

CRYSTAL HIGHLAND OWNER ASSOCIATION
BYLAWS
(Effective November 1, 2018)

ARTICLE I
NAME

The name of this Corporation is Crystal Highland Owner Association, herein called the "Association".

ARTICLE II
OFFICES

The registered office of the Association shall be at such place in the State of Michigan as the Board of Directors shall from time to time determine. The Association may also have office at such other places in Michigan and in other states as the Board of Directors may determine from time to time.

ARTICLE III
PURPOSE

The specific purpose of purposes for which the Association is formed are stated in its Articles of Incorporation. In general, the Association is formed to promote the welfare of its members by maintaining and beautifying real property interests in Crystal Highlands, by promoting social and recreational activities and by engaging in such other activities as are incidental thereto and not forbidden by the laws of the State of Michigan.

ARTICLE IV
MEMBERSHIP

Section 1: Scope of Membership

Membership in the Association shall consist of the following:

- (a) All owners and purchasers of any fee interest or undivided fee interest in the 73 lots developed by Crystal Highlands Orchard Inc. prior to January 1, 1985. The 73 lots include the following:
 - a. 54 lots in the Plat of Crystal Highlands #1
 - b. 5 lots in the Plat of Summit Place
 - c. 6 lots in the Plat of Sleeping Bear View
 - d. Lots A, B, C, and D, lying west of Lot # 12 of the Plat of Crystal Highlands # 1
 - e. The unplatted lot between Lot # 34 and lot # 35 of the Plat of Crystal Highlands # 1
 - f. Lot Y and Lot A lying southwest of Lots # 31, # 32, # 33, # 34 of the Plat of Crystal Highlands #1
 - g. A ten (10) acre parcel lying south of the Plat of Summit Place

The number of lots eligible for membership may have been reduced if lots were combined. Combined lots are eligible for only one (1) membership and may never again be bifurcated. As of July, 2003, by Board resolution, the right to combine lots was terminated with respect to special assessments for land purchase payments, but not otherwise.

- (b) Such other persons as the Board of Directors of the Association may from time to time determine. These other persons are designated as Associate Members. Associate Members shall have such privileges and obligations as the Board of Directors may determine.

Section 2: Term of Membership

- (a) The membership of the persons or entities shall be construed as an incident of ownership of the real property interest giving rise to membership and shall, therefore, commence automatically upon the recordation of deed of conveyance, land contract, lease or other document representing such interest and shall terminate upon presentation to the Association of written evidence satisfactory to the Association that such interest has been transferred, assigned or conveyed to a third person. Upon such transfer, assignment or conveyance, such third person shall automatically become a member of the Association. During such time as any land contract is in force with respect to any real property giving rise to membership, the land contract vendee shall be considered to be the member of the Association. Holders of mortgages, liens, encumbrances, easements, right-of-ways, and holders of legal title under land contracts or sellers under purchase agreements, shall not be considered owners of property for purposes of determining membership in the Association.
- (b) The term of any Associate Member created by the Board of Directors of the Association pursuant to paragraph (b) of Section 1 of this Article shall be determined by the Board of Directors.
- (c) A Member may lease his/her residence. The terms of all leases, occupancy agreements, and arrangements shall incorporate, or be deemed to incorporate, all the provisions of these Bylaws for Crystal Highlands Owners Association.

Section 3: Voting by Members

On all matters, each member shall have one (1) vote for each lot or other property interest giving rise to membership in the Association. If the owner of any lot wishes to designate a third party to act for him/her in Association matters, the owner shall file a written notice with the Association, signed and dated. Such notice will designate the individual representative who shall vote at meetings, or by mail or email ballot, and receive all notices and communications from the Association on behalf of the lot owner. The individual representative designated may be changed at any time by the owner of the lot by filing a new written notice with the Association. On all matters requiring a two-thirds (2/3) margin of approval, votes shall be collected and counted by a non-biased third party.

Section 4: Voting by Proxy

Votes may be cast by proxy, email, or mailed by the voting lot owner or his/her representative who is not present at any given meeting. Proxies must be filed with the Secretary at or before the appointed time of each meeting of the membership. Cumulative voting shall not be permitted.

