

# **CHAPTER EIGHT**

## **BYLAWS**

BYLAWS  
OF LIGHTHOUSE ON THE LAKE ASSOCIATION, INC.

Adopted May 31, 1978  
Amended August 9, 1978  
Amended June 20, 1980  
Amended September 5, 1980  
Amended September 19, 1981  
Amended September 25, 1982  
Amended May 18, 1985  
Amended March 22, 1986  
Amended August 9, 1986  
Amended August 13, 1988  
Amended August 10, 1991  
Amended August 13, 1994  
Amended August 12, 1995  
Amended August 8, 1998  
Amended August 12, 2006  
Amended August 13, 2011

ARTICLE I

POWERS

The primary purpose of the Association shall be to acquire, own, maintain, and operate, for the benefit of its members, a campground and outdoor recreation facility. The Association shall also sponsor social activities that promote personal contacts and fellowship among the members.

ARTICLE II

MEMBERSHIP

Section 1. QUALIFICATION. First-time membership in the Association shall be available only to persons who have demonstrated to the satisfaction of the Board, or their designated representatives, their sincere interest in outdoor recreation and their financial ability (credit check) to meet the responsibilities of membership. A criminal background check shall be conducted for approval by the Board. Membership is available only to individuals and not to any type of business or corporation.

Section 2. NATURE OF MEMBERSHIP. A membership and its rights, privileges, and duties shall be considered as personal property. No member shall acquire any interest in any real estate or other

property owned by the Association other than the right to use the same as is provided herein, or in the rules and regulations which are established by the Board.

Section 3. TERMS OF MEMBERSHIP. Membership, and the associated right to use the park's facilities, shall be for a period of 12 calendar months beginning January 1 of each year. Membership shall be conditioned upon timely payment of annual dues levied by the Association and shall be subject to the provisions of these Bylaws relating to expulsion.

Section 4. LIMITATIONS ON NUMBER OF MEMBERSHIPS.

- (a) The total number of memberships, of all classes, in the Association shall be limited to 937.
- (b) No person may be an owner or partial owner of more than two memberships.

Section 5. MEMBERSHIP CLASSES. There shall be seven classes of membership. They shall be known as Class A, Class B, Class C, Class D, Class E, Class F, and Class G. Each membership shall entitle its owner(s) to the following privileges regardless of the class of membership:

- (a) Each membership shall entitle its owner(s) to use the Association property upon such terms and conditions set by the Board.
- (b) Each membership purchased shall entitle its owner to the use of a campsite for a period of four (4) years, commencing as of January 1 of the year in which the right is assigned by the Board, provided that the member maintains his membership for the duration of said four-year period. At the end of said four-year period, and each successive four-year period, the lease shall be automatically renewed for another four years, subject to payment of the annual membership dues. However, the owner(s) of a membership may, upon payment of the then applicable annual membership dues, request to move to an Association owned campsite of any class not occupied by another member. When choosing to occupy an Association owned lot of greater class value than the lot currently occupied, the member must pay the different price. The Board shall determine the value of both campsites. There shall be no payment to a member who chooses to move to an Association owned campsite of lesser class value than the one currently occupied. A member may also choose to move to a campsite of same class value as the one currently occupied. The member shall pay all paperwork costs associated with any transfer. A member may only move to an Association owned lot once every four years. Any conflicts in campsite selection preference shall be resolved in favor of the membership with the longest term of membership in the Association. (See Article II, Section 8)
- (c) Each membership shall be entitled to cast one vote on all questions presented to the membership.

Section 6. GUESTS. Guests of the members may also use the facilities subject to such rules and

regulations as may be adopted by the Board.

Section 7. CERTIFICATES OF MEMBERSHIP. Certificates of membership in the Association shall be issued to members upon full payment of their membership fee. Such certificates shall clearly state on their faces that the Association is a non-profit corporation and must be signed by two officers of the Association. Adequate records shall be maintained by the Association showing the names of the members of the Association and the date of such membership. A membership certificate shall not be assigned by the Member, nor pledged as collateral.

A member is required to notify the Board when and to whom his certificate is pledged as collateral for installment credit and the Board in return is responsible thereafter for notifying the lender if the member becomes in default in the payment of dues or assessments.

