

BY – LAWS

OF

CRYSTAL MOUNTAIN CLUB ASSOCIATION

ARTICLE I

STOCK

Section 1. Form.

Certificates of stock shall be in the form adopted by the Board of Directors and shall be signed by the President or a Vice-President and the Secretary. The Board of Directors shall provide a book of certificates in proper form and said certificates shall be issued in consecutive order.

Section 2. Transfer of Stock.

Shares of stock shall be transferable only on the books of the corporation to a new shareholder, qualified under other provisions of these By-Laws, when properly endorsed for transfer and accompanied by any necessary supporting documents. Any certificate of stock to be transferred shall be surrendered for cancellation before a new certificate is issued to the transferee. Any attempt to transfer stock except in compliance with the provisions of these By-Laws shall be null and void and shall confer no right whatsoever upon the transferee. Any shareholder desiring to transfer his stock shall remain a shareholder of the corporation and subject to the benefits and burdens thereof until the transfer shall be accomplished as provided herein.

Upon the death of a shareholder, new stock shall be issued in accordance with these transfer provisions to his duly qualified legal representative, provided, however, that in the event legal title to the property which qualified the deceased shareholder to be a shareholder in this corporation shall pass to some person or persons other than his legal representative by operation of law, new stock shall be issued upon due proof, to such other person or persons.

No share of stock shall be transferred under any circumstances until all dues, assessments or other indebtedness thereon then owing shall be paid in full.

Section 3. **Lost or Destroyed Certificates.**

The Board of Directors may determine the condition upon which a new certificate may be issued to replace any certificate alleged to have been lost or destroyed and may, in the discretion of the Board, require the owner of such certificate or his legal representative to give bond, with sufficient sureties, to the corporation to indemnify it against any loss or claims which may arise by reason of the issue of a new certificate. Any such new certificate when issued shall be clearly marked "Duplicate".

Section 4. **Voting.**

Each issued and outstanding share of stock of the corporation not then in default in the payment of any dues or assessments shall be entitled to vote at all meetings of shareholders, and only one (1) vote shall be allowed each share upon any single item of business. If a share shall be owned by more than one person, such persons shall agree and notify the Secretary in advance of any meeting of the one who shall be entitled to vote the share. In the absence of such agreement, the vote of such share shall not be counted unless all owners thereof are present at the meeting and in accord as to the vote to be cast for it. Any owner of stock may be represented by proxy if not able to attend in person, provided, however, that no proxy shall be effective unless filed with the Secretary prior to the meeting. Voting may be way of vocal response, but any ten (10) shareholders present in person or by proxy may demand a roll call vote or closed ballot upon any item of business before any meeting.

Section 5. **Issuance of Stock.**

At the inception one (1) share of the stock of this corporation shall be issued to the Incorporator, R. D. Brooks, Inc., in exchange for payment of the par value thereof.

Thereafter, at such time as shall be determined by the Board of Directors, one (1) share of authorized stock shall be issued to the qualified owner (other than R. D. Brooks, Inc.) of each lot in Crystal Mountain Club. Payment for such shares shall be made by the Incorporator, R. D. Brooks, Inc., in cash or by the transfer of real property or interests therein to the corporation for the purposes of the corporation.

Upon the issuance of additional shares, the original share of stock issued to the Incorporator, R. D. Brooks, Inc., may be transferred to a qualifying shareholder or redeemed by the corporation and reverted to authorized and unissued status by action of the Board of Directors. Anything herein to the contrary notwithstanding, after such transfer or redemption, R. D. Brooks, Inc., shall not be qualified as a shareholder hereunder and shall not be subject to the payment of dues or assessments or any other obligations or rights of shareholders by reason of the ownership of lots in its capacity as the creator and developer of Crystal Mountain Club.

ARTICLE II **SHAREHOLDERS**

Section 1. **Qualification.**

No person shall be qualified to own a share of stock in the corporation unless he shall be the owner of a lot located within Crystal Mountain Club, provided, however, that the vendee of such a lot under a land contract or other conditional sales arrangement shall be deemed an owner, if he and his contract vendor so agree and the application for transfer of the stock to him includes written evidence of such agreement and the contract of sale.

Section 2. **“Owner” Defined.**

The owner of such a lot shall be the person or persons who own the fee interest (or the interest of a conditional sales contract vendee described in Section 1 of this Article II) in the lot. Mortgage liens or other liens upon the property shall not disqualify the owner, but no lien holder shall be qualified in that capacity to own stock in the corporation.

In the event of co-ownership through joint tenancy, tenancy by the entireties or similar interest, the share of stock shall be in the name of the co-owners as their interests appear.

