

# BY-LAWS OF THE LOCH ALPINE IMPROVEMENT ASSOCIATION

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# **ARTICLE I – Name, Office, Purpose, Ownership and Definitions**

## ***Section 1. What is the corporate name?***

The name of this corporation is Loch Alpine Improvement Association (LAIA), incorporated under the laws of the State of Michigan.

## ***Section 2. Where is the official office located?***

The principal office of the corporation is located at the residence of the President, Ann Arbor, MI 48103. (Address of the resident agent as of 4-1-88).

## ***Section 3. What is the purpose of the corporation?***

The purposes for which the corporation is formed are as follows:

- a) To acquire, own, sell, construct, maintain, operate and manage the roads, lakes, paths and other ways, and grounds and all community property.
- b) To enforce the restrictions defined in the Restriction Agreement, as amended, recorded in the office of the register of Deeds for Washtenaw County on March 17, 1975, in Liber 1504, page 783.
- c) To carry on any other business which may directly or indirectly be necessary to achieve item (a) above and to protect or promote the health and welfare of Loch Alpine.
- d) To raise funds by assessment of members as may be necessary to carry out the foregoing purposes.

## ***Section 4. Who owns the roads?***

The Association owns all roads, right of ways, lanes, and paths in the subdivision, regardless of whether they meet minimum road specifications per Article II. Section 4.

## ***Section 5. Who owns the lakes?***

The Association owns the lakes. The boundaries (or lot line) of the lots surrounding the lakes do not in general abut the water's edge. The Association has an easement on the perimeter of the lakes on the land between the lot lines and the water's edge.

## ***Section 6. What other property does the Association own?***

The Association owns all land which is not within a residential or commercial lot or the golf course lots, principally around the lakes and drainage areas, and lots 120, 130, 131, and 150-154 inclusive.

## ***Section 7. Definitions***

- a) Member: An owner of a lot in the Loch Alpine subdivision.  
See Article II for further qualifications.
- b) Resident Member: an owner of a lot(s), as shown by the Washtenaw County Register of Deeds, or by evidence of other conveyance of ownership rights, on which a residential or commercial structure has been built, and for which a Certificate of Occupancy has been issued. See Article II for further qualifications.
- c) Member "In Good Standing": A member who has paid his/her current and all past assessments.
- d) Lot: A lot in Loch Alpine subdivision as recorded in the office of the Register of Deeds for Washtenaw County, in Liber 8 of Plats, on pages 26, 27, and 28, and as described in

Liber 1351, page 55, and Liber 1774 pages 772 through 778; and as described in Liber 24 of Plats, on pages 5,6, and 7, and Liber 1767, pages 523 through 531, and Liber 1907 pages 621 and 622.

- e) Registry of Owners: A document maintained by the Loch Alpine Improvement Association which logs the owner or land contract vendee and transfer activity of lots in the Loch Alpine subdivision.
- f) Certificate of Occupancy: A document, issued by Scio or Webster Townships or Washtenaw County, which states that a structure meets all applicable building codes and is approved for occupancy.
- g) Assessment: A charge to be imposed on the owner of a lot and approved by vote of a majority of votes cast.
- h) Fixed Assessment: An assessment which is due and payable annually on all lots upon which there is no structure with a Certificate of Occupancy. This assessment can only be changed by an amendment to these By-Laws.
- i) Variable assessment: An assessment to finance the annual operations of the LAIA and specific capital improvements.
- j) Corporation: The Loch Alpine Improvement Association, a Michigan non-profit corporation, which operates on behalf of all owners of lots in the Loch Alpine subdivision.
- k) Board of Directors: A group of residential and vacant lot owners elected by the members for the purpose of managing the business of the corporation.
- l) Resident Director: A member of the Board of Directors who is a lot owner in good standing.
- m) Director-at-Large: A member of the Board of Directors who is a lot owner in good standing but may or may not be a resident.
- n) Quorum: the minimum number of members or Directors required to be present at a meeting before it can validly transact business.
- o) Proxy: a document empowering an Association member to act for another in an Association meeting.
- p) Cumulative Voting: A system of voting for members of the Board of Directors in which each resident member is allowed as many votes as there are members to be elected; he/she may distribute his/her votes among the candidates or cast them all for one candidate.
- q) Eligible voter: A member of record, i.e., individual, joint tenants, tenants-in common, or tenants-by-the-entireties, partnership or land contract vendee, as per the record date established by the Board of Directors (Article II, Section 5), prior to any membership meeting and who has paid all past and current assessments.
- r) Road Escrow Account: A bank account established by the LAIA for collecting and holding funds for the purpose of placing roads into condition suitable for maintenance in accordance with minimum specifications.
- s) Approved Road: A road or a portion of a road constructed within a platted right of way which has been accepted by a resolution of the Board of Directors as meeting the minimum road specifications and is approved for maintenance.
- t) Architectural Control Committee: a committee appointed by the Board of Directors to review and submit recommendations to the Board of Directors for final approval or disapproval of building and site plans and specifications for a structure for compliance with the Association restriction Agreement. The Board of Directors will make final decisions.

## **ARTICLE II – Voting, Limitations, and Proxies**

This article defines membership categories and voting privileges in each category. It defines voting limitations for members based on the status of abutting roads and availability of sewer and water services. It further defines the use of proxies and absentee ballots.

