- 6.06 Action by the Corporation to buy, lease, mortgage, sell or contract to sell or encumber real estate shall require the majority vote of the entire Board of Directors and a majority vote of Shareholders voting at a meeting called for such purpose.
- 6.07 The Directors shall serve without remuneration but may be reimbursed for their reasonable expenses, on resolution of the Board of Directors.
- 6.08 Any member of the Board of Directors may be removed without cause by the Shareholders at a regularly called annual or special meeting of the Shareholders by vote of sixty percent (60%) of the Shareholders voting in person. The position of any Director who fails to attend three (3) consecutive meetings, regular or special, shall be declared vacant unless the Board of Directors shall specifically excuse such absence.

### **MANAGEMENT OF THE CORPORATION**

- 6.09 The Board of Directors shall have all powers, duties and authority vested in the Corporation and not reserved to the Shareholders by other provisions of these By-Laws or by the laws of the State of Michigan. Without limiting the generality of the foregoing, the Board of Directors shall have the power to:
- (A) Adopt and publish rules and regulations governing the use of the common area and facilities and the personal conduct of the members and their tenants and guests thereon and to establish penalties for infractions.
  - (B) Suspend and/or terminate the right of use of the recreation facilities, or membership of any member in accordance with the provisions of these By-Laws.
  - (C) Extend the privileges of the recreation facilities to non-members, or other organizations on such terms that the Board of Directors may deem proper.
  - (D) Close the books of the Corporation against transfer of membership for a stated period not to exceed forty (40) days prior to any meeting.
  - (E) Subject to the approval of the Shareholder, buy, sell, lease or mortgage the land of the Corporation in such manner as it shall deem in the best interest of the Corporation. Leasing shall include oil, gas or mineral leases including unitization agreements.

- 6.10 It shall be the duty of the Board of Directors to:
- (A) Cause to be kept a complete record of all its acts and the Corporation's affairs and to present a statement thereof to the Shareholders at the annual meeting of the Shareholders, or at the next special meeting or when such statement is requested in writing by any Shareholder who is entitled to vote.
  - (B) Supervise all officers and agents of the Corporation and to see that their duties are properly performed.
  - (C) As more fully provided in these By-Laws, to fix the amount of the annual dues and special assessments, send written notice thereof, and take such steps as may be proper to collect delinquent dues and assessments and interest and any other sums due to the Corporation
  - (D) Issue or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid, making a reasonable charge therefore.
  - (E) Procure and maintain hazard insurance on property owned by the Corporation and liability insurance of not less than One Million Dollars (\$1,000,000.00) or such other amounts as the Shareholders direct.
  - (F) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.
  - (G) Cause the property of the Corporation to be maintained in accordance with the stated purposes of these By-Laws.

#### **MEETING OF THE BOARD OF DIRECTORS**

- 6.11 The Board of Directors of the Corporation may hold meetings, both regular and special, either within or without the State of Michigan.
- 6.12 The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the Shareholders at the annual meeting and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the Shareholders to fix the time or place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the Shareholders, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the Directors.
- 6.13 Regular meetings of the Board of Directors may be held without notice at such time and at such place as shall from time to time be determined by the Board.
- 6.14 Special meetings of the Board may be called by the President on two (2) days notice to each Director, either personally or by mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request by three (3) of the Directors.



- 6.15 At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute or by the Articles of Incorporation. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. The following shall require action by a majority of all Directors: increase in membership dues, special assessments, and the expenditure of more than Five Hundred Dollars (\$500.00). The Shareholders shall annually approve a budget. The Board of Directors may not, without prior Shareholder approval, expend funds, in any year, in excess of Seven Thousand Five Hundred Dollars (\$7,500.00) above the authorized budget expenditures for such year. *(Amended effective July 5, 1987 – Capital improvements, in excess of \$7,500.00, will require majority vote of the Shareholders.)*
- 6.16 Unless otherwise restricted by the Articles of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.
- 6.17 Members of the Board of Directors may participate in a board meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting.

