

April 15, 2012

By Laws
Of the
Shorewood Hills Property Owners Association

Article I

Name and Location; Effective Date

Section 1

This Association shall be known as the Shorewood Hills Property Owners Association.

Section 2

The post office address for the transaction of business shall be such place or places within Shorewood Hills as determined by the Board of Directors of the Association.

Section 3

The effective date of these By Laws is January 1, 2012. These By Laws supersede any and all prior By Laws including without limitation By Laws dated February 1, 1966.

Article II

Purpose

The purposes of the Association shall be the promotion and furthering of the interests and welfare of the subdivision; the enforcement and maintenance of building restrictions as recorded in Liber 3913, Page 428-433, O.C.R. (Oakland County Record) within the areas embraced in said Association; the procuring of all necessary improvements within said area and the proper maintenance thereof; provision of water service to the houses in the subdivision; and maintenance of liaison with the various governmental bodies and other organizations and groups for the purpose of protecting and improving the residential character and the interests of the members of the Association.

Article III

Membership and Voting Rights

Section 1

There shall be two (2) classes of membership in the Association:

Resident Membership - Persons who reside and own property in the Subdivision, within the area outlined on the map hereto attached, shall be resident members of the Association.

Non-Resident Members - Persons who do not reside within the area outlined on the map hereto attached but who own property therein shall be non-resident members of the Association.

Section 2

Each member of this Association, in good standing, shall, at every meeting of the members, be entitled to one vote upon each subject properly submitted to vote. A member shall be deemed in good standing if he has maintained his eligibility for membership and is not in default for more than sixty (60) days in the payment of any sums due the Association for dues, assessments or otherwise. For the purpose of voting, membership shall be on a unit basis, that is, no member shall have more than one vote by reason of ownership of more than one parcel of land, and groups of persons owning land jointly by entireties or in common shall be treated as one member and have not more than one vote for such membership. A husband and wife shall be treated as one member entitled to cast but one vote.

Section 3

Upon a joint decision of the President and Secretary, proxies may be used to determine the presence of a quorum at any meeting of the members to vote on matters at any such meeting. If proxies are to be used at any meeting, the proxy forms must be included with the notice of meeting provided under Section X.

Section 4

Where a quorum is present, a majority of the members present in person, or by proxy in accordance with Article III Section 3, shall decide any question brought before the meeting.

Article IV

Membership Fees, Dues and Assessments

Section 1

The annual dues, water charges, and late payment charges shall be determined by majority vote of the members at the annual meeting. The dues amount for non-resident members may, but need not, be different from the dues amount for resident members.

Section 2

The Board of Directors shall have the power to levy special assessments upon the members of the Association but only after prior approval has been obtained from the members by a majority vote of these members present at a regular or special meeting duly called for that purpose.

Section 3

The Board of Directors shall have the power to enforce and collect dues, water charges, late payments, and special assessments, and to discontinue water service in the event of non-payment of water charges for a period of six (6) months or more, and in the exercise of such powers to engage legal counsel, file liens, pursue litigation, and take such other actions as it deems appropriate. Any action taken under this Section shall be reported to the members no later than at the next annual meeting. The members shall have the power to override any action of the Board of Directors taken under this Section.

Article V

Board of Directors

Section 1

The business and property of the Association shall be managed and controlled by a Board of five (5) Directors consisting of resident members in good standing elected for a term of two (2) years at the first annual meeting in 2012 and at the annual meetings in even-numbered years. The Board shall be installed immediately upon election.

Section 2

Directors shall hold office until the date fixed by these By Laws for the annual meeting of members in the even-numbered year next following the election of such Directors, and until their successors are elected and installed.

Section 3

Directors may not serve more than two (2) consecutive terms.

Section 4

If the Board of Directors should be reduced to less than three (3) members, the presiding officer should select qualified and willing members of the Association to fill the vacancies until the next annual meeting at which time those vacancies with terms unexpired should be also elected by the membership at large for any remaining unexpired term.