### ***Section 1. Who is entitled to vote in the affairs of the Loch Alpine Improvement Association?***

- a) All members have voting privileges as defined below. A member is defined as an owner of a lot in the Loch Alpine subdivision as recorded in the Registry of Deeds of Washtenaw County, or as evidenced by a land contract or other conveyance of ownership rights. To be eligible to vote, a member must be a member in good standing, i.e., having paid all past and current assessments.
- b) Do all members have equal voting rights on all matters of the Association?
  - 1) No. All members have equal voting rights only on proposed annexations and changes to Restrictions, Articles of Incorporation and By-Laws. See Appendix D for sample ballot.
  - 2) On all other matters voting rights are further defined in paragraphs (d) and (e) below and in Article VIII Section 3 according to voting categories. See Appendix C for sample ballot.
- c) How many membership categories are there and what are their voting rights?

There are three membership categories A, B, and C. Their definitions and their voting rights are defined in paragraphs (d), (e) and (f) below.
- d) How is Category A defined and what are the member's privileges?
  - 1) Category A members (also called Resident members) are recorded title holders or vendees of a land contract, or memorandum thereof, of a lot in the Loch Alpine subdivision, on which a residential or commercial structure has been erected and for which a Certificate of Occupancy has been granted by appropriate county or township government authorities.
  - 2) In addition, the lot must be serviced by the sewer and water services of the Loch Alpine Sanitary Authority and abut a road accepted for maintenance by the Association, or for which the member has paid into an escrow account established by the Association a sum of money determined by the Board of Directors, from time-to-time, to be necessary to place the abutting road into condition suitable for maintenance, in accordance with minimum specification per Section 2(a) below.
  - 3) Owners of lots abutting a public road, i.e., Huron River Drive, Joy Road, etc., meeting the requirements of paragraph 1 above shall be Category A members.
  - 4) Category A members may cast one vote per lot on all matters and assessments, election of Resident Directors and Directors-at-Large, and changes to the Restrictions, Articles of Incorporation and By-Laws.
- e) How is Category B defined and what are the member's privileges?
  - 1) Category B members are owners of lots which have both sewer and water service provided by the Loch Alpine Sanitary Authority (although not necessarily yet connected to a structure on the lot) and which either abut a road accepted for maintenance by the Association, or have paid into an escrow account established by the Association a sum of money determined by the Board of Directors, from time-to-time, to be necessary to place the abutting road into condition suitable for maintenance, in accordance with a minimum specification per Section 4 below.

- 2) Category B members may cast one vote per lot only for election of Directors-at-Large, proposed annexations, and changes to the Restrictions, Articles of Incorporation and By-Laws.
- f) How is Category C defined and what are the member's privileges?
- 1) Category C members are owners of lots not yet serviced by the Loch Alpine Sanitary Authority for both sewer and water and/or do not abut a road accepted by the Association for maintenance, nor have paid into an escrow account a sum of money determined by the Board of Directors, from time-to-time, to be necessary to place the abutting road into condition suitable for maintenance, in accordance with a minimum specification.
  - 2) Category C members may cast one vote per lot only for annexation and on changes to the Restrictions, Articles or Incorporation and By-Laws.

**Section 2. What are other considerations regarding voting rights?**

- a) How many votes does a member have for the election of directors?
- A Category A resident member has as many votes as there are Resident Directors to be elected. These votes may be distributed amongst candidates or cumulated to any one candidate. This is called cumulative voting. A category B member may not vote for Resident Directors and has one vote for a Director-at-Large candidate only.
- b) How many votes does a Category A member have on other issues?
- A Category A member has one vote for each lot on all other issues subject to the limitations in Article II, Section 1.
- c) How do Category B members exercise their vote when a lot is owned by more than one person as in the case of joint tenants, tenants-in-common, or tenants-by-the-entireties?
- No fractional votes are ever permitted. Co-owners must determine which person shall cast the single vote per lot.
- d) How do members exercise their vote if they own more than one lot?
- Members may cast one vote per lot for matters within the rights of the category of such lot. A member, for example, owning a residence and also an unimproved lot on an accepted road with water and sewer service may cast one vote in Category A and one vote in Category B.
- e) Does the Association keep current records of who is eligible to vote in each category?
- The Board of Directors, through its Secretary, shall maintain current a registry of Owners, and shall designate Voting Right Categories A, B, and C, as defined in Article II, to each member (lot). This registry shall be available at all meetings of the members. Lot owners must advise the Secretary in writing of all changes in ownership or voting category status as the result of sales, land contracts, issuance of Certificates of Occupancy and any other changes that effect voting rights.
- f) How are disputes resolved as to who is eligible to vote and in what category?
- In any meeting of the Association the President shall have the sole right to validate voting rights, in accordance with the following, and his/her decision will be final.
- 1) The President will rely on official county records of recorded title holders or land contract vendees and whether a Certificate of Occupancy has been issued.
  - 2) The President will rely on the Association's own records on all matters regarding the construction and approval of roads.
  - 3) Where deemed necessary, the President may appoint a committee of three voting members to assist him/her in making such determinations.

- 4) The Secretary of the Association, or an alternate designated by the Board of Directors, shall certify that only eligible voters did actually vote in any regular or special membership meeting.

