

# SYLVAN BEACH RESORT COMPANY AMENDED AND RESTATED BYLAWS

Adopted as of July 25, 2025

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**ARTICLE I - PURPOSE**

The purposes for which this Association is organized shall be those specific and general purposes set forth in the Articles of Incorporation of Sylvan Beach Resort Company (the "Association"). In furtherance of such purposes, this Association shall promote and maintain the safety, property values and general well being of the shareholders of the Association and the property of the shareholders located within the Sylvan Beach Resort Company, Fruitland Township, Muskegon County, Michigan. The Association was incorporated on August 2, 1895, and continues to represent its shareholders with respect to matters now or hereafter concerning one or more of its shareholders regarding such property.

**ARTICLE II - MEMBERS**

*Section 1. Eligibility.* Every person, combination of persons, beneficiaries of any trusts, or members of limited liability companies or partnerships, or other legal entity holding eleven or more shares of stock shall be eligible for membership in the Association, and no other person or legal entity shall be eligible for membership. Notwithstanding the foregoing, members of the family of an eligible Association member who live with the Association member shall enjoy the benefits of Association membership if the eligible member is an active member.

*Section 2. Members.* Notwithstanding Section I of this Article II, only eligible individuals who have currently paid any and all dues and/or assessments levied by the Association within the time periods for making such payments shall be considered active members of the Association. Only "active members" and their spouses shall be eligible for election or appointment as directors or officers of the Association. Only active members shall be eligible to vote on any matter coming before the Association for decision. As used in these Bylaws, the term "member" is defined to mean only an active member.

**ARTICLE III - DUES AND ASSESSMENTS**

*Section 1. Dues and Assessments.* The annual dues and labor charges upon each dwelling shall be an amount recommended by the Board of Directors and approved by the shareholders representing a majority of shares outstanding at the annual meeting of the Association. They shall be due and payable sixty (60) days after the date on the statement published by the Treasurer; thereafter, a late charge may be added. The Board of Directors shall determine the amount of such late charge from time to time, provided that the Board of Directors shall apply such charge on a uniform basis in all cases during any calendar year. Annual dues will be levied to fund expenses for the general benefit of all members of the Association and will be billed semi-annually. Labor charges

will be billed as work is completed. The Board of Directors shall determine the amount of any special assessments, which may only be levied to pay for labor, materials and services benefiting one or more common areas or for unforeseeable emergencies. Such special assessments in the aggregate shall not exceed Twenty Thousand (\$20,000) Dollars in any fiscal year without the approval of a majority of the shares outstanding. Such annual dues and special assessments shall be levied on a reasonable and uniform basis, as deemed appropriate by the Board of Directors for the intended purpose of such levy.

*Section 2. Notice of Dues and Assessments.* The Board of Directors shall cause a notice of any dues and assessments of members to be delivered by electronic mail or, if necessary, by first-class mail. Except in the case of Association dues to be used for the general purpose of defraying costs incurred by the Association in the normal conduct of its business, the notice shall state the purpose of the levy and the method used to determine the amount of assessment.

*Section 3. Payment of Dues and Assessments.* Each member shall pay the amount of dues and/or assessments levied within the time period determined by the Board of Directors and set forth on the notice. The time period shall in no case be more than sixty (60) days from the date of notice, unless otherwise extended by the Board of Directors due to unavoidable hardship.

*Section 4. Default in Payment.* If taxes, dues, maintenance charges and/or assessments or other charges ("Charges") are not paid within the required time period set by the Board of Directors, they shall be considered as being in default. A member whose Charges are in default shall no longer be an active member of the Association and shall lose the privileges of active membership, as set forth in Section 2 of Article II. If a member's Charges are in default, the Association may impose a lien upon the stock and leasehold of the member, on which the Board of Directors may foreclose according to the same procedures established by the laws of the State of Michigan for foreclosure of mortgages, either by advertisement or by proceedings filed in Muskegon County Circuit Court. 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. A member may again become an active member by paying to the Association all Charges in default (including those levied while a member but not an active member), with a late charge in an amount to be determined by the Board of Directors, to the date of payment. The Board of Directors, in its sole discretion, may waive any or all of the Charges and/or interest thereon in the event of special circumstances; provided, however, that such waiver shall be made only upon a seventy-five percent (75%) vote of the Board of Directors then in office. If a member has been relieved of his or her position as

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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.

