

BY LAWS

LAKE SHERWOOD ASSOCIATION, INC.

ARTICLE I - NAME AND LOCATION

1.01 Name

This Corporation shall be known as Lake Sherwood Association, Inc., formerly Lake Sherwood Lot Owners Association, hereinafter referred to as Association, a non-profit Corporation of the Charter Township of Commerce, the County of Oakland and the State of Michigan.

1.02 Location

The address of the current office is P.O. Box 63 Milford, Michigan 48381.

Official address also includes the home address of the then Association President.

ARTICLE II - PURPOSE

2.01 Purpose

The purpose for which this Association is formed is as follows:

- a. To actively promote the education of riparian property owners and other lake users about water quality and water safety.
- b. To morally and actively support issues which concern the welfare of lake and stream waters in general including the conservation of the water supply and environment of the Lake Sherwood watershed and that of the surrounding area, the maintenance of the water supply for safe recreational activities and the maintenance of the water supply and surrounding areas so as to be conducive to the renewal of fish, wildlife and plant life resources.
- c. To cooperate and otherwise interact with local, state and federal governments and educational institutions in matters relating to the preservation of water supply and quality.
- d. To actively oppose indiscriminate or over development of the waterfront or access thereto which could lead to overuse or improper use of the waters and deterioration of their quality including but not limited to the negative impact such would have on Lake Sherwood Association riparian property owners.
- e. To actively support the Michigan Lake & Stream Associations, Inc. and other lake associations in all matters that will promote the conservation of water quality and supply or serve as a detriment to same.

- f. To actively promote the welfare of the Association member property owners in matters relating to building and lake restrictions, sanitation, taxation, public nuisance, property maintenance and threat and/or potential abuse of Lake Sherwood and its property owners by member or non-member influences.
- g. To do any and all things lawful in connection therewith for a non-profit Corporation.

ARTICLE III - TERRITORY

3.01 Territory

The territory of the Association includes the Lake Sherwood Subdivision, Lake Sherwood Subdivisions numbered 1 through 16 which include lots numbered 1-72, 73-94, 95-101, 102 - 117, 118-130, 131-140, 141-153, 154-167, 168-175, 176-191, 192-210, 211-224, 225-252, 253-275, 276-310, 311-486, 487-522 respectively, Trentwood Subdivisions which includes lots numbered (T) 1-52 and Capri Subdivision lots numbered (C) 16-20, 48-55 and 65-67. Certain lots which are included in Wildwood River, Wildwood Forest Subdivision and Lake Sherwood Forest Subdivisions with whom the Association has legal Membership Agreements and certain water frontage Meets and Bounds are also included in the Association territory and are generally referred to as Area 20 (AKA-Lake Sherwood Area 11).

ARTICLE IV - MEMBERSHIP

4.01 Membership

The owner of each property in the Association Territory is a member of the Association as mandated by the property deed and agreed to at the time of property closing. Membership includes the property owner(s), legal spouse and children.

4.02 Active Member

An active member is a member in good standing by virtue of having paid all current and past dues, fines and assessments. Current dues and assessment shall not be considered as delinquent prior to the expiration of 60 days from the date the billing notice is issued. An active member is eligible to vote and hold elective or appointive office in the Association.

4.03 Inactive Member

An inactive member is a member who is not in good standing by virtue of being delinquent with respect to payment of applicable current and/or past dues, fines or assessments. An inactive member is not entitled to vote or hold elective or appointive office in the Association until such time as the member is considered an Active member.

ARTICLE V - DIRECTORS AND OFFICERS

5.01 **Board of Directors**

Directors of this Association consist of the President, the Vice-President, the Recording Secretary, the Corresponding Secretary, the Treasurer, the immediate Past President and not less than seven or more than 11 additional Directors (aka Area Representatives) elected by the Active members.

5.02 **Officers**

The Officers of this Association are: a President, a Vice-President, a Recording Secretary, a Corresponding Secretary, and a Treasurer.

5.03 **Filling Positions**

The Directors and Officers, except for the Director who is the immediate Past President, are elected by the Active members immediately following the Annual meeting in January. The offices of Recording Secretary and Corresponding Secretary may be held by the same person. Any vacancy among the Directors or Officers may be filled until the Annual meeting by appointment by a vote of the majority of the Directors present at a meeting of the Board.