**Section 3. What are the procedures for election of Directors?**

Election of Directors shall be conducted as follows:

**Nominating Committee:**

- a) The Board of Directors shall appoint a Nominating Committee in November of each year for the purpose of recommending nominees to stand for election to vacancies on the Board. The committee shall consist of three members, one of whom shall be a Board member who is not seeking re-election. The others shall be members in good standing not on the Board. The Board member shall serve as Chairman.
- b) What are the duties of the Nominating Committee?
  - 1) The Nominating Committee shall seek separate candidates for Resident Director and Director-at-Large vacancies. A candidate must run either for Resident Director or for Director-at-Large. Director-at-Large candidates may be either Category A, B, or C lot owners.
  - 2) The Nominating Committee shall exert best efforts to nominate at least two candidates willing and eligible to run for each Resident and Director-at-Large vacancy. Further, nominations may be made and accepted from the floor of the membership meeting. In addition, fifteen members may petition the Board of Directors to place in nomination any member in good standing for either Resident Director or Director-at-Large.
  - 3) The Nominating Committee shall make their recommendations to the Board of Directors at the January meeting of the Board or at such other time as is necessary to meet the 20 day notice requirement in Article IV, Section 3.
- c) Election Procedures:
  - 1) Separate elections shall be held for the Resident and Director-at-Large vacancies. See Appendices A and B for the sample ballot formats.
  - 2) Provision shall be made for a secret ballot. Tear-off tabs showing lot numbers shall be used on the ballots for voter identification and qualification after which the tabs shall be torn off as the ballot is cast. There shall be not fractional votes.

**Section 4. What are the minimum road specifications required to become a Category B member?**

The road standards for the Association's gravel roads are to be similar to the standards of the Washtenaw County Road Commission, except that widths and grades of the roads may vary. The minimum specifications for acceptable roads are:

- Street width – 18 feet
- Shoulder width – 5 feet
- Crown of road of pavement – 5 inches
- Roadside ditches – 2 to 1 side slope
- Gravel surface – 6 inches minimum compacted to grade equal to Michigan Department of Highways and Transportation specification 22A
- Roadside culvert or 12 inches diameter minimum and 30 feet long placed at each driveway and located properly in the road right-of-way. The culvert may be larger than 12 inches as specified on the site plans approved by the Architectural Control Committee.

**Section 5. What is the process which must be followed to place the roads into an acceptable and maintainable condition?**

- a) A group of Category C members may petition the board of Directors for construction of a road or section of a road.
- b) The Board of Directors shall conduct a hearing to determine the necessity for the road improvement.
- c) The Board of Directors shall, within 30 days of submission, engage an engineer to prepare the design specifications and plans for the road improvement.
- d) The Board of Directors shall establish an assessment district to include the lots accessible by the road(s).
- e) The Board shall determine the engineering and construction cost per lot and may borrow money, establish a payment plan (including interest on loans) and place a lien on the lots within the assessment district.
- f) The Board of Directors shall approve the project.
- g) Construction of the road cannot begin until all members abutting such road have paid into the escrow account in accordance with the established payment plan.
- h) The Board of Directors, through an engineer, shall oversee the construction and give final approval as to whether the roads are acceptable for maintenance.

**Section 6. What is the record date for determination of members voting rights?**

- a) The Board of Directors will accept no changes in its records of voting eligibility for a period not exceeding forty (40) days preceding the date of any meeting, or the date for the determination of any assessment. In such a case only members on the Association's records as of the closing date shall have the right to receive notice and to vote at the subsequent meeting.
- b) The Board of Directors must include the record date in the notice of any membership meeting.

**Section 8. Proxies and Absentee Ballots**

- a) May members vote by proxy at any meeting of members?

Members may designate another member, the Board of Directors, or his/her attorney to cast their vote by proxy at any annual or special meeting of the Association. The form of proxy will be established, from time-to-time, by the Board of Directors. Refer to the Appendix F for an example proxy.

- b) Must a member file a new form of proxy for every meeting of the Association?

Yes. A separate proxy is required for each membership meeting.

- c) May members vote by absentee ballot?

Absentee ballot(s) will be provided by the Board of Directors to any member upon request. The ballot(s) must be filed with the Secretary before the meeting is formally convened. The Secretary will insure that the vote of the absentee voter is treated as a secret ballot.

## **ARTICLE III – Registration of Members**

### ***Section 1. How is the registration of members maintained?***

- a) Registered members are recorded in a Registry of Owners as an owner or land contract vendee of a lot in the Loch Alpine subdivision, as recorded by the Register of Deeds of Washtenaw County, or by other evidence of conveyance of ownership rights.
- b) The corporation shall have the right to treat the registered member as the absolute owner thereof, and shall not be bound to recognize any equitable or other claim to, or interest in, such claim on the part of any other person, whether or not the corporation shall have express or other notice thereof, save as may be otherwise herein provided or provided by the statutes of Michigan.

### ***Section 2. How is the registration transferred upon the sale of a lot?***

- a) Registration of a member in this corporation shall pass automatically with the title or by sale on land contract of any lot in Loch Alpine and shall run therewith as provided for in the Restrictions to the imposed on said land. There shall be no members independent of ownership of any lot in Loch Alpine.
- b) Lot owners are required to advise the Secretary in writing of all changes in ownership that effect voting category status such as sales, land contracts, issuance of Certificates of Occupancy, and any other changes that effect voting rights.
- c) Upon presentation to the Board of Directors of any conveyance or instrument of transfer to a lot in Loch Alpine recorded with the Register of Deeds of Washtenaw county or a photocopy thereof, the Directors shall promptly recognize and record the then legal title owner or land contract vendee for each lot reflected by such conveyance or instrument, regardless of whether such transfer was by sale, gift, devise, or by voluntary or involuntary transfer.
- d) In the event any lot in Loch Alpine is sold on a duly recorded land contract or memorandum thereof, the last purchaser or purchasers of said lot shall have the sole voting rights to the exclusion of the legal title owner and intermediate vendees, if any.
- e) A record will be made of the transfer transaction and the date of such transfer.