Section 8. MEMBERSHIP DATE. The membership date of a member shall be the date on which they applied for membership in the Association.

Section 9. REGISTERED NAMES. A membership that is purchased from the Association or an existing member after August 8, 1998, may be registered in one of the following: (a) the name of one person; (b) the name of two unrelated persons; or (c) the names of persons constituting one family (which is limited to husband, wife, child, and parent.)

### ARTICLE III

#### MEETINGS OF MEMBERS

Section 1. ANNUAL MEETING. The annual meeting of the Association shall be held the second Saturday in August of each year. This may be changed only with written notice to the members of the Board at least sixty (60) days prior to the meeting.

Section 2. PLACE AND DATE OF MEETINGS. Regularly scheduled meetings of the Board of Directors and Annual Meetings of the Membership, shall take place between the dates of April 15 and October 15, and shall be held, if possible, on the premises of the Lighthouse on the Lake Association. Should the Lighthouse premises be unsuitable for such meeting, then such meeting shall be scheduled in a facility situated as close to the Lighthouse premises as possible, with notice thereof being provided to the Members by the Board of Directors. Special meetings may be called by the President of Board of Directors when necessary.

Section 3. NOTICE OF MEETINGS OF THE ASSOCIATION. Written notice of the time, place, and date of the meeting and, in the case of a special meeting, the purposes for which the meeting is called, shall be delivered not less than ten (10) days and no more than sixty (60) days before the date of the meeting, either personally or by mail, to each member entitled to vote in such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Association, with postage prepaid, or such notice may be published in a newspaper or publication printed under the auspices of the Association and distributed generally among the members of the Association. At a special meeting, no business shall be

conducted except that stated in the notices of that meeting.

Section 4. QUORUM. A quorum at either a special meeting or the annual meeting shall be the presence, in person or by proxy, of twenty percent (20%) of the members entitled to vote at such meeting. The majority of votes entitled to be cast at any meeting which a quorum is present shall be necessary for the adoption of any matter voted upon by the members unless a greater proportion is required by law or by these Bylaws.

Section 5. VOTING.

- a) Each membership, of whatever class, may be issued in the name of the individual or in the name of two or more persons as joint tenants or tenants in common. Each owner of the membership shall be a member of the Association, provided, however, that regardless of how many names the membership may be in, each membership shall be entitled to only one vote.
- b) Each membership, of whatever class, delinquent in payment of membership dues, special assessments, or other monies due the Association forfeits voting rights until such dues, special assessments, or monies are paid.

Section 6. VOTING BY PROXY. Every member entitled to vote or execute consent shall have the right to do so either in person or by an agent or agents authorized by written proxy executed by such member or his duly authorized agent and filed with the Secretary of the Association; provided, that such proxy shall be valid only for the meeting for which it is solicited and any adjournment or adjournments thereof. Proxies received without a designated agent shall be executed by a group of three members of the Election Committee. Proxies are considered the same as present. All members shall be mailed a proxy by the first weekend of July each year. Proxies must be returned by 10:00 p.m. on the night before the annual election. Proxies may not be granted and used to cast a vote on the issue of removal of a Director.

Section 7. FINANCIAL STATEMENTS. Un-audited financial statements of the Association for the prior fiscal year shall be provided to all members prior to the annual meeting and shall consist of a balance sheet, income statement, statement of changes in financial position and appropriate footnotes. Any member may submit to the Secretary of the Association, no later than June 1 of any year, a request that the question of whether the Association's financial statements for the prior fiscal year should be audited shall be placed on the agenda at the upcoming annual meeting of the members. If the Secretary receives such a request, the Board of Directors shall cause the issue to be placed on the agenda of the annual meeting and shall include with the meeting notice an estimate of the cost to the Association to have an audit performed. If at the annual meeting the members vote in favor of having an audit performed the Board of Directors shall retain the services of an auditor to perform the Audit. The Board of Directors also may, if in its discretion circumstances exist that merit an audit of the Association's financial statement, decide to have an audit performed, whether or not requested by the members. If the Association has its financial statements audited, a copy of the audited financial statements shall be provided to all members.