## ARTICLE VII

### NOTICES

- 7.01 Whenever, under the provisions of the statutes or of the Articles of Incorporation or of these By-Laws, unless specifically otherwise provided, notice is required to be given to any Director or Shareholder, it shall not be construed to mean personal notice unless specifically allowed, but such notice may be given in writing, by mail, addressed to such Director or Shareholder, at his address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to Directors may also be given by telegram.
- 7.02 Whenever any notice is required to be given under the provisions of the statutes or of the Articles of Incorporation or of these By-Laws, a waiver thereof in writing,

signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

## **ARTICLE VIII**

### **OFFICERS**

- 8.01 The Board of Directors, within twenty-one (21) days after the annual election of the Directors in each year, shall elect from their number a President of the Corporation and shall also elect a Secretary and a Treasurer, none of who need be members of the Board. The Board at that time or from time to time may elect a Chairman of the Board and one or more Vice Presidents, Assistant Secretaries and Assistant treasurers who may or may not be members of the Board. The same person may hold any two (2) or more offices excepting those of President and Vice President, but no officer shall execute, acknowledge or verify any instrument in more than one capacity. The Board may also appoint such other officers and agents, as it may deem necessary for the transaction of the business of the Corporation.
- 8.02 The term of office of all officers shall be one (1) year or until their respective successors are chosen, but any officer may be removed from office, with or without cause, at any meeting of the Board of Directors by the affirmative vote of a majority of the Directors then in office. The Board of Directors shall have power to fill any vacancies in any offices occurring from whatever reason.
- 8.03 The salaries and other compensation of all officers of the Corporation shall be fixed by the Board of Directors.
- 8.04 The President shall preside at all meetings of the Shareholders and Directors and he shall be ex-officio a member of all standing committees of the Board.
- 8.05 The President shall be the chief officer of the Corporation and shall have responsibility for the general and active management of the business of the Corporation, and shall see that all orders and resolutions of the Board are carried into effect. He shall execute all authorized conveyances, contracts, or other obligations in the name of the Corporation except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. He shall preside at all meetings of the Shareholders and Directors and shall be ex-officio a member of all standing committees of the Board.
- 8.06 The Vice President (if any) in the order designated by the Board of Directors or, lacking such a designation, by the President, shall in the absence or disability of the President perform the duties and exercise the powers of the President and shall perform such other duties as the Board of Directors shall prescribe.

8.07 The Secretary shall attend all meetings of the board and all meetings of the Shareholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the Shareholders and special meetings of the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors or by the President, under whose supervision he shall act. He shall execute with the President all authorized conveyances, contracts or other obligations in the name of the Corporation except as otherwise directed by the Board of Directors. He shall keep in safe custody the seal, if any, of the Corporation and, when authorized by the Board, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary.

The Secretary shall keep a register of the post office address of each shareholder. Said address shall be furnished to the Secretary by such Shareholder and the responsibility for keeping said address current shall be upon the Shareholder. The Secretary shall have general charge of the stock transfer books of the Corporation.

8.08 The Treasurer shall have custody of and keep account of all money, funds and property of the Corporation, unless otherwise determined by the Board of Directors, and he shall render such accounts and present such statements to the Directors and President as may be required of him. He shall deposit funds of the Corporation, which may come into his hands in such bank or banks as the Board of Directors may designate. He shall keep his bank accounts in the name of the Corporation and shall exhibit his books and accounts at all reasonable times to any Director of the Corporation upon application at the office of the Corporation during business hours. If required by the Board of Directors, he shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the board for the faithful performance of the duties of his office and for the restoration to the Corporation in case of his death, resignation or removal from office of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.

8.09 The Assistant Secretaries and the Assistant Treasurers (if any), respectively, (in the order designated by the Board of Directors or, lacking designation, by the President) in the absence of the Secretary or the Treasurer, as the case may be, shall perform the duties and exercise the powers of such Secretary or Treasurer and shall perform such other duties as the Board of Directors shall prescribe.