### ***Section 3. What happens if a lot is co-owned between two abutting Category A residences?***

- a) In a case where a lot, on which there is no residential or commercial construction, is owned by co-owners there shall be no fractional shares and voting rights shall apply pursuant to Article II, Section 2c, of these By-Laws.
- b) In a case of division of a lot, for which title is transferred for each fractional portion to the respective adjoining lots, there shall be no fractional votes. The voting share will be dissolved. The fixed assessment shall terminate.

## **ARTICLE IV – Meetings of Members and Directors**

### ***Section 1. How is the place of meetings established?***

- a) Membership Meetings: any and all meetings of the membership, as defined in Article II, Section 1, above, of this corporation, shall be held within Washtenaw County, pursuant to resolutions adopted by the Board of Directors.
- b) Directors Meetings: Any and all of the Board of Directors and of the Executive Committee (if any) of this corporation shall be held within Washtenaw County.

### ***Section 2. What is the purpose of the annual meeting of the members and when is it held?***

The annual meeting of the members shall be held in March of each year at such time and date as may be determined by the Board of Directors for the purpose of electing directors; voting on variable assessments; road escrow; By-Law, Articles of Incorporation and Restrictions; and for transacting such business as may be properly brought before the meeting.

### ***Section 3. How are the members notified of the annual meeting?***

At least twenty (20) days prior to the date fixed by Section 2 of this article for the holding of the annual meeting of members, written notice of the time and place shall be mailed, as hereafter provided, to each member entitled to vote at such meeting. Notices of the annual meeting of members shall include proposed budgets, assessments, road escrow and any other matters to be voted upon at such meeting, including names and backgrounds of nominees for vacancies on the Board of Directors.

### ***Section 4. What happens if the annual meeting is delayed?***

If, for any reason, the annual meeting of the members shall not be held on the day designated, such meeting may be called, pursuant to the requirements of Section 3 of this article, and held as a special meeting.

### ***Section 5. How are special membership meetings called?***

A special meeting of the members may be called at any time by a majority of the Board of Directors, or by an aggregate of not less than 30% of the members entitled to vote at such meeting. Upon receipt of a specification in writing setting forth the purpose or purposes of such proposed meeting, signed by a majority of the Board of Directors, or by members as above provided, the Secretary of this corporation shall prepare, sign and mail notices required.

### ***Section 6. How are the members notified of a special meeting?***

At least twenty (20) days prior to the date fixed for the holding of any special meeting of members, written notice of the time, place and purposes of such meeting shall be mailed, as hereafter provided, to each member entitled to vote at such meeting. Notices of the special meeting of members shall include details and basis of proposed special assessments and specific agenda items to be voted upon at such meeting. No business or assessment not mentioned in the notice shall be transacted at such meeting.

### ***Section 7. When is the annual meeting of the Board of Directors?***

- a) The annual meeting of the newly comprised Board of Directors shall convene within seven days of the annual members meeting for the purpose of electing officers and transacting any other business properly brought before it.
- b) Until new officers are elected, all prior officers shall remain in office.

**Section 8. *When are regular meetings of the Board of Directors held?***

- a) Regular meetings of the Board of Directors, in addition to the annual meeting, shall be held monthly, at such time and place as the Board of Directors shall determine.
- b) Regular meetings may be canceled or postponed by the majority vote of the Directors.

**Section 9. *How are directors notified of regular meetings of the Board of Directors?***

At least three (3) days prior to the date fixed for the holding of any regular meeting of the Board of Directors, the Secretary shall advise each director, in writing, of the time and place of such meeting.

**Section 10. *How are special meetings of the Board of Directors called?***

Special meetings of the Board of Directors may be called at any time by the President or any two members of the Board.

**Section 11. *How are directors notified of special meetings of the Board of Directors?***

At least three (3) days prior to the date fixed for the holding of any special meeting of the Board of Directors, the person or persons calling the said meeting shall advise each director, in writing, of the time, place and purpose(s) of such meeting.

**Section 12. *What are the procedures for preparing notices and mailing?***

- a) All notices required to be given by any provision of these By-Laws shall state the authority pursuant to which they are issued (as, "By order of the President", or "By order of the Board of Directors", or "By Order of the Members", as the case may be) and shall bear the signature of the President, Secretary or any two directors of the corporation.
- b) Every notice shall be deemed duly served when the same has been deposited in the United States mails, with postage fully prepaid, plainly addressed to the sendee at his, her or its last address appearing upon the original or duplicate member ledger of this corporation at its registered office.
- c) Any such notice may also be given in other forms of writing such as telegrams. In the event that any such notice is given, the same shall be deemed duly served when the same has been delivered by the transmitting company or agency to the sendee at his, her or its last address appearing upon the original or duplicate member ledger of this corporation at its registered office.

**Section 13. *Is there a provision for waiver of notice?***

- a) Yes. Anything to the contrary contained in any provision of these By-Laws notwithstanding, any notice of the time, place and purposes of any meeting of the Board of Directors required to be given by an provision of these By-Laws may be waived in writing, either before of after such meeting has been held.
- b) No action taken at any meeting of the Board of Directors which is otherwise valid shall be invalid for want of notice required by any of the provisions of these By-Laws if such notice shall be waived as provided above, or if all directors (in person or by proxy) shall be present at the respective meetings of directors, regardless of call or notice.

# ARTICLE V – Quorum

## **Section 1. Quorum of Members**

a) What constitutes a quorum of members?

1) Resident Director Elections, Business Matters, Budget, Assessments and Road Escrow:

Thirty-five (35) percent of Category A members in good standing shall constitute a quorum at any meeting of members for such matters to properly come before the meeting, either by physical presence, by proxy, or by written absentee ballot.

