

Association By-Laws

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

ARTICLE I

NAME OF CORPORATION

The name of the corporation shall be Beachwood Recreation Association, Inc. (hereafter, the "Association").

ARTICLE II

PURPOSE OF CORPORATION

The purpose for which the Association is formed is to promote the health and general welfare of its members; to construct, own and operate a swimming pool, tennis courts and other recreational facilities; and to conduct other appropriate activities in the County of Oakland and State of Michigan for the use of its members and their families.

ARTICLE III

PRINCIPAL OFFICE AND RESIDENT AGENT

Section 1. The registered office of the Association shall be located in Oakland County, Michigan and shall be designated by the Board of Directors. The Association shall maintain a Post Office Box at the Troy Post Office which shall be the primary mailing address of the Association.

Section 2. The resident agent of the Association shall be designated by the Board of Directors and shall maintain a residence at the registered office of the Association.

ARTICLE IV

COMPOSITION OF BOARD OF DIRECTORS

Section 1. The Association shall be managed by a nine-member Board of Directors. No two Directors shall reside at the same home address.

Section 2. At the annual meeting of active members of the Association, four Directors shall be elected on even numbered years from among the active members for a term of two years and until their successors shall have been duly elected and shall have qualified. Five Directors shall be elected during the odd-numbered years from among the active members for a term of two years and until their successors shall have been duly elected and shall have qualified.

Section 3. Any member of the Board of Directors who shall cease to hold active membership in the Association automatically shall cease to be a member of the Board of Directors.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Consistent with these by-laws, the Board of Directors shall manage the affairs of the Association, and in particular, but without limitation, the Board may:

- (a) make and amend rules for the regulation of use of Association property; and, appoint and remove such officers, clerks, agents, servants or employees as it may deem necessary and fix their duties and compensation.
- (b) Establish and implement standards and procedures for reviewing and approving applications for membership in the Association; provided, that all conditions, standards and procedures for reviewing and approving such applications shall be impartially applied and shall make no reference to gender, race, creed, or national origin.
- (c) Fix and impose penalties for violation of these by-laws and rules of the Association.
- (d) Elect from the Board of Directors a President, Vice President, Secretary and Treasurer. Beachwood Board members shall have yearly dues waived for each year of service on the board. If for some reason a Board member does not complete their term, their dues will be prorated on a monthly basis starting on November 1 and they will be obligated to reimburse that amount to Beachwood Recreation Association. Board members upon election to the board shall have guest fees waived during their service on the board.
- (e) Create such other offices as may be necessary and appoint one or more members who may but need not be members of the Board.
- (f) Appoint Committees and define the powers and duties of the same.
- (g) Appoint members of the Association to fill vacancies on the Board until the next annual meeting of the members of the Association.
- (h) Nominate successor members of the Board of Directors, provided, however, those independent nominations to the Board may be made from the floor at the time of the annual meeting of the Association members.

Section 2. The Board of Directors shall designate the bank or financial institutions in which the funds of the Association shall be deposited and determine the manner in which checks, drafts and other instruments for payment of funds of the Association shall be executed. However, the Board of Directors shall always require that any check, draft, credit card purchase, or other instruments for the payment of money in excess of \$5,000 has prior approval from at least two officers in written or electronic form and that record of such approvals are retained for a period of at least three years.

Section 3. The Board of Directors shall cause the books of the Association to be audited annually by auditors who shall not be members of the Board, and the report of the auditors shall be available to the members at all times.

Section 4. The Board of Directors shall meet at least once a month during the months of January, February, March, April, May, June, July, August, and September, and at such other times and intervals as they may deem necessary. Five members of the Board shall constitute a quorum, but if at any meeting there shall be less than a quorum present, a majority of those present may adjourn the meeting and set another time and place for the adjourned meeting.

Section 5. The Board of Directors, by a vote of any five Directors, may borrow money or pledge the credit of the Association, issue its promissory notes or bonds, and mortgage the property of the Association.

Section 6. At any meeting called for that purpose, the active members of the Association may remove from office, or terminate the employment of, any Director, Officer, Agent or Employee with or without cause, by a vote of not less than a majority of the entire active membership.

Section 7. To the maximum extent permitted under Michigan law, every person now or hereafter serving as Director, Officer or employee of the Association shall be indemnified and held harmless by the Association from and against any and all loss, cost, liability and expense that may be imposed upon or incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding, civil or criminal, in which he or she may become involved as a party or otherwise, by reason of being or having been a Director, Officer or employee of the Association, whether or not a Director at the time such loss, cost, liability or expense shall have been imposed or incurred. As used herein, the term "loss, cost, liability and expense" shall include, but shall not be limited to, counsel fees and disbursements and amounts of judgments, fines or penalties against, and amounts paid in settlement by any such Director, Officer or Employee.