The term of each of the elected Officers is one year. The terms of Directors representing even numbered Areas shall expire in the even numbered years, and the terms of Directors representing odd numbered Areas shall expire in the odd numbered years. Each elected Director or Officer holds office until an eligible successor is elected, or, if applicable, appointed, unless sooner removed by action of the Active members. Each appointed officer holds office until a successor is elected to complete the balance of the vacant term (if any) by the Active members at the Annual meeting of the Association unless sooner removed by action of the Active members. Directors and Officers, except the Director who is the immediate Past President, whose terms are expiring, may participate as a candidate for re-election.

The Director who holds office by virtue of being the immediate Past President takes office immediately upon becoming Past President and holds office until the new President's term(s) expires, unless sooner removed by the Active Members.

5.04 **Nominating Committee**

The Nominating Committee shall consist of the President, Vice-President and the three most recently elected Past Presidents residing in Association Territory. If any of the committee members are not available to serve, or if it is deemed that the committee should be larger in number, the President may appoint replacement and/or additional committee members from the Active Membership as necessary.

The Nominating Committee shall place in nomination a sufficient number of candidates to fill all vacancies. More than one candidate may be placed in nomination for the same

office. The ticket nominated by such committee shall be reported by publication in the Newsletter or delivered to the members prior to the Annual Meeting. Additional nominations may be made from the floor by any Active Member at the membership meeting immediately preceding the Annual meeting provided each such nominee has indicated a willingness to service in the office for which being nominated.

In the event a vacancy occurs among the Directors and Officers prior to the time of the Annual Meeting, the Nominating Committee shall solicit candidates to fill such vacancy by publication in the Newsletter or by a notice delivered to the members prior to the next Board meeting. In the case of an Area Representative vacancy, the Nominating Committee shall solicit candidates to fill such vacancy by a notice delivered only to the members residing in the area represented by the vacancy. The Nominating Committee shall provide the Board with a list of candidates to fill the vacancy. More than one candidate may be placed in nomination for the same vacancy. Additional nominations may be made from the floor by any Director or Officer at the Board meeting where such appointment is being voted upon, provided each such nominee has indicated a willingness to serve in the vacant office.

5.05 **Ballot**

Election of Officers and Directors is by secret printed ballot. The candidate(s) receiving the greatest number of votes for the office(s) to be filled shall be declared elected. The use of sticker candidates is prohibited and any votes for sticker candidates are void.

Balloting shall take place at the place of meeting before 8:30 PM on the date of the Annual meeting. It is the duty of the President to see that: a proper polling place is provided to assure the taking of a secret ballot: the Recording Secretary is present with the membership roll; that only qualified members are permitted to vote; printed ballots are provided; all ballots are carefully folded and placed by the voter in a sealed ballot box; the polls are closed promptly at 8:30 PM; and a sufficient number of tellers are appointed to insure honest, impartial and prompt tabulation of votes and to report the election results during the course of the Annual meeting.

If an Active member, otherwise qualified to vote, is unable to appear in person at the polling place during the hours designated for voting, such member may obtain an absentee ballot from the Corresponding Secretary in advance of the election. The absentee ballot when marked by the voter must be placed in another sealed envelope with no writing thereon, which envelope in turn shall be placed in another sealed envelope, which must bear the name and address of the Active member voting. This envelope may then be delivered to the tellers, who shall see that the name appearing on the outer envelope is checked by the Corresponding Secretary against the Active membership roll, to assure that it is the name of a qualified voter. If so, this envelope shall be opened and the plain envelope enclosing the ballot shall then be placed in the sealed ballot box. If the name on the envelope is not that of a qualified voter, the ballot shall immediately be destroyed.

If a tie vote for any office occurs, any nominee involved in such tie vote may request a recount of the votes cast, for which the President shall appoint new tellers who shall recount the votes cast and report their findings. If the recount also results in a tie vote or if no recount is requested, the tie shall be broken by lot.

ARTICLE VI - DUTIES OF DIRECTORS AND OFFICERS

6.01 Duties of the Directors and Officers

a. President

The President is the Chief Executive Officer of the Association and shall preside at all meetings of the Board of Directors and the membership, appoint or direct their establishment of all Standing, Operating and Ad Hoc committees, is an ex officio member of the committees, calls meetings of the Board of Directors at such times as the President deems advisable, and calls special meetings of the Board at the request of 4 members of the Board.