## ARTICLE IV

### FINANCIAL OBLIGATION OF MEMBERS

By acceptance of membership in the Association, each member has agreed to pay such dues, assessments, and any other monies due the Association as may from time to time be assessed and levied by the Board pursuant to these Bylaws. Such dues, monies, and assessments shall include the following:

Section 1. ANNUAL DUES. In order to provide the funds with which to operate the Association and to maintain its property, the Board shall establish and levy dues against each membership of the Association. The Board may not increase the annual dues by more than fifteen percent (15%) of the annual dues in effect as of the date such increase is adopted, in any calendar year, without approval of a majority of the membership present at a special meeting called for the purpose of increasing the dues. Annual dues are to be paid in full by March 1 of the current membership unless arrangements have been made in advance to pay under the monthly payment plan.

Section 2. SPECIAL ASSESSMENTS. The Board may levy a special assessment for additions to physical properties or may levy a special assessment for additions to physical properties or may levy a special assessment against a particular member or members for the recovery of damages suffered by the Association as a result of member's act or omission. No special assessments for additions to the physical properties of the Association in an amount in excess of fifteen percent (15%) of the annual dues per member is permitted without the approval of a majority of the membership present at a special meeting called for the purpose of levying a special assessment.

Section 3. LIMITATIONS ON USE OF ASSOCIATION FUNDS. The funds of the Association shall be utilized solely for the benefit of the Association and its members. In no event shall any Association funds ever be used in any way which would inure to the benefit of any member solely by virtue of his membership. The Association shall not guarantee the obligation of any other entity, employee, member, or other persons.

## ARTICLE V

### TERMINATION OF MEMBERSHIPS

Section 1. GROUND FOR TERMINATION. The Board may terminate a membership for any of the following reasons:

- a) Nonpayment of annual dues.
- b) Nonpayment of any special assessment levied by the Association within sixty (60) days after same shall have been levied.
- c) Nonpayment of any or all monies owed by a member to the Association within the time period specified.
- d) Repeated violations of the Bylaws or of the rules and regulations.

Section 2. NOTICE AND HEARING PROCEDURE FOR TERMINATION FOR VIOLATION OF BYLAWS OR RULES AND REGULATIONS. NOT FOR NONPAYMENT OF FEES, DUES OR ASSESSMENTS (Nonpayment of these triggers an automatic termination)

In the event that the Board elects to terminate a membership under Section 1, it shall forthwith notify the member that the membership has been terminated effective the date the motion was approved to terminate. Such notice shall be in writing and addressed to the member at his address shown on the records of the Association. It shall specify the exact grounds for the termination and the terms and conditions, if any, upon which said member may retain his membership.

In the event that the member who is the subject of the termination should desire, he may, within the thirty-day period following the effective date of the termination, apply in writing for a reconsideration of the decision of the Board. Upon receipt of such application for reconsideration, the Board shall set a certain date for a hearing to be held within thirty (30) days after said receipt of such application. At such hearing, evidence shall be taken both in support of and in opposition to such application. Within fourteen (14) days after the date of such hearing, the Board shall notify the member in writing of its decision on the application. In the event that the Board shall in its sole discretion determine that the termination of membership is not appropriate, it may rescind the termination and may make continuation of membership subject to such conditions as it deems just, equitable, and appropriate. The member shall pay all fees associated with the hearing process, including mailing, clerical, and legal costs. As a part of the agreement to re-instate membership, the member shall also be required to execute a waiver of his/her rights to a hearing or appeal of any terminations which shall arise within the next five years.

Section 3. RESALE OF TERMINATED MEMBERSHIP BY THE ASSOCIATION

After termination of a membership as provided herein, all rights and privileges of the member shall be terminated and he shall have no right to recover from the Association any monies which may have heretofore been paid by him to the Association or any monies from the resale of such membership. The Board of Directors shall have the right to set the price to be charge for resale of the membership. The final selling price of Association Memberships shall be maintained in the Minutes of the Meeting of the Board of Directors and the business records of the Lighthouse on the Lake Association.