*Section 5. Allocation of Taxes.* Property taxes assessed to the Association during each calendar year shall be allocated and each shareholder's property taxes shall be determined as follows:

- (a) The product of the taxable value of the dwelling and all other improvements situated upon and the land comprising the leasehold of such shareholder or used exclusively by such leasehold multiplied by the current millage rate; plus,
- (b) The product of the taxable value of all land comprising the common areas not subject to any lease, plus the taxable value of all buildings and other improvements available for common use by the shareholders first multiplied by the current millage rate, and then multiplied by the following factor: number of corporate shares then owned by such shareholder divided by the number of corporate shares then issued and outstanding.

*Section 6. New Dwellings.* Any member who erects a new dwelling will be required to make a capital contribution in the amount of One Thousand (\$1,000) Dollars to be expended solely for renovation, expansion or other capital improvement of common buildings or other common improvements or grounds, except if such dwelling replaces one for which such additional capital contribution has been paid. Such capital contribution shall entitle the member to receive one (1) additional share of the stock of the Association.

**ARTICLE IV - MEETINGS OF MEMBERS**

*Section 1. Meetings.* The annual meeting of the members shall be held at 7:00 p.m., local time, on the last Friday in July of each year at the Wabaningo Club, or other suitable place equally convenient to the members, as may be designated by the Board of Directors. At each such meeting there shall be elected by ballot of the members one (1) or more Directors in accordance with the requirements of these Bylaws. The members may also transact at their annual meeting such other business of the Association as may properly come before them.

*Section 2. 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 shares of stock of the Association then issued and outstanding. The notice of any special meeting shall set forth the business to come before the members, and only such business shall be transacted.

*Section 3. Notice.* The Secretary or designated officer shall deliver 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, to each member at least ten (10) but not more than thirty (30) days before the meeting. The notice will be sent to the email address, or, if necessary, by first-class mail, for each Leasehold on file with the Association.

*Section 4. Voting; Proxies.* At each meeting of the members of the Association, members shall be entitled to one (1) vote for each share of stock held of record and may be represented at such meeting in person or by proxy duly authorized in writing for that purpose, such proxy to be filed with the Secretary before or at such meeting.

*Section 5. Quorum; Adjournment.* Presence in person or by proxy at a meeting of the holders of fifty percent (50%) or more of the shares of stock of the Association then issued and outstanding 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. List of Shareholders.* The Secretary shall make and certify a complete list of the active shareholders or members entitled to vote at a shareholder meeting or any adjournment. The list shall include the number of shares each shareholder holds. The list shall be arranged alphabetically by shareholder surname and include each shareholder's address, be produced at the time and place of the shareholder meeting, be subject to inspection by any shareholder during the whole time of the meeting, and be prima facie evidence as to who are the shareholders entitled to examine the list or to vote at the meeting.

**ARTICLE V - BOARD OF DIRECTORS**

*Section 1. Number.* The Board of Directors shall consist of seven (7) members who must be active members or spouses of active members of the Association.

*Section 2. Election; Term.* The Board of Directors shall be divided into three (3) classes. At each annual meeting, Directors shall be elected to hold office for three (3) years and until their successors shall be elected. No Director shall hereafter be elected for a term of more than three (3) years, nor for consecutive terms aggregating more than six (6) years, except that if a Director is elected by the Board of Directors to fill a vacancy, the remainder of the term of the vacating Director shall not be included in such six (6) year period. A director hereafter elected for consecutive terms aggregating six (6) years shall be ineligible for a further full or partial term until at least one (1) year has elapsed from the expiration of the last term for which he or she was elected. At any such election, a majority of the votes cast shall be sufficient to elect.

