

TRAILS OF LOON LAKE HOMEOWNERS' ASSOCIATION

BYLAWS

ARTICLE I

**ADOPTION PURSUANT TO THE
SECOND AMENDED AND RESTATED
DECLARATION OF EASEMENTS, COVENANTS AND RESTRICTIONS**

These Bylaws of the Trails of Loon Lake Homeowners' Association, a Michigan nonprofit corporation (the "Association"), are adopted pursuant to the Declaration of Easements, Covenants and Restrictions for Trails of Loon Lake Subdivision and Trails of Loon Lake Subdivision No. 2, recorded at Liber 18349, Pages 008 through 065 of the Oakland County Records, as it may be amended from time to time (the "Declaration"), which is incorporated herein by reference. Any terms defined in the Declaration shall have the same definition in these Bylaws. These Bylaws are also adopted pursuant to the Michigan Nonprofit Corporations Act, Act 162 of the Public Acts of 1982, as amended (the "Act"), and shall be subject to its provisions.

ARTICLE II

MEMBERSHIP

Membership shall be determined in accordance with the terms of the Declaration.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 1. PLACE OF MEETING. All meetings of the Members of the Association shall be held at the registered office or at such other place within the State of Michigan as determined by the President.

SECTION 2. ANNUAL MEETINGS OF MEMBERS. The annual meeting of the Members shall be held on the second Tuesday in October each year at 10:00 o'clock in the morning, local time, or at such other date and time as shall be determined from time to time by the Board of Directors, unless such action is taken by written consent as provided in Article IV, Section 11 of these Bylaws. Meetings shall be conducted in accordance with Sturgis Code of Parliamentary Procedure, Robert's Rules of Order or some other recognized manual of parliamentary procedure, when not otherwise in conflict with the Articles of Incorporation, the Declaration, these Bylaws, or any statutes. The officers shall present the financial report for the fiscal year immediately preceding and, if such report is not complete in time for that meeting, the President is authorized to extend up to thirty (30) days from said date said meeting date upon ten

(10) days written notice. At said meeting, the Members shall elect a Board of Directors and shall transact such other business as may properly be brought before the meeting. If the annual meeting is not held on the date designated therefor, or within the thirty (30) days following presidential adjournment, the Board shall cause the meeting to be held as soon thereafter as reasonably possible.

SECTION 3. NOTICE OF MEETING OF MEMBERS. Unless otherwise provided for in the Declaration, written notice of the time, place and purposes of a meeting of the Members shall be given not less than ten (10) days, nor more than sixty (60) days, before the date of the meeting, either personally or by mail, to each Member of record entitled to vote at the meeting. When a meeting is adjourned to another time or place, it is not necessary to give notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken and at the adjourned meeting only such business is transacted as might have been transacted at the original meeting. However, if, after the adjournment, the Board of Directors fixes a new record date for the adjourned meeting, a notice of adjourned meeting shall be given to each Member of record on the new record date who shall otherwise be entitled to vote at the meeting.

SECTION 4. LIST OF MEMBERS ENTITLED TO VOTE. The officer or agent having charge of the membership records of the Association shall make and certify a complete list of the Members entitled to vote at the Members' meeting or any adjournment thereof. The list shall:

- (a) be arranged alphabetically with the address of, and the number of votes held by each Member;
- (b) be produced at the time and place of the meeting;
- (c) be subject to inspection by any Member during the whole time of the meeting; and
- (d) by *prima facie* evidence as to who are the Members entitled to examine the list or to vote at the meeting.

SECTION 5. SPECIAL MEETING OF MEMBERS. A special meeting of the Members may be called at any time by the President of the Association or by a majority of the members of the Board of Directors then in office or by the Members having, in the aggregate, not less than ten (10%) percent of all of the votes entitled to be cast at such special meeting. The method by which such meeting may be called is as follows: Upon receipt of a specification in writing setting forth the date and objects of such proposed special meeting, signed by the President or by a majority of the members of the Board of Directors then in office or by the Members as above provided, the Secretary of the Association shall prepare, sign and mail the notice requisite to such meeting.