## ARTICLE VI

### TRANSFER OF MEMBERSHIPS

Any member in good standing may transfer his membership to any person who would be eligible for membership upon original application (as determined by the Board). However, prior to approving the transfer of membership, the Association shall have the right to purchase said membership at a price equal to any bona fide offer received by a member desiring to transfer his membership from a person who would be eligible for such membership or at such other price as may be acceptable to the Association and the member desiring to transfer. Such right shall be exercised within ten days after receipt by the Association of written notice of the intended transfer and the terms thereof. In the event that the Association shall fail to exercise its right of purchase, such transfer may be made upon terms and conditions set forth in the notice to the Association; provided, however, that such terms and conditions of the transfer do not violate any provisions of these Bylaws or the rules and regulations adopted pursuant thereto.

Without the consent of the Board, a membership may not be transferred if its annual dues, assessments or any other monies due the Association are not fully paid.

\*This means any member in good standing may transfer his membership to any person who meets the requirements of membership that is listed on his original application.

NOTE: A member "in good standing" is a member who has paid all monies due to the Association.

## ARTICLE VII

### BOARD OF DIRECTORS

Section 1. POWER OF THE BOARD. The Board:

(a) Shall manage the business and affairs of the corporation. The Board shall delegate responsibility for day-to-day management of the corporation's business to the Resort Manager. The hiring of the Resort Manager requires a majority vote of the Board of Directors at any regularly scheduled or special meeting of the Board at which the necessary quorum has been met, as does the termination of the services of that employee.

(b) May borrow money for the Association purposes, assign, pledge and mortgage or encumber any Association property as a security for such borrowings. Borrowings shall not exceed 15% of the annual membership dues without approval of a majority of the membership present at a special meeting called for the purpose of authorizing such borrowing.

(c) Shall adopt such rules and regulations relating to the use of Association property, together with sanctions for noncompliance therewith, as it may deem reasonably necessary for the best

interests of the Association and its members. Rule changes shall be posted immediately at all bathhouses, clubhouse, and on website, and shall be printed in the next issue of the Weekender and Beacon. Replacement sheets for member manuals shall be available for member pickup in the office within seven (7) days of rule change.

(d) Shall, prior to the annual meeting of the Association in each year, prepare an operating budget for the following year to be presented to the members at such meeting.

(e) Shall appoint committees and delegate authority to said committees as necessary to carry out the work of the Association. The Board shall appoint new members to the Election Committee (a Standing Committee) as vacancies occur.

At least one director shall be assigned to serve on each committee as liaison with the board. Each committee shall make reports to the board as requested. No committee may set policies without prior approval from the board.

(f) Shall have the authority to set charges to support the cost of a resale of memberships program.

Section 2. NUMBER OF DIRECTORS. There shall be seven directors and each director shall have one vote. Directors must be members in good standing.

NOTE: A member "in good standing" is a member who has paid all monies due to the Association

Section 3. TERM OF OFFICE. All directors shall be elected to a three-year term of office. Three directors shall be elected, followed by two the following year and two the following year. The cycle shall then be repeated at each successive annual election to sustain an element of continuity in both the Board and previously established precedents. (Three-year terms shall begin in 2012. Attached Election Flow Chart shows the one-time election that must occur in 2013 in order to transition to this cycle of elections. In 2013, the two candidates with the highest number of votes shall be elected for three year terms. The candidates with third-highest and fourth-highest vote counts shall be elected for one year terms.)

Section 4. COMPENSATION. All directors shall serve without compensation, but may be reimbursed for reasonable expenses incurred in connection with conducting association business.

Section 5. MEETINGS OF THE BOARD. The Board shall meet at least monthly between the dates of April 15<sup>th</sup> and October 15<sup>th</sup> or as necessary when special meetings are called by the President or the Board. Members of Lighthouse Village may observe all regular and special meetings. The Board may adjourn into executive session as necessary to consider such matters as litigation, personnel, and discipline of members. Notices and agendas must be given either orally or in writing at least 24 hours prior to the date of such meetings, or the notices thereof may be waived by the directors in writing.

Section 6. TELEPHONIC MEETINGS. The directors may participate in a meeting by a conference telephone or similar communications equipment. All participants must be able to hear each other. All participants shall be advised of the communication equipment. The names of the participants in the conference shall be divulged to all participants. Participation in a meeting pursuant to this

procedure shall constitute presence in person at the meeting.