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*Section 3. Powers and Duties.* The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of Sylvan Beach and may do all such acts and things as are not by the Articles of Incorporation or these Bylaws directed to be done and exercised exclusively by the members. The Board shall have the power to adopt such rules and regulations as it deems necessary and appropriate and to impose sanctions for violations thereof, including, without limitation, monetary fines. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for, the following, by way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget, in which there shall be established the dues payable by each member to pay the common expenses;
- (b) approving the transfer of leaseholds and shares of stock of the Association;
- (c) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of such assessments;
- (d) providing for the operation, care, upkeep, and maintenance of Association property and common areas;
- (e) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Common Areas, when appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;
- (f) collecting the assessments, depositing the proceeds thereof in a bank depository that it shall approve, and using the proceeds to administer the Association;
- (g) making and amending rules and regulations;
- (h) opening bank accounts on behalf of the Association and designating the signatories required;
- (i) making or contracting for the making of repairs, additions, and improvements to, or alterations of the common areas in accordance with the other provisions of these Bylaws, after damage or destruction by fire or other casualty;
- (j) enforcing by legal means the provisions of these Bylaws, and the rules and regulations adopted by it, and bringing any proceedings that may be instituted on behalf of or

against the members concerning the Association;

- (k) obtaining and carrying insurance against casualties and liabilities, as provided in these Bylaws and paying the premium cost thereof;
- (l) paying the costs of all services rendered to the Association or its members and not chargeable to members; and,
- (m) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred.

Notwithstanding anything herein contained:

- (i) In any calendar year, the Board of Directors may authorize expenditures or incur any liability on behalf of the Association in excess of Thirty Thousand Dollars (\$30,000) only as necessary for the routine or emergency operation, care, upkeep, and maintenance of Association property. Any other expense in excess of such amount, including capital expenses, shall require the approval, given in writing or at a meeting duly called, of the holders of a majority of the outstanding shares of stock of the Association; and,
- (ii) The Board of Directors shall not sell or otherwise dispose of any property of the Association without the approval, given in writing or at a meeting duly called, of the holders of a majority of the outstanding shares of stock of the Association, except that the Board of Directors is hereby authorized to dispose of, in its discretion, any personal property of the Association no longer used or needed by the Association.

*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 serve until the end of the term of the person he or she was elected to replace.

*Section 5. Removal.* At any annual meeting of the Association duly called, and at any special meeting of the Association called in whole or in part for such purpose, anyone 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 or she 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.

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*Section 6. Initial Meeting.* The first meeting of a newly elected Board of Directors shall be held at Sylvan Beach either at the Wabaningo Club or at the home of one of the Directors within forty-eight (48) hours after its election at such time and place as shall be fixed by the Directors at the annual meeting of the Association, 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 four (4) such meetings shall be held between each annual meeting. Notice of regular meetings of the Board of Directors shall be given to each Director primarily by electronic mail within a reasonable time before the date of such meeting. Personal contact, U.S. mail, or a telephone call are acceptable forms of notice. Directors may participate in meetings in person, by telephone, or through video or teleconferencing.

*Section 8. Special Meetings.* Special meetings of the Board of Directors may be called by the President by electronic mail, U.S. mail, telephone or fax transmission, within a reasonable time prior to the date of such meeting, 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 at like notice on the written request of at least three Directors.

*Section 9. Statement of Purpose; Waiver of Notice.* Neither the business to be transacted at, nor the purpose of any regular meeting of the Board need be specified in the notice for that meeting. 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.

*Section 12. Meeting by Telephone or Similar Equipment.* A Director may participate in a meeting by conference telephone or any similar communications equipment through which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.

*Section 13. Consent to Corporate Action.* Any action required or permitted to be taken pursuant to Board authorization may be taken without a meeting if, before or after the action, a majority of the Directors consent to the action in writing. For purposes of this section, consent provided by electronic mail shall be considered written consent. Written consent shall be filed with the minutes of the Board's proceedings.

## ARTICLE VI – OFFICERS

*Section 1. Designation.* The Board shall consist of a President, Vice President, Secretary, Treasurer, Grounds Chair, Shoreline Chair, and Activity Chair. All officers must be members in good standing.

*Section 2. Election.* The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board following the annual meeting of the Association 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 or her 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 purpose.

*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 an association, including, but not limited to, the power to appoint, with the consent of the Board and except as otherwise provided in Article VII, persons to serve on committees to assist in the conduct of the affairs of the Association.