ARTICLE VI

OFFICERS

Section 1. The Officers of the Association; President, Vice President, Secretary and Treasurer, shall be elected annually by the Board of Directors from among its members, and shall hold office until the end of the first meeting of the Board of Directors following the annual meeting of the Association or until their successors shall be elected and shall have qualified.

Section 2. The President shall preside at the meeting of the Association and of the Board of Directors; shall be the chief administrative officer of the Association; shall appoint (subject to confirmation by the Board of Directors) all standing and special committees and designate the chairperson thereof; and shall be an ex-officio member of all committees.

Section 3. The Vice President shall assume the duties of the President in the absence or disability of the President. The Vice President shall act under the direction of the president and shall have general and overall responsibility for overseeing the maintenance of the buildings and grounds of the Association.

Section 4. The Secretary shall send out notices of the meetings of the Association and of the Board of Directors, shall keep the minutes, and attend to correspondence pertaining to this office. The Secretary shall also perform such other duties pertaining to the office as may be required by the Board of Directors.

Section 5. The Treasurer shall attend to keeping the accounts of the Association, collecting its revenues, and paying its bills as approved by the Board of Directors or other agency authorized by the Board to incur them. The Treasurer shall deposit funds of the Association received in the name of the Association in such depository or depositories as may be authorized by the Board. The Treasurer shall also perform such other duties as may be required by the Board. In

order to adequately protect its assets, the Association shall obtain, at its expense, a fidelity bond / crime policy covering the authorized signers of its bank accounts. The Treasurer shall furnish an annual financial report at the annual meeting and such other financial reports as may be required from time to time by the Board.

ARTICLE VII

MEMBERSHIP AND DUES

Section 1. The Association membership shall consist of no more than 475 family units, each consisting of the permanent members of one household. Within the limit of 475 family units, the annual increase in family units shall not exceed five (5) percent. Eligibility for membership shall be subject to such limitations in relation to place of residence as are required by applicable laws, rules and ordinances in relation to the facilities. Membership is conferred by payment of a membership and an initiation fee (both of which are set by and may be changed by the Board of Directors), and by approval of application for membership as provided in these by-laws. Once membership is established, continued membership shall be conditioned upon payment of annual dues as prescribed by the Board of Directors. Each family unit shall be entitled to one vote in membership meetings.

Section 2. The annual dues of members shall be fixed from time to time by the Board of Directors in such amounts as shall be reasonably estimated to meet the operating expenses and obligations of the Association.

Section 3. Any member of the Association may upon written resignation as described in Article VII redeem his membership fee at any time. However, such withdrawing member shall be liable for a portion of the current year's dues unless such resignation is received by the Association prior to the first day of May.

Section 4. If any member shall cease to comply with any condition of membership, his membership shall be redeemed as hereinafter provided. Any member may, for cause and after having been given an opportunity for a hearing, be suspended for a period of not exceeding three months by a vote of six members of the Board of Directors at any meeting thereof, or expelled by a unanimous vote of the entire Board. Cause of suspension or expulsion shall, in general, consist of repeated violation of these by-laws or of the rules of the Association. Suspension of privileges for periods not to exceed three weeks may be imposed without a hearing as prescribed in applicable rules adopted by the Board in accordance with these by-laws.

Section 5. Use of the premises is a privilege conferred upon members of the Association who are in good standing, have paid their current year's dues and abide by the Rules and Regulations of the Association as set by the Board of Directors.

- (a) All Association members whose current dues are paid shall be accorded the facilities of the Association subject to the Rules and Regulations which shall be posted at all times in the Association locker rooms or such other place as shall be prominent and convenient.
- (b) Upon payment of dues, a system of identification approved by the Board of Directors shall be made available to all members who shall be used to restrict access to Association property.
- (c) Guests may use the Association facilities subject to the Rules and Regulations.

- (d) Any property of the Association broken or damaged by a member or guest shall be promptly paid for by such member or by the member who sponsored the guest. No person shall take any articles belonging to the Association.
- (e) The Association assumes no responsibility, and members of the Association or their guests can have no claims against the Association, for loss or damage to property of members or guests which may be brought into or left in the Association buildings or on the grounds.
- (f) The Association assumes no responsibility, and members or their guests can have no claim against the Association for any accident or injury to any person.

ARTICLE VIII

REDEMPTION OF MEMBERSHIP

Section 1. If any member of the Association wishes to redeem membership, in the Association, that member shall notify in writing the Treasurer or such other person as the Board shall designate in accordance with the following. Upon receipt, the notice shall be clearly marked with the date it was received, and the Treasurer shall acknowledge receipt of such notice to the member. A list shall be maintained of all members who have sent such notice.