It is the President's duty to carry out the will of the Board and the membership as expressed in meetings, and in general to conduct the affairs of the Association in a manner consistent with the authority and responsibility pertaining to the office of President.

b. Vice - President

The Vice-President, in the absence of the President, discharges the duties of the President.

c. Recording Secretary

The Recording Secretary gives notice of all meetings of the Board of Directors and of the membership, attends all such meetings, keeps a true and accurate record of the proceedings of all meetings, and performs such other duties as directed by the Board of Directors or by the membership.

d. Corresponding Secretary

It shall be the duty of the Corresponding Secretary to prepare and distribute Association correspondence as directed by the Directors and Officers, administer the absentee ballot process, distribute the Newsletter to non-resident members and perform such other tasks as may be directed by the President

e. Treasurer

The Treasurer keeps account of all monies received by and expended for the use of the Association and makes disbursements only as authorized by the Board of Directors.

During the absence or incapacity of the Treasurer, the President, or any other one of the Officers, may be authorized by the Board of Directors to receive monies, issue checks or perform such other of the Treasurer's duties as may become necessary. The Treasurer shall be required to furnish a bond in such sum as the Board of Directors may deem advisable and the cost of such bond shall be paid out of the funds of the Association.

f. Directors (Area Representatives)

The management of the affairs of this Association shall be vested in and exercised by or under the authority of the Board of Directors. It is the duty of the Board of Directors to attend all meetings of the Association, greet new residents, be aware of the conditions existing in the Director's area and act as Chairperson of Committees as designate by the President, to care for the property and interests of the Association and to determine policies for the conduct of its affairs, consistent with such specific instructions as the Board may receive from the Active members of the Association.

If a Director on the Board misses three consecutive meetings, they can be removed at the discretion of the Board.

The Board may raise and expend funds to promote the welfare of the Association and employ all such means, not in conflict with these by-laws or the laws of this State, as it may deem proper and expedient to secure and carry out the purpose for which this Association is organized.

6.02 Administration

a. Funds

All monies of the Association shall be deposited in a bank approved by the Board of Directors. The Treasurer's accounts shall be audited annually by an Audit Committee established by the Board for such purpose, or by a competent auditor selected by the Board.

b. Records

When the Secretaries and/or Treasurer leave office, they shall deliver to their successors all monies, books, paper and other property belonging to the Association which may then be in their possession or under their control. In the absence of such successor, they shall deliver all such monies, books, papers and other property to the President of the Association.

c. Meeting and Quorum of the Directors

The Board of Directors shall meet a minimum of six times per year scheduled at regular intervals and at such time and place as the President or the Board may deem advisable.

One more than half of the Directors present at meetings or the Board of Directors constitute a quorum for the transaction of business.

Motions and resolutions coming before the Board of Directors shall require the affirmative vote of majority of Directors present for adoption, except that the President may vote only in the case of a tie.

d. Action by Unanimous Consent

The Directors may authorize any action to be taken by the Association by unanimous consent of the Directors contacted as validly as though it had been authorized at a meeting of the Directors.

e. Removal

The Active members of the Association may remove from office any Officer or Director whenever, in their judgment the welfare the Association requires such removal, provided that a written statement, signed by at least 25% of the Active members, is submitted to the Recording Secretary or the President setting forth the intention to ask for such removal and the reasons therefore, and is read at a membership meeting of the Association. Thereafter, but not before the next membership meeting of the membership of the Association, the Active members may, by majority vote, adopt a resolution effecting such removal.

f. Vacancy

The Board of Directors may fill by appointment, any vacancy among the Directors or Officers by a vote of the majority of those present at a meeting of the Board. The person so appointed holds office until the Annual meeting of the Association following appointment or until a successor is elected at the Annual meeting of the Association unless sooner removed by action of the membership.

g. Earnings of the Association

No part of the net earnings of the Association shall inure to the benefit of, or be distributed to its member or Directors and Officers or other private persons, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the Purposes set forth above. No substantial part of the activities of the Association shall be the carrying on of propaganda attempting to influence legislation. The Association shall not participate in or intervene in any political campaign on behalf of any candidate for public office or carry on any other activities not permitted to be carried on by a corporation exempt from Federal Income Tax under Section 501 (c) (3) of the Internal Revenue Code of the United States.

ARTICLE VII - FINANCIAL

7.01 **Accounting Year**

The accounting year of the Association shall be January 1 through December 31.