*Section 5. Vice-President.* The Vice-President shall be vested

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with all the powers and shall perform all of the duties of the President in the absence or disability of the latter, unless or until the Board of Directors shall otherwise determine.

*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 in 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. Attorney and Accountant Services.* The Board of Directors may appoint legal and accounting services upon the recommendation of a Board member. Legal and accounting counsel shall perform such duties and exercise such powers of the President, Secretary or Treasurer as may be specifically delegated to them as approved by the Board of Directors. The attorney shall be duly licensed to practice law in Michigan. The accountant shall be a Certified Public Accountant and hold a certification in the State of Michigan.

*Section 9. 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.

*Section 10. Conflict of Interest.* To ensure transparency and fairness, Board and Committee members shall recuse themselves from discussions and votes where a conflict of interest exists. A conflict of interest arises when a member:

- (a) Has a financial or personal interest in the matter;
- (b) Has a relationship that may compromise objectivity or
- (c) Is reasonably perceived as unable to act impartially.

Members must disclose conflicts before discussion. If directly affected, they may briefly state their perspective before recusing themselves from further debate and voting.

Should a Board or Committee member refuse to recuse themselves, the Board has the authority to nullify the vote of the conflicted party.

## ARTICLE VII - STANDING AND SPECIAL COMMITTEES

*Section 1. General Powers.* The Board, by resolution adopted by a majority vote of the directors, may establish standing and special committees, each committee to include one or more directors. Unless otherwise provided in these Bylaws or in the resolution authorizing a particular committee, the members of each committee shall be appointed by the President with the approval of a majority of the Board. They shall serve at the pleasure of the Board. Shareholders, their spouses, and adult immediate family members are eligible to serve on Special Committees. The Board may also designate one or more Directors as alternate committee members who may replace an absent or disqualified member at a committee meeting. If a committee member is absent or disqualified from voting, members present at the meeting who are not disqualified may, whether or not they constitute a quorum, unanimously appoint an alternate committee member to act in place of the absent or disqualified member at the committee meeting.

To the extent authorized by Board resolution, a committee may exercise any powers of the Board in managing the Association's business and affairs; however, no committee shall have, and the Board cannot delegate, the power to:

- (a) Amend the Articles of Incorporation;
- (b) Adopt an agreement of merger or consolidation;
- (c) Amend the Bylaws;
- (d) Fill vacancies on the board;
- (e) Fix compensation of the Directors for serving on the Board or on a committee;
- (f) Recommend to members the sale, lease, or exchange of all or substantially all of the Association's property and assets;
- (g) Recommend to the members a dissolution of the Association or a revocation of a dissolution; or
- (h) Terminate memberships.

*Section 2. Meetings/Minutes.* Committees shall meet as directed by the Board, and their meetings shall be governed by the rules provided in Article V for meetings of the Board. The chairman of each committee will advise the Board in a timely manner of its findings, recommendations, and any action taken.

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*Section 3. Action by Consent.* Any action required or permitted to be taken pursuant to authorization of a committee may be taken without a meeting if, before or after the action, a majority of the members of the committee consent to the action in writing. For purposes of this section, consent provided by electronic mail shall be considered written consent. Written consents shall be filed with the minutes of the committee's proceedings.

*Section 4. Modifications.* The Board of Directors may appoint a Modifications Committee ("MC") to consist of at least three (3) and no more than five (5) active members, all of whom shall be appointed by the Board of Directors. The MC, if established, shall have jurisdiction over all original construction on any portion of the properties of the Association and over modifications, additions, or alterations made on or to parkland property, existing buildings, roadways, sidewalks, stairways, retaining walls, etc., and the open space, if any, appurtenant thereto. The MC shall promulgate detailed standards and procedures governing its areas of responsibility and practice, to be called Design Guidelines. In addition thereto, the following shall apply: plans and specifications showing the nature, kind, shape, color, size, materials, and location of such modifications, additions, or alterations, shall be submitted to the MC for approval as to quality of workmanship and design and as to harmony of external topography and finish grade elevation. No permission or approval shall be required to rebuild substantially in accordance with originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of a member to remodel the interior of the member's dwelling. Any decision by the MC shall be reviewed by the Board either on its own motion or upon a request filed with the Board within thirty (30) days by a member whose leasehold is directly affected by such decision.

