

TIFFANY SHORES HOME OWNERS ASSOCIATION

BYLAWS

ARTICLE I

Purpose

The purposes for which this corporation is organized shall be those specific and general purposes set forth in the Articles of Incorporation of the Tiffany Shores Home Owners Association (the “**Association**”). In furtherance of such purposes, this Association shall promote and maintain the safety, property values and general well-being of the members of the Association and the property of the members located on or within the boundaries of the real property described on the first page of the Declaration of Amended, Restated, and Consolidated Covenants, Conditions and Restrictions for Tiffany Shores (the “**Declaration**”). Such real property is hereinafter referred to as “**Tiffany Shores**”. All other Capitalized terms that are defined in the Declaration shall carry the same meaning in these Bylaws unless the context clearly requires the contrary.

The Association is organized to represent its member with respect to matters now or hereafter concerning one or more of its members regarding property located within Tiffany Shores.

ARTICLE II

Members

Section 1. Eligibility. Every person or entity owning legal or equitable title to any real property included in Tiffany Shores shall be eligible for membership in the Association, and no other person or entity shall be eligible for membership. Notwithstanding the foregoing, members of the family of an eligible Association member, who live with the Association member in Tiffany Shores, shall enjoy the benefits of Association membership if the eligible member is an active member.

Section 2. Active Members. Notwithstanding Section 1 of this Article II, no person shall be considered an active member during any period during which membership rights have been suspended in accordance with the Articles of Incorporation. Only active members shall be eligible for election or appointment as Directors or officers of the Association, or for membership on an Association committee. If a Director or officer of the Association loses the privileges of active membership, he or she shall immediately be relieved of the duties of such position. If a member has been relieved of his or her position as a Director or officer by virtue of a default hereunder, and such vacancy has not been filled, upon reinstatement as an active member such person shall again hold such position. If such vacancy has been filled, reinstatement as an active member shall not entitle such person to such prior position.

Only active members shall be eligible to vote on any matter coming before the Association for decision. Unless the context otherwise requires, as used herein, the term “**member**” means only an active member.

ARTICLE III

Intentionally deleted, and incorporated as Article V of the Declaration.

ARTICLE IV **Meetings**

Section 1. Procedure. Meetings of the Association shall be held at a suitable place convenient to the members, as may be designated by the Board of Directors. Each member shall have one vote for each Lot owned within Tiffany Shores. Where a lot is owned by more than one person, there shall be no more than one vote, which may be cast by any one of the co-owners of the Lot. In the event two or more of the co-owners of the Lot each demand the right to cast conflicting votes, consents or objections to consents to an action in writing, or grants of proxy voting rights, the joint Owners shall designate and register in writing with the Secretary of the Association the name of the particular Owner entitled to cast the vote, give or withhold the consent, or grant the proxy, and in the absence of such written designation the Association and the officers shall not be required to accept the attempted vote, consent, or grant of proxy rights of any co-owner. Meetings of the association shall be conducted in accordance with Roberts Rules of Order, when not otherwise in conflict with the Articles of Incorporation, these Bylaws or the Laws of the State of Michigan.

Section 2. Meetings. Annual meetings of the Association shall be held in December of each calendar year on a date set by the Board of Directors, at such time and place as shall be determined by the Board of Directors. At such meetings there shall be elected by ballot of the members a Board of Directors in accordance with the requirements of these Bylaws. The members may also transact at annual meetings such other business of the Association as may properly come before them.

Section 3. Special Meetings. Special meetings of the members of the Association may be called by either the Board of Directors or the holders of twenty-five percent (25%) or more of the total votes in the Association. The notice of any special meeting shall set forth the business to come before the members, and only such business shall be transacted.

Section 4. Notice. It shall be the duty of the Secretary (or other Association officer designated by the President in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each member of record, at least ten (10) days but not more than sixty (60) days prior to such meeting. The mailing, postage prepaid, of a notice to a member at the address filed with the Association, or a personal delivery of such notice, shall be deemed notice served. Any member may, by written waiver of notice signed by such

member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 5. Quorum; Adjournment. Presence at a meeting in person or by proxy of the holders of twenty-five (25%) of the votes in the Association shall constitute a quorum. If any meeting of members cannot be held because a quorum is not in attendance, the members who are present may adjourn the meeting for not more than thirty (30) days.

Section 6. Approval. At any meeting of the members at which a quorum is present, approval of any matter by fifty-one percent (51%) of the members present in person or by proxy shall constitute the action of the members, unless a greater percentage is required by the Articles of Incorporation, these Bylaws, or the laws of the State of Michigan.