SECTION 6. QUORUM OF MEMBERS. Members entitled to cast a majority of the votes at a meeting constitute a quorum at the meeting. If the required quorum is not present, the meeting may be called, subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, no subsequent meeting with reduced quorum requirements shall be held more than sixty (60) days after the meeting in which there was no quorum. The Members present, in person or by proxy, at

such meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum. Whether or not a quorum is present, the meeting may be adjourned by a majority vote.

SECTION 7. VOTING. Each Owner shall be entitled to one (1) vote for each Lot (as defined in the Declaration) owned by him. If membership is held by two (2) or more persons as joint tenants or tenants-in-common, the vote for that Lot shall be exercised by the person designated in writing by the joint tenants or tenants-in-common. In no event shall more than one (1) vote be cast with respect to any one (1) lot. The name of the designated representative shall be provided to the Association in writing at least ten (10) days prior to any meeting at which said Designee intends to vote. If no person has been designated in writing, the vote shall be cast as follows:

- (a) If only one (1) joint tenant or tenant in common votes that act binds all.
- (b) If more than one (1) joint tenant or tenant in common votes, the vote shall be cast as the majority determines.
- (c) If the joint tenants or tenants in common are equally divided as to how the vote shall be cast, a court having jurisdiction in an action brought by any of the joint tenants or tenants in common or by any beneficiary may appoint an additional person to act with the joint tenants or tenants in common in such matter, and the vote shall be cast by the majority of such joint tenants or tenants in common and such additional person.

For all actions by the Membership, unless otherwise required by the Declaration, these Bylaws or any statute, a simple majority vote for which Members are present and voting at a properly called and duly constituted meeting shall be sufficient. A vote may be cast in writing or orally.

SECTION 8. RECORD DATE FOR DETERMINATION OF MEMBERS. For the purpose of determining Members entitled to notice of, and to vote at, a meeting of the Members, or an adjournment thereof, or to express consent or dissent to a proposal without a meeting, or for the purpose of any other action, the Board may fix, in advance, a date as the record date for any such determination of Members. The date shall not be more than sixty (60) days, more less than ten (10) days, before the date of the meeting, nor more than sixty (60) days before any other action.

If a record date is not fixed:

- (a) the record date for determination of Members entitled to notice of, or to vote at, a meeting of Members shall be the close of business on the day next preceding the day which notice is given or, if no notice is given, the day next preceding the day on which the meeting is held; and
- (b) the record date for determining Members for any purpose other than that specified in subparagraph (a) shall be the close of business on the day on which the resolution of the Board relating thereto is adopted.

When a determination of Members of record entitled to notice of, or to vote at, a meeting of the Members has been made as provided in this Section, the determination applies to any adjournment of the meeting, unless the Board fixes a new record date under this Section for the adjourned meeting.

SECTION 9. PROXIES. A Members entitled to vote at a meeting of the Members, or to express consent or dissent without a meeting, may authorize one or more other persons to act for him by proxy. A proxy shall be signed by the Member or his authorized agent or representative. A proxy is not valid after the expiration of three (3) years from its date unless otherwise provided in the proxy. A proxy is revocable at the pleasure of the Member executing it. The authority of the hold of a proxy to act is not revoked by the incompetence or death of the Member who executed the proxy unless, before the authority is exercised, written notice of an adjudication of the incompetence or death is received by the corporate officer responsible for maintaining the list of Members.

SECTION 10. INSPECTORS OF ELECTION. The Board of Directors, in advance of a Members' meeting, may appoint one (1) or more inspectors of election to act at the meeting or any adjournment thereof. If inspectors are not so appointed, the person presiding at a Members' meeting may, and upon request of a Member entitled to vote thereat shall, appoint one (1) or more inspectors. In case a person appointed fails to appear or act, the vacancy may be filled by appointment made by the Board of Directors in advance of a meeting or at the meeting by the person presiding thereat. The inspectors shall determine the number of Members entitled to vote, the Members represented at the meeting, the existence of a quorum, the validity and effect of proxies and shall receive votes, ballots or consents, hear and determine challenges and questions arising in connection with the right to vote, count and tabulate votes, ballots or consents, determine the result and do such acts are proper to conduct the election or vote with fairness to all Members. On request of the person presiding at the meeting or a Member entitled to vote, the inspectors shall make and execute a written report to the person presiding at the meeting of any of the facts found by them and matters determined by them. The report is *primary facie* evidence of the facts stated and of the vote as certified by the inspectors.