(a) *No Waiver of Future Approval.* The approval of either the MC of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of such Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

(b) *Variations.* The MC may authorize variances from compliance with any of the provisions of their Design Guidelines when circumstances such as topography, natural obstructions, hardship, aesthetic, or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall: (a) be

effective unless in writing, (b) be contrary to the restrictions set forth in these Bylaws; or, (c) estop the Committee from denying a variance in other circumstances. For purposes of this section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

*Section 5. Nominating.* There shall be a nominating committee to propose a slate of members to fill vacancies on the Board of Directors at the next annual meeting. The committee will be composed of five (5) members appointed by the Board of Directors for a term of one (1) year. A member of this committee may not serve more than three (3) consecutive terms. In addition, the current President will be invited to attend the meetings of the nominating committee in a non-voting advisory capacity

*Section 6. Term Limits.* No member shall serve for more than six (6) consecutive years on the same committee (except for the Nominating Committee, on which no member shall serve for more than three (3) consecutive years), and shall only be eligible for reappointment after having been off the committee for one (1) year.

*Section 7. Enforcement.* The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the committees established pursuant to these Bylaws. No construction (which term shall include within its definition staking, clearing, excavation, grading, and other site work) and no planting or removal of trees shall take place on the properties of the Association, except in strict compliance with this Article, until the requirements thereof have been fully met, and until the approvals of the appropriate committees have been obtained.

## ARTICLE VIII – ASSOCIATION RIGHTS

*Section 1. Rules and Regulations.* The Association shall have the right, in addition to and not in limitation of all other rights it may have, to make and to enforce reasonable rules and regulations governing the use of the property comprising Sylvan Beach.

*Section 2. Authority and Enforcement.* The Association shall have the right to enforce use restrictions, Bylaw provisions, and rules and regulations by the imposition of reasonable monetary fines and suspension of use and voting privileges as provided in these Bylaws. These powers, however, shall not be construed as limiting any other legal means of enforcing the use restrictions or rules and regulations of the Association. Any fines so imposed shall be considered an assessment against the member's stock and the leasehold appurtenant thereto, and may be collected in the manner provided for collection of other assessments.

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*Section 3. Procedure.* The Board shall not impose a fine (a late charge shall not constitute a fine) impose a lien or suspend a member's right to vote or to use the common areas unless and until the following procedure is followed:

(a) *Notice.* In the event a rule or restriction contained in the Bylaws of the Association or a rule or regulation adopted pursuant thereto is violated, the Board shall serve the alleged violator with written notice sent by certified mail, return receipt requested, to the alleged violator (at the leasehold address and at any other address or addresses that the member may have designated to the Association in writing), which shall contain:

- (i) the nature of the alleged violation;
- (ii) the proposed sanction to be imposed;
- (iii) a statement that the alleged violator may challenge the fact of the occurrence of a violation, the proposed sanction, or both;
- (iv) the name, address, and telephone number of a person to contact to challenge the proposed action; and
- (v) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) business days of the date of the notice. If a challenge is not made, the sanction shall be imposed not less than ten (10) business days from the date of the notice.

(b) *Hearing.* If the alleged violator challenges the proposed action within the time period allowed, a hearing before the Board of Directors shall be held in executive session affording all parties involved a reasonable opportunity to be heard. The hearing shall be set and notice of the time, date (which shall not be less than ten (10) business days from the giving of notice), and place of the hearing and an invitation to attend the hearing and produce any statements, evidence, and witnesses shall be sent to the alleged violator. Prior to the effectiveness of any sanction hereunder, proof of notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer or director who delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

*Section 4. Right of Entry.* The Association shall have the right to enter into all dwellings and other buildings for emergency, security, and safety purposes, which right may be exercised by the Association's Board of Directors, officers, agents,

employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after reasonable notice to the member or occupant of the unit. This right of entry shall include the right of the Association to enter a building to cure any condition that may increase the possibility of a fire or other hazard in the event a member fails or refuses to cure the condition upon request by the Board, its representative or caretaker.