2) Director-at-Large elections:

Thirty-five (35) percent of Category A and B members in good standing shall constitute a quorum at any meeting of members for such purpose, either by physical presence, by proxy, or by written absentee ballot.

3) Changes to Restrictions, Articles of Incorporation and/or By-Laws:

A majority of Category A, B, and C members in good standing constitute a quorum at any meeting called for such purposes. A majority is defined as more than fifty (50) percent of all members eligible to vote on such matters, either by physical presence, by proxy, or by written absentee ballot.

b) What happens if a quorum of members is not present?

If a quorum, as defined above, is not present, either by physical presence, by proxy, or by written absentee ballot, then the majority present, in person or by proxy, may adjourn the meeting, from time-to-time, without further notice other than an announcement at the meeting until a quorum is assembled. At any such adjourned meeting, any business can be transacted which might have been transacted at the meeting originally scheduled.

## **Section 2. Quorum of Directors**

a) What constitutes a quorum of the Board of Directors?

A majority (more than 50%) of the directors constituting the Board of Directors of the Association shall constitute a quorum for all purposes at any meeting of the Board, unless a greater number than more-than-50% is required by law.

b) What happens if a majority of directors is not present at a meeting of Directors?

If there is less than a quorum present at any meeting of the Board, a majority of those directors present may adjourn the meeting, from time-to-time, without notice except for an announcement at the meeting until a quorum of directors is present. At any such adjourned meeting, any business can be transacted which might have been transacted at the meeting originally scheduled.

# **ARTICLE VI – Board of Directors**

## **Section 1. *What is the Board of Directors?***

- a) The property and business of this corporation shall be managed by a Board of Directors consisting of seven directors. The Directors shall be classified into two classes: the first class, consisting of five (5) Category A resident members residing in Loch Alpine, shall be designated “Resident Directors”; the second class, consisting of two (2) Category A, B, or C members, who may or may not be residents, shall be designated “Directors-at-Large”.
- b) When the number of Category A members reaches 334 the number of Director-at-Large positions shall be reduced to one (1) and the position replaced by a Category A Resident Director. When the number of Category A members reach 401 the remaining Director-at-Large position shall be replaced by a Category A Resident Director. The change in director classes shall take place at the annual meeting following the year in which the Category A thresholds above have been met.

## **Section 2. *What are the terms of office?***

- a) Each Director shall hold office for the term of two (2) years. Three Resident Directors and one Director-at-Large shall be elected in even numbered years and two (2) Resident Directors and one (1) Director-at-Large shall be elected in odd numbered years. Commencing with the Annual Meeting of 1989, no Director shall be elected to the Board of Directors for more than two (2) consecutive full two-year terms.
- b) When a Director-at-Large position is replaced with a Category A Resident Director it shall occur with the next Director-at-Large expired term.

## **Section 3. *How are vacancies filled during a Director’s unexpired term?***

In the case of any vacancy in the Board of Directors through death, resignation, disqualification or other cause, the remaining directors, although less than a quorum, by affirmative vote of the majority thereof, may elect a successor to hold office until the next annual meeting, at which time a Director will be elected by the members to fill the position. Election to fill a vacancy shall not be counted in the limitations on consecutive terms in Section 2, (a) above.

## **Section 4. *How does the Board of Directors take action?***

The acts of a majority of the directors present at any meeting of the Board of Directors, at which a quorum is present, shall be the acts of the Board of Directors; provided that if the directors shall severally or collectively consent in writing to any action to be taken by the corporation, such action shall be as valid corporate action as though it had been authorized at a meeting of the directors.

## **Section 5. *Does the Board of Directors have the power to make By-Laws?***

The Board of Directors cannot make or alter any By-Law or By-Laws.

## **Section 6. *How are officers elected?***

The Board of Directors shall elect the officers of the corporation pursuant to Article VII, Section 1, below.

## **Section 7. *Can the Board appoint other officers and agents?***

The Board of Directors may appoint such other officers and agents as it may deem necessary for the transaction of the business of the corporation.

**Section 8. How are officers and agents removed from office?**

Any officer or agent may be removed from office by the Board of Directors whenever in the judgment of the Directors the business interests of the corporation will be served thereby. Officers and agents are automatically removed when their terms expire.

**Section 9. How are officer and agent vacancies filled?**

The Board of Directors shall have the power to fill any vacancies in any office occurring for any reason whatsoever.

**Section 10. How and who delegates the power of officers and directors?**

The Board of Directors delegates powers to officers and directors. For any reason deemed sufficient, the Board of Directors may delegate all or any of the power and duties of any officer to any officer or director, but no officer or director shall execute, acknowledge or verify any instrument in more than one capacity.

**Section 11. Are officers and directors compensated?**

The compensation of officers and agents is optional and is fixed by the Board of Directors. No compensation shall be paid to any director.