SECTION 11. CONSENT OF MEMBERS IN LIEU OF MEETING. Any action required or permitted by the Act to be taken at an annual or special meeting of the Members may be taken without a meeting, without prior notice and without a vote, if all the Members entitled to vote thereon consent in writing.

ARTICLE IV

DIRECTORS

SECTION 1. NUMBER AND QUALIFICATION OF DIRECTORS. The Board of Directors shall initially be comprised of three (3) Members and shall continue to be so comprised until enlarged to five (5) Members, in accordance with Section 2 of this Article. Thereafter, the affairs of the Association shall be governed by a Board of five (5) Directors, all of whom must be Members or officers, partners, trustees, employees or agents of Members of the Association, except for the first Directors appointed by the Incorporator in accordance with Section 2 of this Article. Directors shall serve without compensation, unless compensation of the Directors is established by the Members.

SECTION 2. ELECTION OF DIRECTORS.

(a) The first Board of Directors, or its successors as appointed by the Incorporator, shall manage the affairs of the Association until the first annual meeting of the Members. At the first annual meeting, the Board shall be increased in size from three (3) persons to five (5) persons. Thereafter, elections for Directors shall be held as provided in subsection (b) below.

(b) At the first annual meeting, the number of the Members of the Board of Directors shall be set as five (5). Three (3) Directors shall be elected for a term of two (2) years and two (2) Directors shall be elected for a term of one (1) year. At such meeting, all nominees shall stand for election as one slate and the three (3) persons receiving the highest number of votes shall be elected for a term of two (2) years, and the two (2) persons receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, either two (2) or three (3) Director shall be elected, depending upon the number of Directors whose terms expire. After the first annual meeting, the term of office (except for two (2) of the Directors elected at the first annual meeting) of each Director shall be two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting.

SECTION 3. VACANCIES. A vacancy occurring in the Board may be filled by the affirmative vote of a majority of the remaining Directors, through less than a quorum of the Board, for a term of office continuing only until the next election of the Directors by the Members. If, because of death, resignation or other cause, the Association has not Directors in office, an officer, Member, executor, administrator, trustee or guardian of a Member, or other fiduciary entrusted with like responsibility for the person or estate of a Member, may call a special meeting of Members, in accordance with the Articles of Incorporation or the Bylaws for the purpose of electing substitute Directors of the Association.

SECTION 4. REMOVAL. Any Directors or the entire Board of Directors may be removed at any time, with or without cause, by a vote of the holders of a majority of the Members entitled to vote at an election of Directors.

SECTION 5. RESIGNATION. A Director may resign by written notice to the Association. The resignation is effective upon its receipt by the Association or at a subsequent time as set forth in the notice of resignation.

SECTION 6. POWERS. The business and affairs of the Association shall be managed by its Board of Directors except as otherwise provided in the Act, Declaration and in the Articles of Incorporation or by these Bylaws.

SECTION 7. LOCATION OF MEETINGS. Regular or special meetings of the Board of Directors may be held within the State of Michigan.

SECTION 8. ORGANIZATIONAL MEETING OF BOARD. The first meeting of each newly elected Board of Directors shall be held at the place of holding the annual meeting of the Members and, immediately following the same, for the purpose of electing officers and transacting any other business properly brought before it, provided that the organization meeting in any year may be held at a different time and place than that herein provided by consent of a majority of the Directors of such new Board. No notice of such meeting shall be necessary to the newly elected Directors in order to legally constitute the meeting, provided a quorum shall be present, unless said meeting is not held at the place of holding and immediately following the annual meeting of the Members.

SECTION 9. REGULAR MEETING OF BOARD. Regular meetings of the Board of Directors may be held without notice at such time and at such place within the State of Michigan as shall from time to time be determined by the Board and may be held concurrently with an organizational meeting of the Board or otherwise.

SECTION 10. SPECIAL MEETING OF BOARD. Special meetings of the Board of Directors may be called by the President, or by a majority of the persons then comprising the Board of Directors, at any time by means of notice of the time and place thereof to each Director given not less than three (3) days before the time such special meeting is to be held. Attendance of a Director at a meeting constitutes a waiver of notice of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, a regular or special meeting need be specified in the notice or waiver of notice of the meeting.