## **ARTICLE IX**

### **CERTIFICATES OF SHARES**

- 9.01 Every holder of shares in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by, the President or a Vice-President and the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares owned by him in the Corporation.

Certificates may be issued for partly paid shares and in such case upon the face or back of the certificates issued to represent any such partly paid shares; the total amount paid thereon shall be specified.

If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences, and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of shares, provided that, except as otherwise provided in Section 471 and 472 of the Michigan Business Corporation Act, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of shares, a statement that the Corporation will furnish without charge to each Shareholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

- 9.02 Where a certificate is countersigned: (1) by a transfer agent other than the Corporation or its employee, or, (2) by a registrar, other than the Corporation or its employee, any other signature on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued, by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

### **LOST CERTIFICATES**

- 9.03 The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate or shares to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the

issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representative, to advertise the same in such manner as it shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

### **TRANSFER OF STOCK**

- 9.04 Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

### **FIXING RECORD DATE**

- 9.05 In order that the Corporation may determine the Shareholders entitled to notice of or to vote at any meeting of Shareholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of such meeting, nor more than sixty (60) days prior to any other action. A determination of Shareholders of record entitled to notice of or to vote at a meeting of Shareholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting. Absent Board of Director action, the record date shall be ten (10) days before the date of such meeting.

### **REGISTERED STOCKHOLDERS**

- 9.06 The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Michigan.

## **ARTICLE X**

### **INDEMNIFICATION**

- 10.01 To the extent permitted by Michigan law from time to time in effect and subject to the provisions of Section 3 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, whether civil, criminal, administrative or investigative and whether formal or informal, other than an action by or in the right of the corporation, by reason of the fact that he or she is or was a Director, officer, employee, or agent of the corporation, or is or was 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, against expenses, including attorney fees, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit, or proceedings, 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 or its shareholders, and with respect to a criminal action or proceeding, if the person had no reasonable cause to believe his or her conduct was unlawful. The termination of an action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolocontendere or its equivalent, does not of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the corporation or its shareholders, and, with respect to a criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.
- 10.02 To the extent permitted by Michigan law, from time to time in effect and subject to the provisions of Section 3 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 by reason of the fact that he or she is or was a director, officer, employee, or agent of the corporation, or is or was 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, against expenses, including actual and reasonable attorneys' fees, and amounts paid in settlement incurred by the person in connection with the 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 or its shareholders. However, indemnification shall not be made for a claim, issue, or matter in which the person has been found liable to the corporation unless and only the extent that the court in which the action or suit was brought has determined upon 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 expenses which the court considers proper.

10.03 (a) To the extent that a director, officer, employee, or agent of a corporation has been successful on the merits or otherwise in defense of an action, suit, or proceeding referred to in Section 1 or 2 of this article, or in defense of a claim, issue or matter in the action, suit, or proceeding, he or she shall be indemnified against expenses, including actual and reasonable attorneys' fees, incurred by him or her in connection with the action, suit, or proceeding and an action, suit, or proceeding brought to enforce the mandatory indemnification provided in this subsection

(b) An indemnification under Section 1 or 2 of this article, unless ordered by a court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in Sections 1 and 2 of this article. This determination shall be made in any of the following ways:

1. By a majority vote of a quorum of the board consisting of directors who were not parties to the action, suit, or proceeding.
2. If the quorum described in subdivision one is not obtainable, then by a majority vote of a committee of directors who are not parties to the action. The committee shall consist of not less than two disinterested directors.
3. By independent legal counsel in a written opinion.
4. By the shareholders.

(c) If a person is entitled to indemnification under Section 1 or 2 of this article for a portion of expenses including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement, but not for the total amount thereof, the corporation may indemnify the person for the portion of the expenses, judgments, penalties, finds, or amounts paid in settlement for which the person is entitled to be indemnified.

10.04 Expenses incurred in defending a civil or criminal action, suit, or proceeding described in Section 1 or 2 of this article may be paid by the corporation in advance of the final disposition of the action, suit, or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent 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 by unlimited general obligation of the person on whose behalf advances are made but need not be secured.