**Section 12. How does the Board of Directors appoint committees?**

a) Executive committee:

- 1) The Board may, in its discretion, by resolution passed by a majority of the Board, designate an Executive Committee of not less than three consisting of the President, Treasurer and such other directors as the Board may from time-to-time determine. The Board shall have the power at any time to change membership of the Executive Committee, to fill vacancies in it, or to dissolve it.
- 2) When the Board is not in session, the Executive Committee shall have and may exercise the powers of the Board in the management of the property and business of the corporation. However, the authority to enter into contracts and commit the corporation any legally binding manner is reserved to the full Board of Directors as defined in Article VIII, Section 2, below.
- 3) The Executive Committee shall not have the power to fill vacancies, appoint or remove Architectural Control Committee members, or regulate the conduct of activities of the Architectural Control Committee.
- 4) The Executive Committee may make rules for the conduct of the committee, may appoint such committees and assistants as it shall deem necessary. A majority of the members of the Executive Committee shall constitute a quorum.

b) Architectural Control Committee:

- 1) The Board of Directors shall designate those persons it is empowered to select by the Articles of Incorporation to act as an Architectural Control Committee, pursuant to provisions in paragraph (g) set forth in the Building and Use Restrictions recorded in Liber 1504, page 783 through 836 inclusive, Washtenaw county records, and the provisions of Article V (g) of the Article of Incorporation of this corporation.
- 2) The Board of Directors shall have the responsibility of overseeing the activities of the Architectural Control Committee, including the right of approval of its actions, all within the time limit required by the Association Restriction Agreement.
- 3) The primary responsibility of the committee is to review building and site plans and specifications for a structure for compliance with the Association Restriction Agreement, and recommend approval or disapproval to the Board of Directors.

- 4) Architectural control approval of site and construction plans and specifications shall be contingent upon the presentation of enforceable provisions to insure the completion of construction of abutting road(s), in accordance with Association and other governmental unit requirements.

c) Standing Committees:

The following are Standing Committees shall be appointed each year to assist the Board of Directors:

- 1) *Roads Committee*: The Board of Directors shall appoint a Roads Committee to report to the Board and be responsible for the maintenance and improvements of the roads. The committee shall recommend and propose both maintenance and capital improvement budgets to the Board. Further, the committee shall be responsible for arranging contracts, to be approved by the Board, and coordination work with contractors.
- 2) *Lakes Committee*: The Board of Directors shall appoint a Lakes Committee to report to the Board and be responsible for the maintenance and improvements of the lakes, beach facilities and aquatic life. The committee shall recommend and propose both maintenance and capital improvement budgets to the Board. Further, the committee shall be responsible for arranging contracts, to be approved by the Board, and coordinating work with contractors.
- 3) *Grounds Committee*: The Board of Directors shall appoint a Grounds Committee to report to the Board and be responsible for the maintenance and improvements of the corporation property, park areas and recreation facilities. The committee shall recommend and propose both maintenance and capital improvement budgets to the Board. Further, the committee shall be responsible for arranging contracts, to be approved by the Board, and coordinating work with contractors.

d) Loch Alpine Sanitary Authority:

Each year the Board of Directors shall appoint a representative to the Loch Alpine Sanitary Authority (LASA) Board of Directors. This representative shall keep the Association Board of Directors informed of the activities of LASA on a regular basis.

e) Other Committees:

The Board of Directors may, from time-to-time, appoint other committees, standing or special, from among their own number or otherwise, confer powers on such committees, and may revoke such powers and terminate the existence of such other committees at its discretion. The provisions of this sub-section shall not apply to the Architectural Control Committee.

## **ARTICLE VII – Officers**

### ***Section 1. Who are the officers of the Association?***

The executive officers of the corporation shall be (a) a President, (b) a Vice President, (c) a Treasurer, and (d) a Secretary, all of whom shall be elected by the Board of Directors. The President and Vice President shall be members of the Board of Directors.

### ***Section 2. What are the duties of the President?***

- a) The president shall preside over all meetings of the membership and meetings of the Board of directors.
- b) He/she shall have general and active management of the corporation's affairs and see that activities authorized by the Board of Directors are carried into effect.
- c) He/she shall have the general powers and duties of supervision and management usually vested in the office of a chief executive officer of a corporation.
- d) He/she shall from time-to-time make such reports of the affairs of the Association as the Board may require, and shall do and perform such other duties as from time-to-time shall be assigned to him/her by the Board of Directors or the Executive committee.

### ***Section 3. What are the duties of the Vice President?***

- a) The Vice President shall perform all duties and exercise all powers of the President during absence or disability of the President.
- b) He/she shall perform such other duties as from time-to-time shall be assigned to him/her by the Board of Directors, the President, or the Executive committee.

### ***Section 4. What are the duties of the Treasurer?***

- a) The Treasurer shall have custody of all corporate funds and securities and shall keep full and accurate accounts of all receipts and disbursements in books belonging to the corporation.
- b) He/she shall deposit all moneys, securities, and other valuable effects in the name of the corporation in such depositories as may be designated by the Board of Directors for that purpose.
- c) He/she shall disburse the funds of the corporation in such a manner as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and directors at the regular meetings of the Board of Directors, or whenever requested by any of them, an account of all his/her transactions as Treasurer and of the financial condition of the corporation.
- d) If required by the Board of Directors, he/she shall deliver to the President, and keep in force, a bond in form, amount and with surety or sureties satisfactory to the Board, conditioned for faithful performance of the duties of his/her office, and/or restoration to the corporation in case of death, resignation, retirement or removal from office, of all books, papers, vouchers, money and property of whatever kind in his possession or under his/her control belonging to the corporation.

## **ARTICLE VIII – Finances**

### **Section 1. Who has check-signing authority?**

Only those specifically authorized by the Board of Directors may sign checks, drafts, or other orders that will result in the disbursement of the corporation's money. Authorized people may or may not be officers of the corporation.

### **Section 2. Who can authorize contracts and who has contract-signing authority?**

- a) The Board of Directors must authorize all contracts, conveyances, and other legally binding instruments. Two signatures are required on such documents. The President or Vice President and Secretary are the authorized signatories for the corporation and may affix the corporate seal.
- b) The Board of Directors may delegate specific signature authority to other directors, committee chairpersons or agents as deemed appropriate. In such instances the requirements of two signatures shall prevail.