*Section 5. Additional Enforcement Rights.* Notwithstanding any other provisions in these Bylaws to the contrary, the Association, acting through its Board of Directors, may elect to enforce any provision of these Bylaws, or the rules and regulations by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity for compliance with the procedure set forth in Section 3 of this Article. In any such action, to the maximum extent permissible, the member or member whose sanctioned tenant was responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. In no event will a member be entitled to recover attorney's fees from the Association or an employee, director or officer thereof.

*Section 6. Charges for Use of Common Areas.* The Association shall have the right to impose and receive payments, fees, or charges for the use, rental, or operation of the common areas.

**ARTICLE IX – USE RESTRICTIONS**

*Section 1. Occupancy.* No person shall occupy any lot without having first obtained a lease from the Association. Only one dwelling for use for residential purposes shall be erected upon any lot of the Association. A private garage with capacity not to exceed two (2) cars may be erected on the rear portion of any residence lot, if circumstances permit. No new dwelling garage shall be constructed, and the building lines of an existing dwelling or garage shall not be extended except with the prior written permission of the Modifications Committee, if any, and the Board of Directors. Any new construction on Association parkland property (except for installation of water wells, propane tanks, septic tanks, and waste disposal systems, or moving a dwelling in an emergency, which may be approved by the Board of Directors), including construction of a dwelling, garage, storage shed, boathouse or other building, or any sale or distribution of any Association building or parkland property, must be approved by a two-thirds majority of all the stock outstanding.

*Section 2. Residential Use.* Each dwelling shall be used for residential purposes only, and no trade or business of any kind

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may be conducted in or from a dwelling or any part of Sylvan Beach, including business uses ancillary to a primary residential use, except that the member or occupant residing in a dwelling may conduct such business activities within the dwelling so long as:

- (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from the exterior of the dwelling;
- (b) the business activity conforms to all zoning requirements for the property; the business activity does not increase the liability or casualty insurance obligation premium of the Association;
- (c) the business activity does not increase the liability or casualty insurance obligation premium of the Association; and
- (d) the business activity is consistent with the residential character of Sylvan Beach and does not constitute a nuisance or a hazardous or offensive use, as may be determined in the sole discretion of the Board of Directors.

*Section 3. Definitions.* The terms "business" and "trade," as used in this article shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis that involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether:

- a) the activity is engaged in full or part-time;
- b) the activity is intended to or does generate a profit; or
- c) a license is required therefor.

Notwithstanding the above, the leasing of a dwelling shall not be considered a trade or business within the meaning of this paragraph.

*Section 4. Lease.* Anyone desiring to rent his or her dwelling shall first contact the designated Board member. An Application to Rent form is to be filled out by all potential tenants. The minimum length of rental to any tenant shall be fourteen (14) consecutive days, and the maximum number of rentals per dwelling during any calendar year shall be three (3): the third rental to only occur before the Fourth of July weekend or after the Labor Day weekend. During any rental period, the dwelling may be occupied only by the tenant or members of their immediate family.

*Section 5. Occupancy by Shareholder.* Shareholders or

members of their immediate family must occupy the dwelling on their leasehold for a total of at least thirty (30) consecutive or non-consecutive days between the Memorial Day and Labor Day weekends over any period of three (3) consecutive calendar years. Shareholders with more than one leasehold may at their option satisfy this requirement by occupying one or more of their leasehold dwellings for the minimum thirty (30) days.

**ARTICLE X – LEASES AND TRANSFERS**

*Section 1. Right to Lease.* Each shareholder holding eleven (11) shares of the stock of the Association shall be entitled to a lease of one (1) lot within the grounds of the Association to be selected by him or her with the consent of the Board of Directors. Shareholders holding twenty-one (21) shares or more shall be entitled to a lease of two (2) lots, but in no case shall any member hold a lease on more than two lots at the same time without the written consent of the Board of Directors.

*Section 2. Nature of Stock.* The stock of the Association shall be deemed personal property and may be transferred on the books of the Association only in conjunction with the lease of a lot or lots appurtenant thereto and this Association shall at all times have a lien upon all the stock or property of its members invested therein, for all debts due from such shareholder to this Association, and no shares of stock and lease shall be transferred except upon surrender thereof to the Association and full compliance with all of the Bylaws of the Association.