- (a) A member may simply notify the Treasurer of resignation from the Association effective as of a date certain, and the Treasurer shall promptly refund to that member the amount of the membership fee paid by that member upon joining the Association less any amounts owed by the member to the Association for dues or otherwise.
- (b) A member selling his principal residence may offer membership in the Association to the purchaser of that member's principal residence. If the purchaser wishes to purchase the membership, the seller (member) must give timely notice of such intention to the Treasurer prior to giving notice under (a) above. The purchaser wishing to become a new member of the Association must submit a membership application to the Treasurer and pay the then current membership fee and initiation fee to the Association. The Association will not refund the membership fee to the selling member until it has received the full membership fee from the purchasing member.

Except where membership in the Association is transferred with the sale of a member's principal residence, transfer of membership to a new member shall occur as follows. A list shall be maintained in chronological order of all applicants wishing to join the Association. The applicant of the longest standing shall be offered the membership. Upon payment of the then current membership and initiation fees, the applicant shall succeed to the membership of the withdrawing member and the Association shall remove the name of the resigning member from the rolls of the current members of the Association.

1. No payment to an outgoing member shall be made unless or until there is an application to succeed to the membership of the outgoing member, but the outgoing member shall not be obligated to pay dues assessed after giving notice to the Treasurer as provided above.
2. Any payment in redemption of an outgoing member's membership fee shall be subject to deduction in the amount of the aggregate of the outgoing member's liabilities and obligations to the Association.

ARTICLE IX

MEETINGS

Section 1. A meeting of the Association members shall be held after September 1st and before December 1st of each year, at such place and time as the Board of Directors may determine. The annual meeting shall be for the purpose of

electing Directors and presenting committee reports, presenting an annual budget, membership reports, and for the transaction of such other business as may be indicated in the notice or may be brought before it.

Section 2. Special meetings of the Association members may be called by the Board of Directors. Also, upon written request of ten members to the Secretary, stating the purpose therefore, a special meeting shall be called by the Secretary within thirty days.

Section 3. Notice of the annual meeting shall be given by mail or electronic correspondence to the members at least 10 days, but not more than 60 days, prior to such meeting. Special meetings of the Association members may be held upon five days' notice by mail or electronic correspondence to all members. The notice shall state the purpose for which the special meeting is called, and no other business shall be transacted thereat.

Section 4. Only active members shall be entitled to vote at meetings of the Association members. Proxies may be used for any business requiring a vote. Proxies must be in writing and recorded with the Secretary at least 48 hours prior to the meeting. A proxy shall indicate on its face the specific issues for which the proxy is granted. Only active members may serve as proxies. Voting may be by voice, but ten members, including those represented by proxy, shall have the right to demand voting by roll call.

Section 5. Twenty percent (20%) of the active membership, in person, or by proxy, shall constitute a quorum at all membership meetings. In the event that a quorum is not achieved at the annual meeting, the authority for electing new Directors shall be conveyed to the existing Directors. However, this voting authority shall not extend to any other matters that require a quorum of members, such as the approval of amendments to these by-laws.

Section 6. Whenever in these by-laws notice to members is required, the mailing of such notices by bulk mail or electronic correspondence to the last known address of the members shall constitute adequate notice.

Section 7. Whenever any notice is required to be given by law, under the provisions of the Articles of Incorporation or by-laws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated thereon, shall be deemed equivalent to the giving of such notice, and the presence of such member at a meeting shall constitute waiver of notice.

Section 8. Meetings of the Board of Directors shall be held as set forth in Article V

- (a) The Board of Directors shall hold its first meeting following the annual meeting of the members in each year as promptly as practicable.
- (b) The Board of Directors may, by resolution, establish from time to time a schedule of its meetings and rules for the conduct thereof.
- (c) Special meetings of the Board of Directors may be called by the President and shall be called by the Secretary upon the request of two members of the Board.
- (d) Notice of regular and special Board meetings shall be communicated to each member of the Board at least five days before the date of the meeting.

ARTICLE X

AMENDMENTS

Section 1. Amendments to these by-laws may be made at an annual meeting or at any other regularly called meeting of the membership at which a quorum is present by a majority vote of the active members present in person or by proxy at such meeting. The membership at large may call for a vote or an amendment to the by-laws through a petition in writing to the Secretary of the Association which is signed by at least fifteen percent (15%) of the active members. The Board of Directors shall be required within thirty days after receipt of said petition to set a time and place for a meeting. Notice of a proposed amendment to these by-laws must be communicated to each active member at least ten (10) days and no more than sixty (60) days before any meeting at which amendments are to be presented.