SECTION 11. COMMITTEES OF DIRECTORS. The Board of Directors may designate one (1) or more committees, each committee to consist of one (1) or more Directors of the Association. The Board may designate one (1) or more Directors as alternate members of any committee who may replace an absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors creating such committee, may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Association, but no such committee shall have the power or authority to amend the Articles of Incorporation, adopt an agreement of merger or consolidation, recommend to the Members a sale, lease, or exchange of all or substantially all of the Association's property and assets, a dissolution of the Association or a revocation of a dissolution, amend the Bylaws of the

Association, fill vacancies on the Board of Directors, fix compensation of Directors for serving on the Board or on a committee or cancel or terminate membership. Any such committee, and each member thereof, shall serve at the pleasure of the Board of Directors.

SECTION 12. QUORUM AND REQUIRED VOTE OF BOARD AND COMMITTEES. At all meetings of the Board of Directors, or of a committee thereof, a majority of the members of the Board then in office, or of the members of a committee thereof, shall constitute a quorum for the transaction of business. The vote of the majority of the members present at a meeting at which a quorum is present constitutes the action of the Board, or of the committee, unless the vote of a larger number is required by the Act. To the extent that a provision of these Bylaws does not require action by the Members for amendment, these Bylaws may be amended by the Board upon the vote of not less than a majority of the members of the Board then in office. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice, other than announcement at the meeting, until a quorum shall be present.

SECTION 13. ACTION BY WRITTEN CONSENT. Action required or permitted to be taken pursuant to authorization voted at a meeting of the Board of Directors, or a committee thereof, may be taken without a meeting if, before or after the action, all members of the Board, or of the committee, consent thereto in writing. The written consents shall be filed with the minutes of the proceedings of the Board or of the committee. The consent has the same effect as a vote of the Board of committee for all purposes.

SECTION 14. COMPENSATION OF DIRECTORS. The Members may establish reasonable compensation of Directors.

SECTION 15. PARTICIPATION IN MEETING BY TELEPHONE. By oral or written permission of a majority of the Board of Directors, a member of the Board of Directors, or of a committee designated by the Board, may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section constitutes presence in person at the meeting.

SECTION 16. FIDELITY BONDS. The Board of Directors may require that all officers and employees of the Association or management companies handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be borne by the Association.

ARTICLE V

NOTICES

SECTION 1. NOTICE. Whenever any notice or communication is required to be given to any Director or Member under any provision of the Act, or of the Articles of Incorporation or of these Bylaws, it may be given in writing, by mail, addressed to such Director or Member at the address designated by him for that purpose or, if none is designated, at his last known address. The notice or communication is given when deposited, with postage thereon prepaid, in a post

office or official depository under the exclusive care and custody of the United States Postal Service. The mailing shall be registered, certified or other first class mail except where otherwise provided in the Act. Notice may also be given orally, in person or by telephone, facsimile, telex, radiogram or cablegram, and such notice shall be deemed to be given when the recipient receives the notice personally, by telephone or when the notice, addressed as provided above, has been delivered to the company or to the equipment transmitting such notice.

SECTION 2. WAIVER OF NOTICE. When, under the Act, under the Articles of Incorporation or under these Bylaws, or by the terms of an agreement or instrument, the Association, the Board of Directors or any committee thereof may take action after notice to any person or after lapse of a prescribed period of time, the action may be taken without notice and without lapse of the period of time, if, at any time before or after the action is completed, the person entitled to notice or to participate in the action to be taken or, in case of a Member, by his attorney-in-fact, submits a signed waiver of such requirements. Neither the business to be transacted at, nor the purpose of, a regular or special meeting of the Board of Directors need be specified in the waiver of notice of the meeting. Attendance of a person at a meeting constitutes a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objection (which objection shall be made at the beginning of the meeting) to the transaction of any business because of the meeting is not properly called, noticed or convened.