7.02 **Dues**

The dues of the Association members shall be of such amount necessary to meet the business needs and expenses of the Association as determined by the Board of Directors through budgetary development and presented to the membership for approval. The dues amount is applicable to each property (lot) in the Association Territory notwithstanding: (1) the number of properties owned by a single individual or organization, (2) the location of the property or (3) whether such property contains a dwelling. If, however, a property Sidwell number is eliminated due to a change in property description and combined with a Sidwell Number of an adjoining property so that multiple lots numbers remain within a single Sidwell Number, such property owner shall be responsible for dues and/or assessment as if there was only one lot.

Dues for new property owners will be prorated based on the number of calendar months of property ownership from the first of the month immediately following the date of property closing to December 31 or such other date that conforms to the end of Association Accounting Year. In the case of a property sale wherein property ownership does not immediately transfer to a new owner, the property owner of record is responsible for causing dues payment on such property.

7.03 **Assessment**

Because of unforeseen and/or unbudgeted expense, action by the Charter Township, County or State authorities or actions that arise out of enforcement of these By Laws, it may be necessary for the Board of Directors to propose or impose an assessment to a member(s) or the membership which may be of one year duration or a longer period as may be required to satisfy the necessary expenditure. Where assessment would involve the membership, it shall be the responsibility of the Board of Directors to present to the membership all pertinent financial data and/or other documentation so as to provide the membership with sufficient data to properly evaluate the Board of Directors proposal.

7.04 **Annual Billing**

Following the annual meeting or approval of the proposed budget by the general membership, whichever is earlier, the Treasurer or such other person as may be directed by the Board of Directors shall prepare and issue an invoice to all Association members specifying the dues and/or assessment for the ensuing Accounting Year and requesting dues and/or assessment payment by the end of a period. The delivery of such invoice will be through whatever means available, including first class mail or by attachment to the Newsletter.

7.05 **Past Due Billing**

Dues and/or assessment payments are due as described in 7.04. Any member whose dues and/or assessment remains unpaid as of the due date shall be considered delinquent and Inactive Member of the Association. Such delinquency forfeits the member's right to vote and all other rights and privileges of the Association. Past due billings will be issued subsequent to the due date in such manner as is necessary to collect dues and/or assessment obligations including, but not limited to, first class mail, open billing in the Newsletter, at the closing of a property sale, through a collection agency or through the courts. In addition, delinquent members will be charged a late charge if full payment is not received within 90 days from the date the initial invoice is issued for the applicable Accounting Year. The amount of late charge will be determined by the Board of Directors and approved by the Active Members. The sale of property does not relieve the member of the obligation to pay dues and/or assessments or any other valid charges theretofore accrued and unpaid.

7.06 **Property Ownership**

The owner of property(s) in the Association Territory will be as in reflected in the applicable records maintained by the official offices of the Charter Township of Commerce and/or the County of Oakland.

7.07 **Membership Record**

The official record of dues and/or assessment payment will be the Association membership record card maintained by the Treasurer or the Treasurer's or Board of Directors designee.

7.08 **Borrowing**

The Board of Directors may borrow money and issue the Association's note or bond for the repayment thereof with interest and may mortgage the Association's property as security for its debts or other lawful engagements only if the Active members shall have first given their approval for such action at a meeting preceded by notice given in the manner prescribed.

7.09 **Budget**

A budget including individual dues and fund balances shall be prepared for each Accounting Year and presented to the membership for approval. Proposed dues increases shall be published in the Newsletter prior to a General Membership Meeting. A majority vote of the Active members present is necessary to adopt or amend the proposed budget. If following approval, unbudgeted expenses arise, such expenses will be presented to the membership for approval each time either of the following situations occurs: (i) the unbudgeted expense for any one specific budget category exceeds the amount of the approved budget for that category for the then current Accounting Year by more than \$3,000; or (ii) the total of the unbudgeted expenses in all budget

categories is equal to (or greater than) 10% of the overall approved budget for the then current Accounting Year .

ARTICLE VIII - COMMITTEES

8.01 Standing Committees

Standing committees shall be permanent committees of the Association. Establishment of the committees shall be made at the direction of the Board of Directors or by a vote of the General Membership.

8.02 Operating Committees

Operating committees shall not be permanent committees of the Association. Such committees shall be established by the President of the Association to carry out the needs of the Association and the will of the membership.

8.03 Ad Hoc Committees

Ad hoc committees are established by the President as the need arises. Such committees are generally formed to take actions as necessary to bring about resolution to temporary Association problems, concerns or special interest. Ad hoc committees will generally function on a short-term basis.