10.05 (a) The indemnification or advancement of expenses provided under Sections 1 to 4 in this article is not exclusive of other rights to which a person seeking

indemnification or advancement of expenses may be entitled under the Articles of Incorporation, By-Laws, or a contractual agreement. 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.

(b) The indemnification provided for in Sections 1 to 5 in this article continues as to a person who ceases to be director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of the person.

- 10.06 The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this article or of Sections 561 to 569 of the Michigan Business Corporation Law.

## **ARTICLE XI**

### **GENERAL PROVISIONS**

#### **DIVIDENDS**

- 11.01 Dividends upon the capital stock of the Corporation, subject to the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the Articles of Incorporation and the Michigan Business Corporation Act.
- 11.02 Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for such other purpose as the directors shall think conducive to the interest of the Corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

#### **ANNUAL STATEMENTS**

- 11.03 When called for by a vote of the Shareholders, the Board of Directors shall present at each annual meeting and at any special meeting of the shareholders a full and clear statement of the business and condition of the Corporation.



### **CHECKS**

- 11.04 All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

### **SEAL**

- 11.05 The corporate seal, if any, shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Michigan". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

### **LOANS**

- 11.06 No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

The Corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the Corporation or of its subsidiary, including any officer or employee who is a director of the Corporation or its subsidiary, whenever, in the judgment of the directors, such loans, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation. Nothing in this section contained shall be deemed to deny, limit or restrict the powers of guaranty or warranty of any corporation at common law or under any statute.

### **CONTRACTS**

- 11.07 The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific interests.

No contract or transaction between a corporation and one or more of its directors or officers, or between a corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the board or committee thereof which authorizes the

contract or transaction, or solely because his or their votes are counted for such purpose, if:

- (1) The material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or
- (2) The material facts as to his relationship interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or
- (3) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified, by the Board of Directors, a committee thereof, or the shareholders.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee, which authorizes the contract or transaction.

## **ARTICLE XII**

### **AMENDMENTS: SPECIAL VOTING PROCEDURES**

- 12.01 These By-Laws may be altered, amended or repealed or new By-Laws may be adopted by the Shareholders or by the Board of Directors, unless such power is reserved exclusively to the Shareholders by the Articles of Incorporation, at any regular meeting of the Shareholders or of the Board of Directors or at any special meeting of the Shareholders or of the Board of Directors if notice of such alteration, amendment, repeal or adoption of new By-Laws be contained in the notice of such special meeting.

## **ARTICLE XIII**

### **CONSTRUCTION**

- 13.01 These By-Laws and all action taken by the Corporation shall be interpreted and construed so as to comply with the Michigan Corporations Act, as amended.

## ARTICLE XIV

### COMMITTEES OF DIRECTORS

- 14.01 The Board of Directors may, by resolution passed by a majority of the whole board, designate one or more committees, to consist of two or more of the Directors of the Corporation. The board may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution, and as otherwise restricted by the Michigan Business Corporation Act, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; provided, however, that in the absence or disqualification of any member of such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors.
- 14.02 Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

## ARTICLE XV

### COMPENSATION OF DIRECTORS

- 15.01 ~~The Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any Director from serving the Corporation in any other capacity and receiving compensation therefore. Members of special or standing committees may be allowed like compensation for attending committee meetings.~~  
*(Amended July 5, 1987 – Deleted Article XV Compensation of Directors)*

## ARTICLE XVI

### SHAREHOLDER LIST

- 16.01 The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of Shareholders, a complete list of the Shareholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each Shareholder and the number of shares

registered in the name of each Shareholder. Such list shall be open to the examination of any Shareholder for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Shareholder who is present.

Dated:  
January 27, 1987, but  
Effective December 19, 1986, *and*  
*As amended Effective July 5, 1987.*

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Edward H. Atkins, President on behalf of  
Lakeland Association, a Michigan non-  
profit corporation in dissolution