Section 5

The Board of Directors must approve all plans and specifications of proposed changes to lots, buildings, and landscaping within the Association boundaries to assure that such proposed changes conform with the general, binding restrictions and covenants outlined in the Shorewood Hills Restrictions as recorded with the Oakland County, Michigan Register of Deeds.

Article VI

Nomination & Election of the Board of Directors

Section 1

The Board of Directors shall be responsible for nominating resident members in good standing for election to the Board. The notice of the annual meeting in even-numbered years shall contain the Board's nominations for the election of directors at the meeting. In addition, the notice shall invite members in good standing to submit nominations in writing and all such nominations, if received by the President one week prior to the meeting, will be included on the ballot at the meeting. Nominations will not be accepted at the meeting. Voting shall be by secret ballot if so directed by majority vote at the meeting.

Article VII

Officers and Agents

Section 1

The Board of Directors shall elect, from its members, a President, a Vice-President, a Secretary, a Treasurer, and a Water Commissioner at their meeting held immediately after the adjournment of the regular annual Membership meeting at which the Board is elected. The term of office shall be for two (2) years and until their successors are chosen. The offices of Secretary and Treasurer may be held by the same person, but no officer shall execute, acknowledge, or verify, any instrument in more than one capacity.

Section 2

The Board of Directors may also appoint such other officers and agents as they may deem necessary for the transaction of the business of the Association. All officers and agents shall respectively have such authority and perform such duties in the management of the property and affairs of the Association as may be designated by the Board of Directors. Any officer or agent may be removed or any vacancies filled by the Board of Directors, whenever, in their judgment, the business interests of the Association will be best served thereby.

Section 3

Should a vacancy occur in the office of President, the Vice-President shall become President for the unexpired term. A replacement for the office of Vice-President shall be selected by majority vote of the Board of Directors. Vacancies in any other office shall be filled in like manner.

Section 4

The Board of Directors may secure the fidelity of any or all such officer by bond or otherwise.

Section 5

The officers and directors of the corporation shall not receive any compensation for services rendered as such.

Article VIII

Duties of Officers

Section 1: President

The president shall be the chief executive officer of the Association and in the recess of the Board of Directors shall have the general control and management of its business and affairs, subject, however, to the right of the Board of Directors to delegate any specific power (except such as may be exclusively conferred upon the resident by these By-Laws) to any other officer or officers of the Association. He shall preside at all meetings of the Directors and at all meetings of the Membership.

Section 2: Vice-President

In case the office of President shall become vacant by death, resignation, or otherwise, or in case of the absence of the President, or his disability to discharge the duties of his office, such duties shall, for the time being, devolve upon the Vice-President, who shall do and perform such other acts as the Board of Directors may, from time to time, authorize him to do.

Section 3: Secretary

The Secretary of the Association shall keep the minutes of all the meetings of the Members and Board of Directors in books provided for that purpose; he shall attend to the giving and receiving of all notices of the Association; he shall notify officers of election; he shall submit names and addresses of new members to the Treasurer; he shall sign, with the President or Vice-President, in the name of the Association and when necessary shall affix the Corporate Seal of the Corporation thereto; he shall have charge of the Membership records, transfer books, and such other books and papers as the Board of Directors may direct; all of which, shall, at all reasonable times, be open to the examination of any director upon application at the residence of the Secretary, and in addition, such other duties as may be delegated to him by the Board of Directors.

Section 4: Treasurer

The Treasurer shall collect, record and safely keep all funds of the Corporation in a bank designated by the Board of Directors, and pay out the same only on the written order of the President; he shall make a report of receipts and

disbursements at the annual Membership meeting and at special meetings if requested to do so by the presiding officer; he shall prepare and file annual reports to the State of Michigan as required by law, and he shall perform such other duties as may be delegated to him by the Board of Directors.

Section 5: Water Commissioner

The Water Commissioner shall be responsible for the oversight of the Association's water system, for making timely recommendations to the Board of Directors for improvements and maintenance, and for billing charges for water usage and associated late charges.