Section 3. **Ownership of Stock.**

In the event an owner, as defined herein, shall be the owner of more than one such lot, he shall be qualified to own one (1) share of stock in the corporation for each such lot.

Section 4. **“Lot” Defined.**

For all purposes under these By-Laws and the Articles of Incorporation, including without limitation, qualification as a shareholder and responsibility for certain assessments, a lot in Crystal Mountain Club shall consist of each lot purchased from the developer, R. D. Brooks, Inc., and designated in the plat or successive plats of the property as “Crystal Mountain Club”, Benzie County, Michigan.

Section 5. **Rights and Privileges.**

Subject to the power of the Board of Directors to suspend them for default in the payment of dues, assessments or individual charges, and as amplified with respect to meetings and voting herein, the owner of a share of stock of the corporation shall have the right and privilege to use the common areas, recreational facilities, private streets and utilities in Crystal Mountain Club, which are owned or controlled by the corporation, in common with all others having such rights and privileges, under the rules of use prescribed from time to time by the Board of Directors or the shareholder of the corporation. Such rights and privileges shall extend to the members of the immediate family of such owner, his guests and such other persons as shall be described in the applicable rules of use and in accordance therewith.

Section 6. **Annual Meeting.**

The annual meeting of the corporation shall be held during the month of April in each year, at such place and time as the Board of Directors may determine. The annual meeting shall be for the purpose of electing directors, presenting committee reports and for the transaction of such other business as may be indicated in the notice or may be brought before it.

Section 7. **Special Meetings.**

Special meetings may be called by the Board of Directors and shall be called upon the written request of ten (10) shareholders to the Secretary, stating the purpose therefore, within twenty-five (25) days.

Section 8. **Notice.**

Notice of the annual meeting shall be given by mail to the shareholders of record mailed at least fifteen (15) days prior to the date thereof. The notice of the annual meeting shall specify that the directors will be elected, and all notices of meetings shall state the other purposes for which they will be held. The Board shall establish the date for determining shareholders of record to be notified of any meeting, but such date shall be within ten (10) days prior to the date of mailing of the notice.

Section 9. **Quorum.**

Twenty-five percent (25%) of the outstanding shares of the corporation, present in person or by proxy, shall constitute a quorum at all meetings.

Section 10. **Nominating Committees.**

- a. There shall be a Nominating Committee consisting of five (5) members. Three (3) members shall be elected at the annual meeting of the corporation; the other two (2) shall be elected by the Board of Directors from among the directors. A vacancy occurring among the three (3) members chosen by the corporation shall be filled by the remaining members or member so chosen. A vacancy occurring among the two (2) members chosen by the directors shall be filled by the directors.
- b. The Nominating Committee shall nominate candidates for the Board of Directors to be elected at the annual meeting and six (6) candidates for the next year's Nominating Committee and shall report such nominations to the Secretary on or before March 15.
- c. Nominations may be made from the floor at the annual meeting.

ARTICLE III **DIRECTORS**

Section 1. **Number of Directors.**

The number of directors which shall constitute the whole Board of Directors shall be not less than three (3) nor more than seven (7). The first Board of Directors shall consist of three (3) directors. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the Board of Directors or by the shareholders at the annual meeting. The directors shall be elected at the annual meeting of shareholders, except as provided in Section 2 of this Article, and each director shall hold office until his successor is elected and qualified.

Section 2. **Vacancies.**

Vacancies on the Board of Directors, including vacancies resulting from any increase in the number of directors, may be filled by a majority of the directors then in office, though less than a quorum, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced.

Section 3. **Powers.**

The business of the corporation shall be managed by its Board of Directors which may exercise all such powers of the corporation and do all such lawful acts that are not by law or by the Articles of Incorporation or by these By-Laws directed or required to be exercised or done by the shareholders. The powers of the Board of Directors shall include, but not by way of limitation, the power to authorize the making and execution on behalf of the corporation of any lawful contracts, and to employ agents, factors, clerks, and workmen, to fix their compensation, to prescribe their duties, to dismiss any employee without previous notice and generally to control all the affairs of the corporation. Nothing in these By-Laws shall be construed to permit the Board of Directors to borrow or pledge the credit of the corporation without the specific approval of two-thirds (2/3) of the shares present and voting, in person or by proxy, at a meeting at which a quorum is present and which is held pursuant to a notice expressly stating that such a vote will be taken.

Section 4. **Cumulative Voting.**

There shall be no cumulative voting for directors.

Section 5. **Meetings.**

The annual meeting of the Board of Directors shall be held immediately following the annual meeting of the shareholders. Other meetings of the Board of Directors shall be held whenever called by the President or any two (2) directors, at such time and place as may be specified in the notice thereof.