ARTICLE IX - MEETINGS

9.01 Annual Meeting

The annual meeting of the membership of the Association should be held in January of each year on the date and at the time and place as specified by the Association President or the Board of Directors. At such meeting, new Directors and Officers will be elected, reports will be presented by the retiring Directors and Officers and such other business will be transacted as may properly come before the membership. The Treasurer will present the annual

financial statement, which will include the Association revenue and expense items from the preceding accounting year. The Treasurer will also present the budget for the then current accounting year.

9.02 Membership Meeting

Meetings of the membership will be held a minimum of three (3) times a year. Recommended months are January, April and September

9.03 Special Meetings

A special meeting of members may be called at any time by the President or by a majority of the Directors. It is also the duty of the President to call a special meeting whenever requested in writing by ten percent of the then Active members of the Association. A notice of every special meeting, stating the time, place and object thereof, shall be given by first class mail addressed to each Active member or by mailing copies of the Newsletter containing a prominent display of such notice.

In each instance, the notice shall be given not less than ten days or more than sixty days before the date of the meeting.

9.04 Place of meeting

Meetings of the membership will be held at the place designated by the President of the Association or the Board of Directors.

9.05 Notice

No personal notice is required for the membership meetings, but publication of an announcement of these meetings will be posted in the Newsletter, delivered in the customary house to house fashion or by first class mail prior to each meeting.

9.06 Quorum

A quorum of the membership shall consist of not less than 30 Active Members including five members of the Board of Directors. A majority of the Active Members votes cast shall be controlling. An Inactive Member may participate in the voting activity by taking the steps necessary to become an Active Member at the time and place of the meeting.

ARTICLE X - RULES, REGULATIONS & RESTRICTIONS

10.01 Rules Regulations and Restrictions

It shall be the responsibility of the Board of Directors to establish, maintain and/or enforce necessary rules regulations and deed restrictions designed to promote the welfare and protect the interests of the membership of the Association. Such action(s) will be performed by and/or at the direction and control of the Board of Directors through an appropriate Committee network. All rules regulations and deed restrictions are deemed to be included in these By Laws and the membership of the Association shall be bound by their provisions. Violations of published Lake Sherwood deed restrictions or rules and regulations, which are reported to the Rules and Regulations Committee by a Lake Sherwood property owner, will be reviewed and if accepted, enforced by the Rules and Regulations Committee.

In accordance with the above and the provisions of the covenants, conditions, restrictions, easements, reservations and agreements applicable to each property contained in the Association Territory, these By Laws recognize and include applicable

documents of all such properties. The general provisions of such documents are appended hereto and identified as Exhibit A, Lake Sherwood - Deed Restrictions with respect to the By Laws and Exhibit A, Lake Sherwood Deed Restrictions. With respect to the By Laws and Exhibit A-Lake Sherwood Deed Restrictions, items 10.05 b and 10.05 d of the By Laws do not apply to Area 20 (AKA Lake Sherwood Area 11) properties and only items 16, 17, 18, 19 and 21 of Exhibit A - Deed Restrictions do apply to Area 20 (AKA Lake Sherwood Area 11) properties. The authority to pursue enforcement of land and building use restrictions is provided to the Architectural Control Committee which is established and chartered by the Lake Sherwood Restrictions as contained in all Lake Sherwood Property deeds. The members of the Committee are as identified in Exhibit A Lake Sherwood Deed Restrictions unless successor members have otherwise been designated. In the event that death or resignation results in a situation where there are no members left on the Committee, the Board of Directors of the Association shall appoint new Committee members.

10.02 **Violations - Notification and Enforcement**

After the Rules and Regulations Committee has received and evaluated a written violation report, the Committee will issue a violation notice or reject the report. If the report is rejected, the reasons will be documented in the report and the initiator informed of the decision. When a violation notice is issued, the property owner will have ten (10) days from receipt to correct the violation or request a meeting with the Committee for the purpose of resolving the violation.

Should the property owner not correct the violation within ten (10) days or request a meeting with the Committee, a second notice will be issued. Ten (10) days after receipt of the second notice, a fine of no less than \$100 and no more than \$1,000, plus restitution, will be assessed against the violator unless the violation is corrected or a meeting is requested with the Rules and Regulations Committee. The same procedure will apply when a property owner does not comply with the action and/or time table established at a violations meeting. An additional fine of equal amount will be assessed at the end of each thirty (30) day period following the initial fine that the violation remains uncorrected to a maximum of \$12,000 in any twelve (12) month period.