Section 7. ACTION WITHOUT MEETINGS. Unless prohibited by the articles of incorporation or bylaws, action required or permitted to be taken under authorization voted at a meeting of the board, may be taken without a meeting if, before or after the action, all members of the Board then in office, consent to the action in writing. The written consents shall be filed with the minutes of the proceedings of the Board for all purposes.

Section 8. QUORUM. A majority of the directors shall constitute a quorum to transact business of the Board. The act of a majority of the directors present at any meeting at which a quorum is present shall be deemed to be the act of the Board.

Section 9. VACANCIES. If any vacancy exists on the Board, such vacancy shall be filled by appointment by the remaining directors, even though those remaining directors may be less than a quorum. Candidates for appointment must meet the qualifications as outlined in Article VIII, Section 3, of these bylaws. Any person so appointed shall serve until the completion of the term of the director being replaced.

Section 10. REMOVAL OF DIRECTORS BY THE BOARD. Any director may be removed when, in the judgment of a majority of the Board, the best interest of the Association shall be served by such removal. Provided, however, that any director so removed shall have the right, to be exercised within fifteen (15) days of receipt of written notice of removal, to demand an appeal of the decision of the Board before a special meeting of the entire membership of the Association. Such special meeting shall be called within thirty (30) days of the request by the removed director, and at such meeting, a majority vote of the members present (proxy votes are not permitted) shall determine the outcome of the appeal.

Section 11. REMOVAL OF DIRECTORS BY THE MEMBERSHIP. A director may be removed by an action of the membership in the following way:

(a) The Board of Directors must be notified at a regularly scheduled meeting of the Board that there is intent to circulate a petition for the removal of a director(s).

(b) Signature of members in good standing (one signature per membership) must be collected on a petition asking for the recall of the director(s). The number of signatures required shall be a number equal to at least 60 percent of the total votes cast at the most recent election of directors. The signatures must be collected within thirty (30) days of the date that the Board was notified of the intent to circulate the petition. The petition(s) must be presented to an officer of the Association within that time period or they are null and void. Signature must be validated by park manager.

(c) Upon receipt of the recall petitions, a special meeting for the purpose of voting on the recall of the director(s) shall be called within thirty (30) days.

(d) A majority vote of members present at this special meeting shall determine the outcome of the appeal.

Section 12. QUALIFICATIONS. Directors must be members of the Association. Subject to the requirements of Article VIII, Section 3, any member may serve as a director of the Association provided that no director, while in office, may be a paid employee of the Association or function as a contractor within the premises of the Association's property.

## ARTICLE VIII

### ELECTION OF DIRECTORS

Section 1. ELECTION COMMITTEE. The annual election of directors shall be conducted by the Election Committee. Any member of the Election Committee shall not have their spouse or a family member running for the Board of Directors. The Board of Directors shall inform the election committee of those memberships eligible to vote and guidelines for conducting the election.

Section 2. NOTICE OF ELECTION. Notice of the annual election shall be published and mailed to members. The annual election shall take place on the second Saturday in August. The Board of Directors shall hold a special meeting the day after the election to certify the results. The new elected Board Member(s) shall take office immediately after the Election Committee has certified the results of the election, and the Term of Office of the Board Member(s) losing the election shall automatically be terminated thereby.

Section 3. CANDIDATES. Any member may become a candidate, with the following exceptions:

- (a) A member who has been previously removed as a director under Article VII, Section 10 or 11, is not eligible.
- (b) A member who has resigned from directorship in the preceding three-year period is not eligible.
- (c) Only one member per membership may become a candidate.
- (d) Persons owning two memberships shall only be considered as owning one membership for candidate purposes.

An eligible candidate must sign two documents at the Association office no later than the second full weekend in June. The documents are The Declaration of Candidacy and a Receipt for a Copy of Article VII, Section 1 and Section 2 of the Bylaws, which list the Responsibilities of the Board and Directors. Candidates must be a member for a minimum of one year as of the preceding June 1, and all membership dues, assessments, and all other monies due the Association by the candidate must be paid in full. Candidates' names and resumes shall be published and mailed to the membership in July.