Section 6. **Notice of Meetings.**

Notice of the time and place of each annual and special meeting of the Board of Directors shall be given by mail or telephone at least three (3) days prior to the time of holding the meeting. If mailed, such notice shall be deemed to be given at the time that the same shall be mailed. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice of such meeting.

Section 7. **Quorum.**

At all meetings of the Board of Directors a majority of the directors shall constitute a quorum for the transaction of the business, and the act of the majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors. 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 8. **Action Without Meeting.**

Unless otherwise restricted by the Articles of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if prior to such action a written consent thereto is signed by all members of the Board, and such written consent is filed with the minutes of the proceedings of the Board.

Section 9. **Power to Elect Officers.**

The Board of Directors may select from its members a President, one or more Vice-Presidents and a Secretary-Treasurer, all of whom shall serve without compensation. Such officers shall be elected at the first regular meeting of the Board of Directors following the shareholders' meeting at which these By-Laws are adopted, and they shall hold their respective offices until the next annual meeting and until their successors are elected.

Section 10. **Power to Appoint Committees.**

The Board of Directors shall constitute and appoint all committees not otherwise elected by the membership and shall define the powers and duties of the same and ratify and confirm all action by said committees. Included in the power of appointment is the power of removal whenever in the judgment of the Board the interests of the corporation will be served thereby.

Section 11. **Audit.**

The Board of Directors shall cause the books of the corporation to be audited annually by auditors selected by the directors, who shall neither be directors nor officers of the corporation, and the report of the auditors shall be available to the members at the office during reasonable business hours.

ARTICLE IV

OFFICERS

Section 1. **President.**

The President shall be the chief executive officer of the corporation and shall preside at all meetings of members of the corporation and of the Board of Directors.

Section 2. **Vice-Presidents.**

The Vice-Presidents, in the order designated at the time of their election, shall, in the absence or disability of the President, perform all duties of the President, and shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

Section 3. **Secretary.**

The Secretary shall keep a record of all meetings of the shareholders and of the Board of Directors, shall be responsible for the maintenance of a list of the entire membership and, in general, shall perform all duties incident to the office of Secretary and such other duties as may from time to time be assigned by the President or the Board of Directors.

Section 4. **Treasurer.**

The Treasurer shall have charge of the funds of the corporation, shall keep full and accurate accounts of the finances of the corporation and shall present an annual report of the same. The Treasurer shall perform such other duties and have such other powers as the President or the Board of Directors may from time to time prescribe.

ARTICLE V

DUES AND ASSESSMENTS

Section 1. Dues.

The Board of Directors shall have the power to declare and exact annual dues payable to the corporation by the owner of each outstanding share when deemed necessary for the proper function of the corporation and implementation of its purposes, provided, however, that no annual dues in excess of One Hundred Dollars (\$100.00) per year shall be declared except upon the affirmative vote of two-thirds (2/3) of the shares present and voting, in person or by proxy, at a meeting at which a quorum is present and which is held pursuant to a notice expressly stating that a vote on such dues will be held at the meeting.

Section 2. Assessments.

The Board of Directors shall also have the power, subject to the shareholder approval required herein, to levy assessments when deemed necessary for the proper function of the corporation or in conjunction with the implementation of any of its purposes. In proposing such an assessment, the Board of Directors shall determine whether it will be levied upon a per-share basis on all outstanding shares of stock or upon some other equitable basis. Such determination shall be made by the Board of Directors in view of the method of assessment which the assessment is levied. No such assessment may be levied by the Board of Directors except after affirmative vote there on of two-thirds (2/3) of the shares present and voting, in person or by proxy, at a meeting at which a quorum is present and which is held pursuant to a notice expressly stating that a vote on such assessment will be taken and describing the amount, purpose and method of levying the assessment.

Section 3. Limitations on Declaration of Dues and Assessments.

Dues or assessments which require shareholder approval under this Article V shall be subject to any limitations and conditions, as to amount or otherwise, imposed by the shareholders at the time of the vote approving the same. All declarations of dues or assessments by the Board of Directors shall specify the amount, due date and time and method of payment.

Section 4. Individual Charges.

The Board of Directors may institute a system of meters and individual charges for the use of any utility owned by the corporation or of individual charges for the use of any recreational facility owned by the corporation, in addition and or a supplement to the general cost of maintaining and operating such facility funded through dues and assessments, if deemed both equitable and practical by the directors.

Section 5. **Enforcement; Lien.**

Properly declared dues, assessments and individual charges shall become a debt due the corporation from the owner of each outstanding share upon the date fixed for payment. The Board of Directors may cause the corporation to file suit for such indebtedness in the event of non-payment when due. Without limitation upon such right, the Board of Directors may fix interest upon overdue payments, not exceeding seven percent (7%) per annum, in the resolution declaring the dues or assessment and may, by resolution, suspend the right and privilege of any owner in default upon a debt to the corporation to use the properties and services owned or regulated by the corporation in furtherance of its purpose. Such suspension shall apply to all members of the family of any shareholder and all other persons enjoying such rights though him and shall be enforceable by injunction in a proper court.