When a property owner requests a meeting, the committee or its representative will attempt to work out a reasonable resolution of the violation. Within five (5) days of the meeting, the Committee will issue a written statement outlining the action necessary to resolve the violation and the time frame during which it must be completed.

All unpaid fines will be immediately due and added to the violator's Association dues and will be collected by normal Association procedures. A property owner will not be considered in good standing unless all fines and/or dues are paid.

Past due fines and/or dues shall constitute a lien upon the violator's property at the time of their assessment, before other liens except tax liens on the property in favor of any state or federal taxing authority and sums unpaid on a first mortgage of record, except

that past due dues and/or fines which are evidenced by a notice of lien, recorded as set forth in Article XVIII, below, have priority over a first mortgage recorded subsequent to the recording of the notice of lien. The lien may be foreclosed by an action or by advertisement by the Association on behalf of the members. A foreclosure shall be in the same manner as a foreclosure under the laws relating to foreclosure of real estate mortgages by advertisement or judicial action.

10.03 **Regulations Committee.**

The same procedure will apply when a property owner does not comply with the action and/or timetable established at a violation meeting. An additional fine of no less than \$100 and no more than \$1,000, plus restitution will be assessed by the Rules and Regulations Committee, in its sole discretion, at the end of each thirty (30) day period following the initial fine that the violation remains uncorrected to a maximum of \$12,000 in any twelve (12) month period.

10.04 **Use of Lake Sherwood**

Lake Sherwood and access to Lake Sherwood is private property. No person may use Lake Sherwood if such person is not an active member of the Association. Guest of the Association or active Association members may use Lake Sherwood only when written permission has been obtained from the Association or such guest is accompanied by a member.

10.05 **Use of Property**

a. **Vacant lots, Parks, Outlots**

Vacant lots, parks and outlots cannot be used for parking or storage of any object. This includes, but is not limited to, recreational vehicles, boats, boat hoist, motor homes, trailers (of any kind), snowmobiles, commercial vehicles, automobiles, etc.

No lot, park, outlot, etc. within the Association Territory shall be used for dumping of rubbish, trash, grass clippings, tree cuttings or any other material.

b. **Occupied Lots**

All boats and snowmobiles, including their trailers, shall be stored in compliance with current Township rules and regulations. Motor homes, campers, travel trailers, and all other trailers shall be housed within a garage when not in use and shall not be stored outside of a closed garage. This shall not prohibit temporary parking of an object on the property owners front or side driveway for a period not to exceed 48 hours cumulatively in any seven day period for the purpose of repairing or maintaining the object for suitable use. Does not apply to Area 20 (AKA Lake Sherwood Area 11)

c. **Owner/Occupant Responsibility**

It shall be the responsibility of a property owner, occupant or any person having control or management of any lot, place area or parcel of land within the Association Territory, to cut all weeds and grass in such a manner so as to effectively prevent growth from attaining a height not to exceed ten inches. In the event such lots are not properly maintained, the Association and/or its contract designee shall perform such actions as necessary to cause proper maintenance of the property in question. Any cost incurred by the Association or the contract designee as a result of such action will be assessed to the then property owner by the Association with payment dues to the Association.

d. Fencing

No cyclone or chain link fence will be permitted to enclose a swimming pool. Area, location, height and type of fencing required to enclose a swimming pool must comply with local ordinances and be approved by the Architectural Control Committee. Does not apply to Area 20 (AKA Lake Sherwood Area 11).

e. Use of Association Property

No person may use Lake Sherwood Association property, boat launch, A-lots, parks, outlots, islands, etc. if such person is not a member of the Association. Guests of the Association or Association members may use Association property only when written permission has been obtained from the Association or such guest is accompanied by a member.