### **Section 3. Assessments**

- a) For what purposes may assessments be levied on members?  
Assessments are restricted to the purpose set forth in Article II of the Articles of Incorporation.
- b) How many types of assessments are there?
  - 1) Assessments on property owned by members are of two types, variable and fixed.
  - 2) Variable assessments may be levied for corporate operating expenses, minor capital improvements (the annual operating assessment), and for major capital improvements to community property. Annual variable assessments for operating and minor capital improvements are based on the budget provided with the notice of the annual membership meetings.
  - 3) Any improvement with an estimate cost in excess of 20% of the annual operating assessment is defined as a major capital improvement.
  - 4) Funds generated for operating expenses and minor capital improvement and major capital improvement variable assessments cannot be co-mingled.
- c) What is the fixed assessment and to what members does it apply?  
The fixed assessment shall be \$20.00 per year. It shall be levied on all Category B and C lots.
- d) How are variable assessments developed and proposed?
  - 1) Variable assessments may be developed and proposed either by a resolution of the Board of Directors or by a vote of the members themselves at an annual or special membership meeting.
  - 2) For the annual operating expenses assessment and minor capital improvement assessment, the Board shall prepare and distribute to members eligible to vote on assessments a proposed budget with the notice of the annual meeting of the members.
  - 3) In the case of proposed major capital improvement assessments the Board shall prepare and distribute to the members eligible to vote on assessments a written justification of the project, including its multi-year cost. The Board shall also conduct

one or more public hearings on the proposed project prior to the regular or special meeting at which the project is to be voted upon.

- e) How are variable assessments approved and made binding on members?

A majority of votes cast by the members eligible to vote on assessments is needed to approve all assessments at either an annual or special meeting of the members. If the proposed assessment has originated from a resolution of the Board of Directors, the Board must include in the notice of the meeting the purpose of the proposed assessment and the amount payable per member.

- f) Who is eligible to vote on a variable assessment?

Only Category A members as defined in Article II, Section 1 (a), may vote on such assessments. Each Category A lot entitles its owner to one vote.

- g) How are variable assessments apportioned among the membership?

Every Category A lot owner shall pay an equal assessment, except there shall be a special provision for lots 465 through 470 containing a golf course.

- h) What are the special provisions applicable to the golf course?

Each lot 465 through 470 shall pay an additional 67% of the amount of an annual operating assessment on an improved lot (with a residence). The Board of Directors may waive a major capital improvement assessment on the golf course if it determines that such a special assessment does not benefit the club.

- i) How does the conversion from the fixed assessment to the variable assessment work?

The fixed assessment terminates with the issuance of a Certificate of Occupancy. The owner shall pay the pro rata share of the variable assessment for the balance of the year from the date of the certificate of Occupancy.

- j) When is payment of both fixed and variable assessments due?

Both fixed and variable assessments shall be due and payable 30 days after mailing by the Board of Directors of a notice. In the case of variable assessments, the notice will specify membership approval of such assessment.

- k) What are the penalties for late payment of assessments?

Fixed or variable assessments not paid in full with 30 days of the board's notice shall be subject to an additional charge on the unpaid balance of 1.5% per month. After 120 days a claim for the unpaid balance plus accrued additional charges, filing fees, and court costs may be filed with the small Claims/District Court of Washtenaw County. Unpaid assessments are also secured by lien rights that can be foreclosed if necessary.

- l) How are unpaid assessments collected upon sale or conveyance of a lot?

1) Upon the sale or conveyance of a lot, all unpaid assessments against a lot shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except the following:

i) Amounts due the state, or any subdivision thereof, or any municipality for taxes and special assessments due and unpaid on the lot.

ii) Payments due under a first mortgage having a priority thereto.

2) Liens for unpaid assessments: A purchaser or grantee is entitled to a written statement from the Association setting forth the amount of the unpaid assessments against the seller or grantor and the purchaser or grantee is not liable for, nor is the lot conveyed or granted subject to a lien for any unpaid assessments in excess of the amount set forth in the written statement.

- i) Unless the purchaser or grantee requests a written statement from the Association at least 5 days before sale, the purchaser or grantee shall be liable for any unpaid assessments against the lot together with interest, costs, and attorney fees incurred in the collection thereof.
- m) How shall funds assessed for road maintenance be apportioned amount lot owners on accepted roads?

All roads which have been accepted by the Board of Directors as eligible for maintenance in accordance with Article II, Section 1 (f), of these By-Laws shall receive appropriate maintenance including the addition of gravel, grading, snow removal, etc., whether they front and service resident or vacant lots. The Board shall define appropriate maintenance on all Loch Alpine roads considering the actual traffic and/or hazards. It shall be optional to maintain unaccepted roads.

**Section 4. How will the financial condition of the corporation be reported?**

The Board of Directors shall submit an annual financial report at the annual meeting of the members summarizing its assets, liabilities, and an operating statement for operating expenses and any capital improvements. Additional interim reports may be prepared at the request of a majority of the Board of Directors or 50% of category A members.

**Section 5. Does the corporation have the power to borrow money and to issue promissory notes or bonds?**

This corporation has the power to borrow money and to issue promissory notes or bonds for repayment of its debts or to mortgage its property as security.

- a) Who has the authority to authorize the borrowing of money, the issuing of promissory notes and bonds, and/or the mortgaging of Association property?

The Board of directors must be granted authorization for such action by two separate affirmative votes of members. A majority of all lot owners, defined as Category A + Category B + Category C members, and, separately, a majority of all Category A resident members must both authorize a commitment of the corporation at a duly called meeting at which a quorum of both classes of members is represented, except for borrowing money for the purposes of a road improvement as defined in Article II, Section 6.