Section 5: Membership Records

The Association shall maintain a record of the entire membership. Such records shall be open to inspection by all members of the Association. Each member shall furnish to the Association the address to which all notices shall be sent. The Treasurer or Assistant Treasurer shall maintain this record.

ARTICLE V FINANCES

Section 1: Maintenance and Recreation Fund (Annual Dues)

- (a) Each member shall pay to the Association the annual maintenance and recreation dues required by the restrictions applicable to the real property owned by the member. The amount of said annual dues shall be determined from year to year by the Board of Directors of the Association, as the needs of the Association may, in their judgment, require.
 - 1. Increases in the annual dues may be permitted if approved by a majority of the membership of the Association who cast votes.

2. Total ballots received must represent at least 2/3 of members in good standing. Such a majority vote shall render any such additional dues binding upon all members.
 3. Ballots must be mailed/e-mailed to the membership a minimum of 30 days before the ballot due date.
 4. Ballots returned via USPS or email will be considered valid.
- (b) The maintenance and recreation fund shall be used for any of the following purposes as the Directors of the Association shall determine necessary and advisable: improvement and maintenance of such property as may from time to time be conveyed by Crystal Highlands Orchard, Inc. or others to the Association; planting of trees or shrubbery and the care thereof; collecting and disposing of garbage, ashes and rubbish; maintenance of vacant property, roads, road rights-of-way, subdivision entrance ways and other public areas; weed control; constructing, purchasing, maintaining and operating any community service or facility (other than community water or sewer systems) deemed necessary or advisable in the opinion of the Directors of the Association for the general welfare of the membership; for social activities; and for the expenses incidental to the examination of plans for the enforcement of the aforementioned restrictions.

Section 2: Special Assessments

New special assessments, in addition to any then outstanding, may be levied upon approval of the members of the Association.

- (a) New assessments may not exceed two hundred and fifty dollars (\$250) per lot or property interest, in any given fiscal year of the Association.
- (b) New assessments may be permitted if approved by a 2/3 majority of the membership of the Association who cast votes,
- (c) Total ballots received must represent at least 2/3 of members in good standing.
- (d) Ballots must be mailed/e-mailed to the membership a minimum of 30 days before the ballot due date.
- (e) Such favorable votes may cover obligations to make special assessments payments in more than one year up to a maximum of twenty years.
- (f) Ballots returned via USPS or email will be considered valid.

Section 3. Failure to Pay Dues or Assessments

Any member who shall be thirty (30) days or more in default in the payment of the annual maintenance and recreation dues, or in the payment of any special assessment, shall not be in good standing and shall not be entitled to vote at any meeting of the Association nor to hold office in the Association until all such delinquencies have been paid. Delinquent payments of any maintenance and recreation dues or special assessments shall be subject to a payment penalty of up to five percent (5%) per month from the due date until paid. The annual maintenance and recreation dues and any special assessment shall be a lien and encumbrance on the land with respect to which the dues and assessments are made. A certificate in writing issued by the Treasurer of the Association shall be given to any member liable for said dues and assessments, upon that member's demand, setting forth the status thereof. The Association shall have the power and right in its own name to prosecute all suits which may, in the opinion of the Board of Directors, be necessary or advisable for the collection of such dues and assessments and to take such others steps as it deems expedient to impose a lien upon such land.

ARTICLE VI MEMBERS' MEETINGS

Section 1: Place of Meeting

Meetings of the members shall be held within Benzie County, Michigan at such a place and at such a time as the Board of Directors may determine.

Section 2: Annual Meeting

The Annual Meeting of the Association shall be held during the month of July, on such date and time, and at such a place as shall be determined by the Board of Directors and specified in a notice mailed or emailed to members at least 30 days prior to the meeting date.

Section 3: Order of Business of Annual Meeting

The order of business at the annual meeting of the members shall be as follows:

- (a) Roll call
- (b) Reading of notice and proof of mailing
- (c) Reading of minutes of last preceding meeting
- (d) Report of President
- (e) Report of Secretary
- (f) Report of Treasurer
- (g) Election of Directors
- (h) Transaction of other business
- (i) Adjournment

In absence of any objection, the presiding officer may vary the order of business at his/her discretion.