ARTICLE V

Board of Directors

Section 1. Number. The affairs of the Association shall be governed by an odd-numbered Board of Directors consisting of such number, but not less than five (5) nor more than eleven (11), as shall be determined by the Board of Directors from time to time. Subject to the minimum and maximum number of Directors in the preceding sentence, the members of the Association may act from time to time to change the number of members of the Board of Directors. All members of the Board of Directors must be members of the Association. Directors shall serve without compensation.

Section 2. Election; Terms. The first Board of Directors shall be those persons constituting the last board of directors of the unincorporated Tiffany Shores Homeowners Association established pursuant to the Declaration. All Directors shall serve one (1) year terms, unless they sooner resign or are removed. The Directors shall hold office until their successors have been elected and hold their first meeting.

Section 3. Powers. The Board of Directors shall have the powers and duties normally enjoyed by directors of nonprofit corporations as more fully provided in the Michigan Nonprofit Corporation Act (the "**Act**").

Section 4. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors. Each person so elected shall be a Director until a successor is elected to fill the remainder of the term at the next meeting of the Association.

Section 5. Removal. At any regular meeting of the Association duly called, and at any special meeting of the Association called in whole or in part for such purpose, any one or more of the Directors may be removed with or without cause by a vote of those members entitled to vote in an election of such Director's replacement. At that time a successor shall be elected to fill the vacancy thus created. A successor Director so elected

shall serve until the end of the term of the person he was elected to replace. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

Section 6. Initial Meeting. The first meeting of a newly elected Board of Directors shall be held within thirty (30) days after its election at such time and place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two (2) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by United State mail, electronic mail, telephone or telecopier, at least ten (10) days prior to the date named for such meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director, given personally or by United States mail, electronic mail, telephone or telecopier, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in a like manner and on like notice upon the written request of three Directors.

Section 9. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be deemed a waiver of notice of the time and place thereof unless the appearance is for the purpose of protesting the holding of such meeting. If all the Directors are present at any meeting of the Board , no notice shall be required, and any business may be transacted at such meeting.

Section 10. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors, unless otherwise set forth herein. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for purposes of determining a quorum, but no proxies shall be permitted.

Section 11. Bonding. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE VI

Officers

Section 1. Designation. The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may appoint such other officers, including Assistant Officers, as it sees fit from time to time. Officers shall be members of the Board of Directors.

Section 2. Appointment. The officers of the Association shall be appointed annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal. Upon affirmative vote of a majority of the members of the board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called in whole or in part for such purposes.

Section 4. President. The President shall be the chief executive officer of the Association. The President shall preside at meetings of the Association and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of the President of a corporation, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as the President may deem appropriate to assist in the conduct of the affairs of the Association.

Section 5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; the Secretary shall have charge of such books and papers as the Board of Directors may direct; and shall, in general, perform all duties incident to the office of the Secretary.

Section 7. Treasurer. The Treasurer shall have responsibility for the Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements, specifying the operating expenses clearly, in books belonging to the Association. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors. The Treasurer shall ensure that expenditures for the maintenance and repair of Association property and any other expenses incurred by or on behalf of the Association are properly

recorded. The Treasurer shall prepare and distribute to each member at least once per year the Association financial statement.

Section 8. Other Duties. The Officers shall have such other duties, powers and responsibilities as shall from time to time, be authorized by the Board of Directors.

ARTICLE VII

Standing and Special Committees

Section 1. Architectural Committee. The Board of Directors shall appoint the Architectural Committee called for in the Declaration. The people serving on that Committee shall be members of the Association and shall serve at the pleasure of the Board of Directors.

Section 2. Pond Committee. The Board of Directors shall appoint a Pond Committee. The Pond Committee shall have such duties as shall be assigned to it by the Board of Directors. The people serving on that Committee shall be members of the Association and shall serve at the pleasure of the Board of Directors.

Section 3. Other Committees. The President or the Board of Directors may appoint such standing or special committees as deemed necessary, and shall define the duties of each appointed committee. Committees shall meet at the call of President or the chairperson of each respective committee, and shall report to the Board of Directors as requested. The people serving on each committee shall be members of the Association and shall serve at the pleasure of the Board of Directors.

ARTICLE VIII

Finance

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar year or such other annual period commencing on 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 2. Depository. The funds of the Association shall be deposited in such financial institution 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.

ARTICLE IX

Indemnification of Officers and Directors

Section 1. Indemnification; Third Party Claims. The Association shall indemnify and hold harmless a person who was or is a party or is threatened to be made a party to any threatened, pending or complete action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, other than an action by or

in the right of the Association, by reason of the fact that the person 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, partner, trustee, employee or agent of another foreign or domestic corporation, business corporation, partnership, joint venture, trust or other enterprise, whether for profit or not for profit, against expenses, including attorneys fees, judgments, penalties, fines and amounts paid in in settlement, actually and reasonably incurred by the person in connection with the action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interest of the Association or proceeding, if the person had no reasonable cause to believe that conduct was 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 the person 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 that the conduct was unlawful.