- b) Must all details of the proposed loan, bond issue, or mortgage be known before members approve?

Members may authorize a commitment before knowing the exact particular sum, rate of interest or time of maturity of the commitment without invalidating the note, bond issue or mortgage. The Board of Directors may be authorized to negotiate the most favorable terms possible within the broader guidelines of approval by members.

## **ARTICLE IX – Annexation**

Pursuant to Article II of the Articles of Incorporation, the Association may annex other property in the Townships of Scio and Webster, Washtenaw County, Michigan, which may be adjacent to the Loch Alpine subdivision, subject to approval of the members.

### ***Section 1. What is the process which must be followed to annex adjacent property into the Loch Alpine Community?***

- a) Plans for the parcel proposed for annexation shall be submitted to the Board of Directors with a petition for annexation.
- b) The proposed plans must be prepared in accordance with the requirements set forth by the Plat Act P.A. 288 of 1967.
- c) The Board of Directors shall adopt a resolution to serve as testimony at rezoning and plat hearings conducted by the Scio or Webster Township Planning Commissions. The Board shall ascertain the timing, periods and conditions involved in the review process.
- d) The Board of Directors shall refer to the Site Plan Review Process used by the Townships and negotiate and review the proposed plans for:
  - 1) Environmental impact.
  - 2) Meet the general intent of the goals of the Loch Alpine Community.
  - 3) Road system or layout network is compatible with the general character of Loch Alpine's roads.
  - 4) Drainage problems and solutions.
  - 5) Impact of water and sewer requirements.
  - 6) Adequacy of green space and recreation amenities.
- e) The Board of Directors shall call a special membership meeting or a series of meetings for the purpose of reviewing the plans and discussing issues.
- f) The Board of Directors shall prepare a resolution to be presented for member approval at another special meeting or by mail ballot.
- g) No annexation can be approved until the plat is approved by the appropriate governing agencies and until provisions for the completion of sewers, water, road and drainage improvements are completed and agreed upon. However, annexation may be undertaken in phases as the foregoing conditions are met.

### ***Section 2. What are the minimum requirements imposed on the owner(s) of the parcel proposed for annexation?***

The owner(s) (petitioners) of such property shall agree to:

- a) Record the inclusion of property in Loch Alpine Community in the Office of the Register of Deeds for Washtenaw County, Michigan.
- b) Agree to become members of the Association and abide by Articles of Incorporation, By-Laws, and Restrictions of the Association.
- c) Pay for construction of new roads.

Pay for assessments negotiated by the Board of Directors, including provisions for payment to reimburse the Association for costs or administration, existing roads and community properties. The first payment shall be due at the first deed transfer.

Maintain the character of residential construction consistent with that of Loch Alpine.

## **ARTICLE X – Seal and Miscellaneous Matters**

### ***Section 1. What is the seal of the corporation?***

The seal of the corporation shall be a die which shall impress in raised letters the following: LOCH ALPINE IMPROVEMENT ASSOCIATION, A Michigan Corporation, Corporate Seal. The seal shall remain in the custody of the Secretary of the Association and shall be affixed by him/her to such instruments as shall be required by law, or by the Board of Directors, to be executed under the seal of the company.

### ***Section 2. Can the corporation have a lien upon the real estate in Loch Alpine Subdivision?***

- a) The corporation shall have a lien upon the real estate in Loch Alpine Subdivision owned by each delinquent member for all debts and unpaid assessments due to the corporation from any of its members.
- b) During such period from and after thirty (30) days after payment of such debt or assessment is due, voting rights of said members shall be suspended.
- c) In addition to the suspension provision above, the corporation reserves the right to seek to enforce its lien rights in the manner of foreclosure of mortgages, but only with due notice, by judicial action or by advertisement.

### ***Section 3. How shall the Board of Directors limit the liability of its directors and members against acts of omission, negligence, injury, etc.?***

- a) A volunteer director shall not hereafter be personally liable to the corporation or its members for monetary damages for breach of the director's fiduciary duty, except where there is:
  - 1) A breach of the director's duty of loyalty to the corporation or its members/
  - 2) Acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law.
  - 3) A violation of Michigan Statutes annotated Section 21.200(551);
  - 4) A transaction from which the director derived an improper personal benefit; or
  - 5) An act or omission that is grossly negligent.

If the Michigan Nonprofit Corporation Act is subsequently amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Association shall be eliminated or limited to the fullest extent permitted by the Michigan Nonprofit Corporation Act, as so amended.

Any repeal or modification of the foregoing provisions of this Article by the members of the Associate shall not adversely affect any right or protection of a director of the Association existing at the time of such repeal or modification.

The Board of Directors shall purchase a liability insurance policy for acts of nuisance, negligence, injury, etc. against the corporation for its roads, lakes and grounds.

The Board of directors shall purchase a liability policy for acts due to errors and omission by the Board of Directors.

## **ARTICLE XI – By-Law Amendments**

### ***Section 1. How are amendments of the By-Laws affected?***

- b) The By-Laws may be altered, amended, changed, added to, or repealed by an affirmative vote of a majority of the votes cast.
- c) Said vote to amend may be had at any regular or special membership meeting if notice of the proposed amendment, alteration, addition, or repeal is contained in the notice of meeting, provided, however, that no change for the date or the place of the meeting shall be made within thirty (30) days before the day upon which such meeting is to be held.
- d) These By-Laws shall be reviewed for updating at least every five years.

Adopted May 23, 1988. Last Revised: May 11, 2005.

# Appendices