Section 4: Notice of Meetings of Members

At least thirty (30) days prior to the date of any meeting of the entire membership, written notice of the time and place of such meeting shall be mailed or emailed to each member in good standing at his/her address or email address shown on the records of the Association.

Section 5: Special Meetings

A Special Meeting of the members may be called at any time by the President, or by a majority of the Board of Directors, or upon a written request of twenty-five (25%) percent of the members in good standing when submitted in writing to the Secretary. The notice of the Special Meeting shall state the matters to be considered and no action may be taken on any matter not set forth in the notice of the meeting.

Section 6: Quorum and Voting Requirements

At any meeting of the membership, at least 20 members shall be present to constitute a quorum. At the discretion of the Board of Directors, any matter to be decided by the membership may be determined at either a meeting or by mail or email ballot, except that increases in the dues for the maintenance and recreation fund, any proposed special assessment, or any proposed change in the Bylaws shall be approved by mail or email ballot. These Bylaws may be amended, altered, changed, added to or repealed by the favorable two-thirds (2/3) vote of the members in good standing of the Association who cast votes as long as at least 2/3 of the membership votes on the proposal.

Section 7: Chairman and Secretary

The President or the Vice President and the Secretary or Assistant Secretary shall act as Chairman and Secretary, respectively, of every meeting of the members if present, unless otherwise directed by the President.

ARTICLE VII
BOARD OF DIRECTORS

Section 1: Number and Terms of Directors

The business, property and affairs of the Association shall be managed by a Board of Directors composed of seven (7) persons. At each Annual Meeting in July, Directors shall be elected to fill the expiring places on the Board for full two (2) year terms.

Section 2: Powers of the Board

The Board may establish rules and procedures governing the use of Association facilities and for the conduct of the business and affairs of the Association. The Board shall have the power to appoint such other officers and agents as the Board may deem necessary for the transaction of business of the Association, and shall have the power to appoint such committees as the Board shall deem necessary or desirable.

Section 3: Vacancies

Vacancies on the Board of Directors shall be filled by appointment made by the remaining Directors. Each person so appointed to fill any vacancy shall serve for the remainder of the term of the Director whom he/she replaced.

Section 4: Quorum of Directors

No Association business shall be conducted with fewer than four (4) Directors present at any Board meeting. Attendance in person or by teleconference is required to constitute a quorum and no proxies are permitted. In the event of a conflict of interest, that Board member shall abstain from voting.

Section 5: Action by Unanimous Written Consent

If and when the Directors shall severally or collectively unanimously consent in writing to any action to be taken by the Board on behalf of the Association, such action shall be as valid as though it had been authorized at a meeting of the Board of Directors.

Section 6: Election of Officers

The Board of Directors shall select a President, a Vice President, a Secretary and a Treasurer. Officers shall hold office for the term of one (1) year or until their successors are elected and qualified.

Section 7: Meetings of the Board of Directors

Regular meetings of the Board of Directors shall be held at such times and places as the majority of the Board of Directors may from time to time determine. Special meetings of the Board of Directors may be called at any time by the President or Secretary or by the majority of the Board of Directors. Directors shall be notified in writing of the time, place and purpose of special meetings of the Board at least ten (10) days prior thereto. Any Director shall, however, be deemed to have waived such notice by his attendance at any meeting.

Section 8: Indemnification of Board Members

Every Board Member of the Association shall be insured by a policy carried by the Association against all expenses and liabilities, including counsel fees reasonably incurred by or imposed upon him/her in connection with any proceeding to which he/she may be a party, or in which he/she may become involved, by reason of

him/her being a Board Member when expenses are incurred, except when he/she is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of his/her duties.

ARTICLE VIII OFFICERS

Section 1: President

The President shall be the chief executive officer of the Association. He/she shall preside over all meetings of the Board and of the members. He/she shall have general and active supervision of the business of the Association; subject however, to the right of the Board of Directors to delegate any specific power except as may be, by statute, exclusively conferred upon the President, to any other officer or Director of the Association. He/she shall be an ex-officio member of all committees.

Section 2: Vice President

In case the office of the President shall become vacant by death, resignation or otherwise, or in the case of the absence of the President or his/her disability to discharge the duties of his/her 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/her to do.