ARTICLE VI

OFFICERS

SECTION 1. SELECTION. The Board of Directors, at its organizational meeting after the organizational meeting of incorporators and after each annual meeting of Members, shall elect or appoint a President, Secretary and a Treasurer. The Board of Directors may also elect or appoint a Chairman of the Board, one (1) or more Vice-Presidents and such other officers, employees and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board. Two (2) or more offices may be held at the same person, but an officer shall not execute, acknowledge or verify an instrument in more than one (1) capacity.

SECTION 2. COMPENSATION. The salaries of the officers, employees and agents of the Association shall be fixed by the Board of Directors; provided, however, that the Board may delegate to the officers the fixing of compensation of assistant officers, employees and agents.

SECTION 3. TERM, REMOVAL AND VACANCIES. Each officer of the Association shall hold office for the term for which he is elected or appointed and until his successor is elected or appointed and qualified, or until his resignation or removal. Any officer elected or appointed by the Board of Directors may be removed by the Board, with or without cause, at any time. Any officer may resign by written notice to the Board of Directors. The resignation is effective upon its receipt by the Board of Directors or any subsequent time specified in the notice of resignation. Any vacancy occurring in any office of the Association shall be filled by the Board of Directors.

SECTION 4. CHAIRMAN OF THE BOARD OF DIRECTORS. If the Board of Directors elects or appoints a Chairman of the Board, he shall be elected or appointed by, and be a member of, the Board of Directors. He shall preside at all meetings of the Members, of the Board of Directors and of any committee. He shall perform such other duties and functions as shall be assigned to him from time to time by the Board of Directors. He shall be, *ex officio*, a member of all standing committees. Except where, by law, the signature of the President of the Association is required, the Chairman of the Board of Directors shall possess the same power and authority to sign all certificates, contracts, instruments, papers and documents of every conceivable kind and character whatsoever in the name of, and on behalf of, the Association which may be authorized by the Board of Directors. During the absence or disability of the President, or while the office is vacant, the Chairman of the Board of Directors shall exercise all of the powers and discharge all of the duties of the President.

SECTION 5. PRESIDENT. The President shall be elected or appointed by the Board of Directors. During the absence or disability of the Chairman of the Board, or while the office is vacant, the President shall preside over all meetings of the Board of Directors, of the Members and of any executive committee, shall perform all of the duties and functions and, when so acting, shall have all powers and authority of the Chairman of the Board. He shall be, *ex officio*, a member of all standing committees. The President shall, in general, perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors.

SECTION 6. VICE-PRESIDENTS. The Board of Directors may elect or appoint one (1) or more Vice-Presidents. The Board of Directors may designate one (1) or more Vice-Presidents as executive or senior Vice-Presidents. Unless the Board of Directors shall otherwise provide by resolution duly adopted by it, Vice-Presidents designated executive or senior Vice-Presidents who are members of the Board of Directors in the order specified by the Board of Directors (or if no Vice-President who is a member of the Board of Directors shall have been designated as executive or senior Vice-President, then such Vice-President as are members of the Board of Directors in the order specified by the Board of Directors) shall perform the duties and exercise the powers of the President. The Vice-Presidents shall perform such other duties as may be delegated to them by the Board of Directors, any executive committee or the President.

SECTION 7. SECRETARY. The Secretary shall attend all meetings of the Members, of the Board of Directors and of any executive committee and shall preserve in the books of the Association true minutes of the proceedings of all such meetings. He shall safely keep in his custody the seal of the Corporation, if any, and shall have authority to affix the same to all instruments where its use is required or permitted. He shall give all notice required by the Act, these Bylaws or resolution. He shall perform such other duties as may be delegated to him by the Board of Directors, any executive committee or the President.

SECTION 8. TREASURER. The Treasurer shall have custody of all corporate funds and securities and shall keep, in books belonging to the Association, full and accurate accounts of all receipts and disbursements. He shall deposit all monies, securities and other valuable effects, in the name of the Association, in such depositories as may be designated for that purpose by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the

President and the Board of Directors, whenever requested, an account of all his transactions as Treasurer and of the financial condition of the Association. If required by the Board of Directors, he shall keep in force a bond in form, amount and with a surety or sureties satisfactory to the Board of Directors, conditioned for faithful performance of the duties of his office and for restoration of the Association in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and property of whatever kind in his possession or under his control belonging to the Association. He shall perform such other duties as may be delegated to him by the Board of Directors, any executive committee or the President.