Article IX

Committees

Section 1

A Conformance and Improvements Committee is established as a standing committee of the Association. This committee shall be comprised of at least three (3) resident members in good standing. The committee is charged with:

(a) reviewing plans and specifications of proposed changes to lots, buildings, and landscaping within the Association boundaries to assure that such proposed changes conform with the general, binding restrictions and covenants outlined in the Shorewood Hills Restrictions as recorded with the Oakland County, Michigan Register of Deeds;

(b) developing plans and specifications regarding the maintenance and improvement of the common areas within the Association (common areas being outlots A, B, C, and D described in the Shorewood Hills Restrictions cited immediately above as well as the shared roadways within the Association boundaries); and,

(c) making recommendations to the Board of Directors with respect to the plans and specifications referred to in (a) and (b) above.

Section 2

In addition to the standing committee provided for in Section 1 above, the Board of Directors may appoint such committees as it deems necessary.

Committee members must be resident members in good standing. Each committee appointed under this Section 2 may consist of one or more persons.

Article X

Meetings

Section 1: Annual Meeting

The Association shall hold in the month of November an annual meeting of the members of the Association for the following purposes: (a) determination of dues, water charges, and late charges; (b) election of directors; (c) adoption of the budget; and (d) the transaction of such other business as may properly come before such meeting. The time and place of this meeting shall be determined by the Board of Directors and an appropriate notice shall be distributed to all members at least two (2) weeks prior to the meeting.

Section 2: Special Meeting

Special Meetings of the members may be called at any time by a majority resolution of the Board of Directors, or at the call of the president, or at the written request of ten percent (10%) of the members. Time and place and at least 24 hour notice must be given to the membership.

Section 3: Board of Directors Meeting

The first meeting of each new Board of Directors shall take place immediately following adjournment of the annual meeting. Other meetings shall be held at least once each quarter or more often if deemed necessary by the President. Directors may vote by proxy. Board meetings may be held by conference telephone call.

Section 4 Quorum

The quorum for the annual meetings shall consist of 40% of the resident members in good standing. The quorum for special meetings shall consist of (10) members. The quorum for all Board of Directors meetings shall consist of three (3) of its five (5) members.

Article XI

Disbursements

Section 1

Authority to spend Association funds is vested as follows:

- (a) Expenditures that are within the current budget approved by the membership may be made by the President or Treasurer.
- (b) Expenditures that are outside the current budget approved by the membership may be made as follows:
 - (i) If the item is less than \$10,000, the expenditure may be made if approved jointly by the President and Treasurer.
 - (ii) If the item is \$10,000 or more, the expenditure may be made if approved by majority vote of the Board of Directors.
- (c) The foregoing does not authorize the officers or the Board of Directors to approve any expenditure that previously has been specifically rejected by the membership.

Section 2

All checks, drafts and orders for payment of money shall be signed in the name of the Association by an officer or officers designated by the Board of Directors.

Article XII

Amendment to By-Laws

The By-Laws may be amended, altered or repealed at any regular meeting or at any special meeting of the members of the Association called for that purpose by a two-thirds (2/3) majority of the members present and voting, provided that the proposed amendments shall have been submitted in writing to the Secretary of the Association and approved by the Board of Directors. If approved, a notice of

such amendments shall be given to each member of the Association at least two (2) weeks prior to the meeting at which such amendments are to be considered.

Article XIII

Indemnification

The Association shall indemnify and shall purchase directors and officers liability insurance indemnifying every director and officer, and his or her successors, assigns, executors and administrators, to the fullest extent permitted by law, against all loss, and all cost and expense reasonably incurred by him or her, in connection with any claim, and any action on such claim to which he or she may be a party, made on account of being or having been a director or officer of the Association, except as to matters wherein he or she shall be finally judged to be liable for or guilty of gross negligence or willful misconduct.

Article XIV

Parliamentary Authority

Robert's Rules of Order, Revised, when not inconsistent with these By-Laws shall govern all meetings of the Association, the Board of Directors and Committees.

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