10.06 Lot and Dock Rules

a. All docks must be approved by the A-Lot Dock Committee and be placed only where specified by the Committee. No dock will be placed with 10 feet of the side lot line.

b. Each Lake Sherwood off water property owner is allowed one primary boat slip. Each dock will be shared with another Lake Sherwood property owner. Should an off water property owner desire more than one slip, or if an on water property owner desires a slip, such secondary slips will be assigned where and when space is available. Secondary slip assignments shall be considered temporary and may be subject to cancellation by the A-Lot Dock Committee in its sole discretion.

c. When a property owner moves out of the Lake Sherwood Association, slips and/or docks on A-Lots cannot be sold with the Lake Sherwood property. Upon the sale of the property, the slip space will revert to the Lake Sherwood Association and will be reassigned by the A-Lot Dock Committee according to Association Rules and Regulations.

d. A Lake Sherwood property owner must agree to and sign the Lake Sherwood Association A-Lot Dock Slip User Agreement ("Agreement") to confirm slip assignment. The Association may charge a slip user fee for slip assignment. In

addition, Lake Sherwood dock slip users must register their dock slip every year with the A-Lot Dock Committee. Unregistered slips may be reassigned.

e. Docks must meet the A-Lot Dock Specification with respect to size, construction, maintenance and appearance. Docks must be kept in a safe and stable condition and maintained in compliance with the A-Lot Dock Specifications, the A-Lot and Dock Rules, and the terms of the Agreement.

f. Lifts may be placed in slips only with the prior approval of the A-Lot Dock Committee. The A-Lot Dock Committee reserves final approval rights for lift placement in order to assure appropriate allocation of slip space among Lake Sherwood off water property owners, and to promote the general appearance of all A-Lots.

g. A waiting list will be established for Lake Sherwood property owners desiring to be placed upon the first available A-Lot dock slip. Slip assignment (primary or secondary) will be made on a first-come, first-available basis.

h. Any dock or lift which does not meet the A-Lot Dock Specifications, the A-Lot and Dock Rules, and/or the terms of the Agreement must be repaired, replaced or removed at the direction of the A-Lot Dock Committee. Should the dock slip user(s) refuse to comply with such request, the Association will have the dock or lift repaired, replaced or removed, as necessary, at the expense of the slip user(s). The cost will be added to such slip user's current Association dues if the Association's invoice for the repair/replacement/removal is not paid when due

i. Failure to adhere to the requirements of this Section 10.06 could result in a loss of Association privileges (including, but not limited to, A-Lot dock slip privileges as defined herein) and/or assessment of fines as outlined in Section 10.02, Violations – Notification and Enforcement, and Section 10.03, Regulations Committee.

10.07 **Guest Boats**

A guest boat can only be launched at the Boat Ramp with sponsorship and in the company of an Association member in good standing. Guest boats are restricted to a maximum 48-hour access in any 30-day period. Lake access for a guest boat requires approval from the Boat Ramp Manager or Boat Ramp Guard at time of launch, subject to rules and procedures established by the Rules & Regulations Committee. An Association member in good standing may request full season access for a "surrogate" boat for special circumstances (e.g., regular vessel undergoing long term service repairs). For approval of a surrogate boat, the Association member cannot concurrently have a boat on the lake of similar type, unless special approval is obtained through the Rules and Regulation Committee. The Rules & Regulations Committee is empowered to develop procedural details and nominal fines for rule violations. Rules, procedures

and fines will be posted at the Boat Ramp. Fines cannot exceed the amounts outline in Section 10.03 Regulations Committee.

ARTICLE XI - OFFICIAL PUBLICATION

11.01 Official Publication

The official publication of the Association shall be the Lake Sherwood Association, Inc. Newsletter herein referred to as Newsletter.

ARTICLE XII - AMENDMENTS

12.01 Amendments

These By Laws may be amended in the following manner: The Board of Directors acting at any membership or special meeting, or any group of 20 or more Active Members, may file with the Recording Secretary for presentations to a meeting of membership such amendment(s) as they deem necessary and advisable. In the case of amendment(s) submitted by a group of Active Members, the Recording Secretary shall first submit such amendment(s) to the Board of Directors, who, after due and thorough consideration, shall report to the membership at the next membership meeting, with a recommendation for or against adoption. The Board of Directors may also recommend alterations, additions or omissions. The proposed amendment(s), both in original form and with any modifications, additions or omissions, must either be read to the membership or be published in two successive issues of the Newsletter and be posted in the Meeting Place on the date of the vote for adoption is to occur. The amendment(s) may be adopted by the Active members with or without the modifications, additions or omissions recommended by the Board. A majority vote of the Active members present and voting is required for the adoption of any amendment.