Section 2. Indemnification; Association or Derivative Claims. The Association shall indemnify and hold harmless a person who was or is a party to or is threatened to be made a party to a threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that the person 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, partner, trustee, employee or agent of another foreign or domestic corporation, business corporation, partnership, joint venture, trust or other enterprise, whether for profit or not, against expenses, including actual and reasonable attorneys fees and amounts paid in settlement, incurred by the person in connection with the action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interest of the Association or its members. However, indemnification shall not be made for a claim, issue or matter in which the person has been found liable to the Association unless and only to the extent that the court in which the action or suit was brought has determined upon application that, despite adjudication of liability but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnification for expenses which the court considers proper.

Section 3. Mandatory Indemnification. To the extent that a director, officer, employee or agent of the Association has been successful on the merits or otherwise in defense of an action, suit or proceeding referred to in Sections 1 or 2 of the Article, or in defense of a claim, issue or matter in the action, suit or proceeding, the successful party shall indemnified and held harmless against expenses, including actual reasonable attorneys fees incurred in connection with the action suit or proceeding and in any action, suit or proceeding brought to enforce the mandatory indemnification provided in this Section.

Section 4. Determination of Permissive Indemnification. An indemnification under Sections 1 or 2 of this Article, unless ordered by a court or required under Section 3 of this Article, shall be made by the Association only as authorized in the specific case upon

determination that indemnification of the director, officer, employee or agent is proper under the circumstances because the person has met the applicable standard of conduct as set forth in Sections 1 or 2 of this Article. This determination shall be made in any of the following ways:

- (i) by a majority vote of a quorum of the Board of Directors consisting of directors who were not parties to the action suit or proceeding;
- (ii) if the quorum described in subdivision (i) is not obtainable, then by a majority vote of a committee of directors who are not parties to the action, suit or proceeding (the committee shall consist of not less than 2 disinterested directors);
- (iii) by independent legal counsel in a written opinion; or
- (iv) by a majority vote of the members.

Section 5. Partial indemnification. If a person is entitled to indemnification under Sections 1 or 2 of this Article for a portion of expenses, including attorneys fees, judgments, penalties, fines and amounts paid in settlement, but not for the total amount thereof, the Association may indemnify and hold harmless the person for the portion of the expenses, judgments, penalties fines or amounts paid in settlement for which the person is entitled to be indemnified.

Section 6. Liability Insurance. Notwithstanding the foregoing, the right of indemnification provided to any person described in Sections 1 or 2 of this Article shall exist only to the extent it exceeds the amount of any valid and collectible insurance proceeds or other source of indemnification available for the benefit of such person, including any benefit available under any self-insurance plan of the Association, or any insurance, primary or secondary, available pursuant to the plan of any other organization. No rights of subrogation are intended to be created by this Section. Notwithstanding any limit on indemnification under Michigan law, the Association may purchase and maintain insurance on behalf of any person described above against any liability asserted against him or incurred by him in any such capacity arising out of his status as such, whether or not the Association would otherwise have the power to indemnify under the circumstances.

Section 7. Expense Advancement. Expenses incurred in defending a civil or criminal action, suit or proceeding described in Sections 1 or 2 of this Article shall be paid by the Association in advance of the final disposition of the action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay the expenses if it is ultimately determined that the person is not entitled to be indemnified by the Association. The undertaking shall be an unlimited general obligation of the person on whose behalf advances are made but need not be secured unless otherwise specifically prescribed by a majority vote of the Board of Directors in the manner described in Section 4 of this Article.

Section 8. Nonexclusivity. The indemnification or advancement of expenses provided under Sections 1 through 7 of this Article are not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under any separate contractual agreement. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

Section 9. Heirs, Executors and Administrators. The rights provided in Sections 1 through 7 of this Article shall continue as to a person who ceases to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators or the person.

ARTICLE X

Amendments

Section 1. Method. These Bylaws may be amended by the Association, at a duly constituted meeting, by a majority vote of the members of the Association.

Section 2. Proposed. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or by one-third (1/3) or more in number of the active members of the Association, whether meeting as active members or by instrument in writing signed by them.

Section 3. Meeting. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with these Bylaws.

Section 4. Distribution. A copy of each amendment to these Bylaws shall be furnished to every active member of the Association after adoption, but failure to make such a distribution shall not affect the validity of any amendment otherwise duly adopted.