Section 4. TIES IN ELECTION. The candidates with the highest number of votes shall be elected. In the event that there is a tie between the number of votes received by candidates such that the election to the Board cannot be determined, then a special election shall be called within thirty (30) days to hold a run-off election between the candidates tied, unless all but one of the candidates withdraw.

ARTICLE IX  
THE OFFICERS

Section 1. OFFICERS. The officers of the Association shall be: President, one or more Vice-Presidents, the Secretary, and the Treasurer. Officers shall serve terms of office of one year, or until their successors are elected and qualified. Election of Officers, by the Members of the new Board of Directors, shall be conducted immediately after the Election Committee has certified the results of the election. Any two or more offices may be held by the same person, except the offices of President and Vice-President.

Section 2. PRESIDENT. The president shall be the chief executive officer of the Association and the President shall be vested with the powers and duties generally incident to the office of President of a non-for-profit corporation, except as otherwise determined by the Board or as may otherwise be set forth in these Bylaws. The President must be a director.

Section 3. VICE-PRESIDENT. In the absence of the President, or in the event of his inability or refusal to serve, the Vice-President is empowered to act and thereupon shall be vested with the powers and duties of the President. If more than one Vice-President is elected, priority shall be determined at the time of appointment. The Vice-President(s) must be a director.

Section 4. SECRETARY. The Secretary of the Association shall be responsible for keeping the minutes of the business, and other matters transacted at the meeting of the members and of the Board. The Secretary shall mail, or cause to be mailed, all notices required by the Bylaws; the Secretary shall have custody of the corporate seal and the records and maintain the list of members and their addresses and perform all other duties incident to the office of Secretary. The Secretary must be a director.

Section 5. TREASURER. The Treasurer shall have custody of the funds of the Association, collect monies due, pay obligations of the Association out of its funds, and perform such duties as are incident to the office of Treasurer. The Treasurer shall be bonded for such amount and under such conditions as the Board may require. The Treasurer must be a director.

ARTICLE X

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 1. OBLIGATION TO INDEMNIFY AND RIGHT OF INDEMNIFICATION The corporation shall indemnify any person, to the fullest extent permitted by Michigan law, against all judgments, payments and settlements, fines and other reasonable costs and expenses (including attorney fees) incurred by that person in connection with the defense of any action, suit or proceeding, which is brought or threatened, in which that person is a party or is otherwise involved, because that person was or is a director or officer of the corporation. This right of indemnification shall continue as to a person who ceases to be a director or officer, and shall inure to the benefit of that person's estate.

Section 2. INSURANCE. The corporation may maintain insurance, at its expense, to protect itself and any directors, officers, employees or agents of the corporation against any expense, liability or loss, whether or not the corporation would have the power to indemnify the person against the expense, liability loss under any applicable provisions of the law.

Sections. OTHER EMPLOYEES AND AGENTS. The corporation may, pursuant to authorization of the board of directors, provide indemnification and advancement of expenses to employees and agents of the corporation, other than directors and officers, to the same extent as provided for directors and officers or otherwise as the board of directors determined.

## ARTICLE XI

### AMENDMENTS

These Bylaws may be amended, in whole or in part, by a vote of a majority of the members present, in person, or by proxy, at the Annual Meeting or at a special meeting called for that purpose. Any member whose dues, assessments, and any other monies due the Association are current may propose to the Board an amendment to the Bylaws. Such amendment, if approved by the Board, shall be placed on the agenda for the Annual or special meeting for consideration and vote. Notice of the proposed amendment shall be given to all members of the Association not less than ten (10) days or more than sixty (60) days before the meeting.

These Bylaws shall be reviewed every third year by a special committee appointed by the Board for this purpose.

Section 2: CONTROLLING AUTHORITY. There shall be no resolutions, addendums, rules, regulations, executive directives, or any other actions by the Board, administration, committees, or others, that may take precedence over these bylaws.

## ARTICLE XII

### CONDUCT OF MEETINGS

In the conduct of a shareholder, director or committee meeting, all matters arising that are not covered by these Bylaws shall be governed by the most recent edition of Robert's Rules of Order.