ARTICLE XIII - ORDER OF BUSINESS

13.01 Order of Business

- All meetings of the board of Directors and the membership shall be conducted as follows:
- Call to order
- Reading, if necessary, and approval of the Minutes
- Report of the Treasurer
- Reports of the Officers
- Reports of the Committees
- Unfinished Business
- Election of Directors and Officers
- New Business

- Adjournment

ARTICLE XIV - PARLIAMENTARY AUTHORITY

14.01 Parliamentary Authority

The rules contained in the current edition of Roberts' Rules of Order-Newly Revised shall govern the Association in all cases to which they are applicable and in which they are not inconsistent with these

By Laws and any special rules or order the Association may adopt.

ARTICLE XV - DISSOLUTION

15.01 Dissolution

Upon dissolution of the Association, the Board of Directors shall, after paying or making provisions for the payment of all liabilities of the Association, dispose of all assets of the Association exclusively for the purposes of the Association in such a manner, or to such organization or organizations organized and operated exclusively for charitable, educational, religious or scientific purposes and shall at the time qualify as an exempt organization or organizations under Section 501 (c) (3) of the Internal Revenue Code, as the Board of Directors shall determine. It is the intent that Association properties be used and maintained subsequent dissolution as was the use and purpose prior to dissolution.

ARTICLE XVI - INDEMNIFICATION

16.01 Indemnification

The Association will indemnify a person who was or is a party or is threatened to be made a party to a 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 Association, by reason of the fact that he or she is or was director, officer, employee, committee member, member of the Architectural Control Committee or agent of the Association, against expenses, including attorneys' fees, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding, if the person acted in good faith and in manner he or she reasonably believed to be in or not opposed to the best interest of the Association or its members, 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 nolo contendere or its equivalent, does not, of itself, create presumption that the person did not act in good faith and in a manner which he or she reasonable believed to be in or not opposed to the best interest

of the Association or its members, and, with respect to a criminal action or proceeding, had a reasonable cause to believe that his or her conduct was unlawful.

And, the Association will indemnify a person who was or is a party or is threatened to be made a party to a threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he or she is or was a Director, Officer, employee, Committee Member, member of the Architectural Control Committee or agent of the Association, against expenses, including attorneys' fees and amounts paid in settlement actually or reasonably 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 Association or its members.

If the person has been found liable to the Association, his or her indemnification is limited to reasonable expenses incurred.

ARTICLE XVII – ARBITRATION

Except for actions to foreclose liens for past due dues and fines pursuant to Article XVIII, below, any controversy or claim brought by a property owner, or group of property owners, against the Association arising out of, or related to, Association membership and/or the applicability or enforcement of these bylaws will be settled by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association (“AAA”). A single arbitrator, who must be a practicing attorney knowledgeable in the subject matter of the dispute, will be selected in accordance with the rules of the AAA from panels maintained by the AAA. The arbitrator will award recovery of all costs and fees (including attorney fees, administrative fees, arbitrator fees, and court costs). The arbitrator may also grant provisional or ancillary remedies such as, for example, injunctive relief, during the pendency of the arbitration. The arbitration award may be entered as a final judgment in any court of competent jurisdiction. Notwithstanding the applicability of other law to any other provision of these by-laws, the Michigan Uniform Arbitration Act (MCL 600.5001, et. seq.), will apply to the construction and interpretation of this arbitration provision.

Bringing an action against the Association in any court (state or federal), without first attempting to resolve the matter in accordance with the arbitration requirements of this Article XVII, will result in a loss of Association privileges (including, but not limited to, A-Lot dock slip privileges and boat launch privileges) and may also result in assessment of fines as outlined in Section 10.02, Violations – Notification and Enforcement, and Section 10.03, Regulations Committee.

ARTICLE XVIII – FORECLOSURE

A foreclosure proceeding may be commenced upon recordation and service of notice of lien in accordance with the following:

A. Notice of lien shall set forth:

(i) the legal description of the property to which the lien attaches; (ii) the name of the owner of record of the property; (iii) the amounts due the Association at the date of the notice, exclusive of interest, costs, attorney fees and future assessments.

B. The notice of lien shall be in recordable form, executed by an authorized representative of the Association and may contain other information as the Association may deem appropriate.

C. The notice of lien shall be recorded in the office of register of deeds for Oakland County and shall be served upon the delinquent member who owns the property by first class mail, postage prepaid, addressed to the last known address of the member at least 10 days in advance of commencement of the foreclosure proceeding.

D. An action to recover money judgments for unpaid dues, fines and assessments may be maintained without foreclosing or waiving the lien.

E. An action for money damages and foreclosure may be combined in one action.