SECTION 9. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The Board of Directors may elect or appoint one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers. The Assistant Secretary or Assistant Secretaries, in the absence or disability of the Secretary, shall perform the duties and exercise the powers of the Secretary. The Assistant Treasurer, shall perform the duties and exercise the powers of the Treasurer. Any Assistant Treasurer, if required by the Board of Directors, shall keep in force a bond as provided in Article VII, Section 8. The Assistant Secretaries and Assistant Treasurers, in general shall perform such duties as shall be assigned to them, by the Secretary or by the Treasurer, respectively, or by the Board of Directors, any executive committee or the President.

SECTION 10. DELEGATION OF AUTHORITY AND DUTIES BY BOARD OF DIRECTORS. All officers, employees and agents shall, in addition to the authority conferred or duties imposed on them by these Bylaws, have such authority and perform such duties in management of the property and affairs of the Association as may be delegated to them by the Board of Directors.

ARTICLE VII

INDEMNIFICATION

SECTION 1. THIRD PARTY ACTIONS. The Association shall indemnify any person who was, or is, or may become a party to any completed, pending or potential action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including actual attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Association or its Members, and with respect to any criminal action or proceeding, had reasonable cause to believe his conduct was not unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere*, or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Association or its Members, and, with respect to any criminal action or proceeding, shall not create a presumption that such person had reasonable cause to believe his conduct was unlawful.

SECTION 2. ACTIONS IN THE RIGHT OF THE ASSOCIATION. The Association shall indemnify any person who was, is, or threatened to be made a party of, any completed, pending or potential 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 is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and the best interests of the Association or its Members, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for:

- (a) Any breach of the director's duty of loyalty to the corporation or its members.
- (b) Any acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law.
- (c) Any violation of Section 551(1) of the Act.
- (d) Any transaction from which the director derived an improper personal benefit.
- (e) Any act or omission occurring before the date this document is filed.
- (f) Any act or omission that is grossly negligent.

SECTION 3. AUTHORIZATION OF INDEMNIFICATION. Any indemnification under Article VII, Sections 1 and 2 (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in Article VII, Sections 1 and 2. Such determination shall be made in either the following ways:

- (a) By the Board by a majority vote of a quorum consisting of Directors who were not parties to such action, suit, or proceeding.
- (b) If such quorum is not obtainable, or, even if obtainable, a quorum of disinterested Directors so directs, by independent legal counsel in a written opinion.
- (c) By the majority vote of the Members.

SECTION 4. INSURANCE. The Association may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have power to indemnify him against such liability under Sections 1 and 2 of this Article VII.

ARTICLE VIII

SEAL

The Association may (but need not) have a seal. If the Board determines that the Association shall have seal, then it shall have inscribed thereon the name of the Association, the words "Corporate Seal" and "Michigan."

ARTICLE IX

FINANCE

SECTION 1. GENERALLY. The finances of the Association shall be handled in accordance with the Declaration.

SECTION 2. FISCAL YEAR. The fiscal year of the Association shall be an annual period commencing as such date as may be initially determined by the Directors. The commencement date of the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause.

SECTION 3. BANK ACCOUNTS. The funds of the Association shall be deposited in such bank as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United State Government.

SECTION 4. TAX ELECTIONS. The Association may elect to be taxed pursuant to Section 528 of the Internal Revenue Code of 1986, as amended from time to time, if the Board of Directors determines that it is in the Association's best interest to elect to be taxed pursuant to such section.

ARTICLE X

AMENDMENTS

These Bylaws may be altered, amended or repealed or new bylaws may be adopted:

- (a) at any regular or special meeting of the Members at which a quorum is present or represented, by the affirmative vote of a majority of the Members entitled to vote; or
- (b) by the affirmative vote of a majority of the Board of Directors at any regular or special meeting of the Board of Directors at which at quorum is present.

Such action may be taken by written consent or at any meeting of Members or the Board of Directors; provided, that, if notice of any such meeting is required by these Bylaws, the notice of the meeting shall contain notice of the proposed amendment, repeal or new bylaws. Any bylaws hereafter made by the Members shall not be altered or repealed by the Board.