Section 3: Secretary

The Secretary or Assistant Secretary shall attend all meetings in person or by teleconference of the members and the Board of Directors and shall preserve, in books of the Association, true minutes of the proceedings of all such meetings. The Secretary or Assistant Secretary shall prepare and make available the minutes to the membership of the Association within six (6) weeks following the date of the Annual Meeting to facilitate any corrections. He/she shall give all notices required by statute, bylaw or resolution. He/she shall perform such other duties as may be delegated to him/her by the Board of Directors.

Section 4: Treasurer

The Treasurer or Assistant Treasurer shall have custody of all corporate funds and shall keep in books belonging to the Association, full and accurate accounts of all receipts and disbursements. He/she shall deposit all monies in the name of the Association in such depositories as may be designated for that purpose by the Board of Directors. He/she shall disburse the funds of the Association as may be ordered by the Board, taking proper vouchers for such disbursement, and shall render to the Board of Directors at the regular meeting of the Board and at the Annual Meeting of the members an account of all his/her transactions as Treasurer and of the financial condition of the Association. He/she shall maintain and keep current the names, addresses, phone numbers and other pertinent information for each member. The Board of Directors may require the Treasurer to give bond for the faithful performance of his/her duties.

ARTICLE IX CHECKS AND OTHER INSTRUMENTS

Section 1: Signatories

All checks, drafts, or demands for money, and notes of the Associated shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 2: Officers and Agents

The Board of Directors may in any instance designate the officers and agents who shall have the authority to execute any contract, conveyance, or other instrument on behalf of the Association, or may ratify or confirm any execution. When the execution of any instrument has been authorized without specification of the executing

officers or agents, the President or Vice President, and the Secretary or Assistant Secretary or Treasurer or Assistant Treasurer may execute the same in the name of and on behalf of the Association and may affix the corporate seal thereto.

ARTICLE X BOOKS AND RECORDS – REPORTS TO MEMBERS

Section 1: Records

The proper officers and agents of the Association shall keep and maintain such books, records and accounts of the Association's business and affairs and such lists of members as the Board of Directors shall deem advisable and as shall be required by the laws of the State of Michigan and/or other states or jurisdictions empowered to impose such requirements.

Section 2: Reports

The Director and Offices of the Association shall prepare and distribute or cause to be prepared and distributed to the members of the Association such annual and other statements of the account operations and properties of the Association as they shall deem advisable and shall be required by the laws of the State of Michigan or other jurisdictions empowered to impose such requirements.

ARTICLE XI SEAL

The Association shall have a seal which shall have inscribed thereon the name of the corporation, the state of incorporation, and the words "Corporate Seal". The seal may be used by causing it or a facsimile to be imprinted, affixed, reproduced, or otherwise.

ARTICLE XII NOTICES AND WAIVERS OF NOTICE

All notices of meetings required to be given to any member or Director may be given in writing by mail, e-mail, fax or other reliable source or communication to his/her last address as it appears on the books of the Association. Such notice shall be deemed to be given at the time when the same shall be mailed or otherwise dispatched.

ARTICLE XIII AMENDMENTS TO ASSOCIATION BYLAWS

These Bylaws may be amended, altered, changed, added to or repealed by the favorable two-thirds (2/3) vote of the members in good standing of the Association who cast votes as long as at least 2/3 of the membership votes on the proposal if such proposal is fully explained prior to or within the mailed or emailed ballots.. However, no amendments may be made to these Bylaws which would contradict, restrict, or otherwise conflict with any of the Restrictive Covenants recorded for the Subdivisions included within the jurisdiction of this Association.

ARTICLE XIV USE OF PROPERTY AND COMMON AREAS BY MEMBERS

Section 1: Use of Property

- a) All lots in the Subdivision shall be used for residential purposes only and by single families or the beneficiaries of family-oriented legal entities like family trusts, family LLC's, or similar entities approved by the Board of Directors of the Association.
- b) The use of the common area amenities is limited to Association Members who are single families or the beneficiaries of family-oriented legal entities like family trusts, family LLC's, or similar entities approved by the Board of Directors of the Association. Such members or beneficiaries must be living together and related by consanguinity, marriage, civil union, or legal adoption.
- c) The Board of Directors of the Association has the right to develop and enforce regulation pertaining to the use of common area amenities.