Such debt shall also become a lien upon the lot or lots owned by the shareholder, provided, however, that the Board of Directors may, at its discretion, subordinate in writing, for limited periods of time, the lien against any lot or lots for the benefit of a mortgage.

ARTICLE VI

USE OF CORPORATE PROPERTY

Section 1. **Establishment of Rules.**

The Board of Directors from time to time shall make and enforce such rules and regulations concerning the use of the properties owned or controlled by the corporation for the common benefit of the shareholders as the Board shall deem necessary and appropriate, provided, however, that any such rule or regulation adopted by the Board of Directors may be rescinded or amended by the affirmative vote of two-thirds (2/3) of the shares present, in person or by proxy, at a meeting at which a quorum is present and which is held pursuant to a notice expressly stating that such business will come before the meeting.

Section 2. **Enforcement of Rules.**

The Board of Directors shall also have the power to establish procedures

and penalties for enforcement of such rules and regulations which may include, without limitation, suspension of rights and privileges as a shareholder, fines or injunctive relief in a proper court.

ARTICLE VII

DISPOSITION OF CORPORATE PROPERTY

The Board of Directors shall have the power to sell, assign, lease, dedicate to public use, convey to governmental authority or otherwise dispose of property or any interest therein owned, controlled or regulated by the corporation in the best interests of the corporation and its shareholders, but such power may be exercised only upon the affirmative vote of two-thirds (2/3) of the outstanding shares of the corporation, entitled to vote, at a meeting held pursuant to a notice expressly stating that such business will come before the meeting. The power to mortgage or pledge such property or interests therein as security for debts shall be subject only to the shareholder approval required for borrowing or pledging the credit of the corporation in Article III, Section 3.

ARTICLE VIII

MISCELLANEOUS

Section 1. Indemnification.

- a. Each person who acts as a director or officer of the corporation shall be indemnified by the corporation against expenses actually incurred by him in connection with the defense of any action, suit or proceeding in which he is made a party by reason of his being or having been a director or officer of the corporation, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct, and except any sum paid for the corporation in settlement of an action, suit or proceeding based on gross negligence or willful misconduct in the performance of his duties.

- b. The right of indemnification provided herein shall inure to each director and officer referred to in (a) whether or not he is such director or officer at the time such costs or expenses are imposed, and in the event of death shall extend to his legal representatives.

Section 2. **Waiver of Notice.**

Whenever any notice whatever is required to be given under the provisions of these By-Laws or of any law, a waiver thereof in writing, signed by the person entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent.

Section 3. **Fiscal Year.**

The fiscal year of the corporation shall be as determined by the Board of Directors.

Section 4. **Checks.**

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer, officers or such other person or persons as the Board of Directors may from time to time determine. Endorsements for deposit may be made by any executive officer or by such other person or persons as the Board of Directors may from time to time determine. The Treasurer and all others authorized to sign checks or have custody of funds may be bonded in an amount determined by the Board of Directors.

ARTICLE IX

AMENDMENTS

These By-Laws may be amended by the affirmative vote of two-thirds (2/3) of the shares present, in person or by proxy, at a meeting at which a quorum is present and which is held after at least five (5) days notice of such proposed amendment and such notice shall be given to each shareholder by mail, provided, however, that no such amendment shall alter the required shareholder vote to approve corporate action specified in these By-Laws, except by a vote equivalent to that required by the provision proposed to be altered.

CRYSTAL MOUNTAIN CLUB

PROPOSED AMENDMENT:

Article II, Section 6 of the By-Laws shall be amended to read:

Bi-annual Meetings.

Bi-annual meetings of the corporation shall be held during the months of April and October in each year, at such place and time as the Board of Directors may determine. Included in the purpose of the April meeting will be the election of directors. Other functions which may occur at either, (but not limited to) include presenting committee reports and the transaction of such business as may be indicated in the notice or may be brought before it.

Dated: 10/22/88

Passed: October 1988 meeting

CRYSTAL MOUNTAIN CLUB ASSOCIATION

PROPOSED AMENDMENT

ARTICLE III SECTION I

Line 8: The directors shall be elected at the annual meeting of shareholders;

2 directors for a term of 3 years

2 directors for a term of 2 years

2 directors for a term of 1 year

Starting at the annual meeting commencing 1995 two directors only shall be elected for three year terms each year.

Passed: April 24, 1994 Hugh Stout, President