*Section 3. Transfers.* Before any stock of the Association and lease appurtenant thereto shall be assigned or transferred, the seller shall give to the Secretary of the Association thirty (30) days written notice of such intention, together with the name, address, telephone number and electronic mail address of the proposed purchaser and such other information as the Board may require; and, except for bona fide gift transfers to family members, the Association acting through the Board reserves the right to purchase such stock and lease within ninety (90) days of such notice on the same terms and conditions or on terms more favorable to seller (e.g. cash v. installments, etc.). The stock books of the Association shall be closed, and no transfer of any stock shall be made during the period between the written notice of the annual meeting of the Association and such meeting. The transferor shareholder(s) shall pay all actual costs and attorney fees of the Association related to such transfer.

*Section 4. Consent of Board.* Shareholder(s) may not sell, assign, transfer or encumber their stock to any persons(s), including, but not limited to, any relatives, trust, or other individual or association acting in a fiduciary capacity, or sublet the premises covered by their leases without the prior written consent of the Board of Directors, and no consent thus

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obtained shall be construed as a waiver or performance of this condition as to any subsequent assignment, transfer, subletting or encumbrance, but such consent shall be a condition precedent to the validity of every subsequent assignment, transfer, encumbrance, or subletting, as well as of the first.

*Section 5. Construction.* No dwelling or building of any description shall be built or placed on any leasehold without the prior approval of the Board of Directors, and only within such limits as shall be designated by the Board of Directors or fixed by the lease thereof, and the Board of Directors is expressly given the right to designate such limits at any time before the placing or building of such dwelling or building on any leasehold, notwithstanding that a lease thereof may have been previously given, whether such lease shall specify such limits or not. All improvements are subject to the applicable zoning ordinance and all other applicable laws and ordinances.

*Section 6. Mortgages.* In addition to such other requirements as the Board of Directors may from time to time reasonably require as conditions to their consent to a mortgage or other encumbrance on or pledge of stock or assignment of the lease appurtenant thereto as security, such obligation must:

- (a) Not exceed in its original amount seventy per cent (70%) of either the current fair market value as set forth in a written appraisal by a qualified appraiser (as defined herein) or the current true cash value of the cottage and land comprising the leasehold as set forth on the most recent tax roll of Fruitland Township;
- (b) Be held by a state or federally chartered bank or savings and loan association or life insurance company licensed to do business in the State of Michigan or a member of the stockholder's immediate family (meaning grandparent, parent, aunt, uncle, sibling, or child) or a trust exclusively established and controlled by one or more of them;
- (c) Be a first lien; and
- (d) Provide that in the event of default, the Association and its other shareholders will have the collective and individual option for sixty (60) days after written notice thereof to the Board of Directors to acquire such stock for a price equal to the lesser of the outstanding indebtedness secured by such instrument or the current fair market value of the premises described in the lease as determined by a qualified appraiser selected by the parties. In the event the parties are unable to agree upon such an appraiser, such appraiser shall be selected by the presiding Circuit Judge for Muskegon County, Michigan, acting in a ministerial and not a judicial capacity. To qualify, such appraiser must be a duly licensed appraiser

who has been active in the White Lake market for the previous five (5) years.

ARTICLE XI - FINANCE

*Section 1. Fiscal Year.* The fiscal year of the Association shall be an annual period commencing on January first. 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 institutions 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 XII - INDEMNIFICATION OF OFFICERS AND DIRECTORS

*Section 1. Indemnification.* The Association shall indemnify every Association director and officer against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her as a consequence of being made a party to or being threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of being or having been a director or officer of the Association, except: in such cases wherein he or she is adjudged guilty of willful and wanton misconduct or gross negligence in the performance of his or her duties or adjudged to have not acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association and its members; with respect to any criminal action or proceeding, unless he or she is adjudged to have had no reasonable cause to believe that his or her conduct was lawful; provided that, if such indemnification is based upon his or her settlement of a matter, the claimant shall be indemnified only if the Board of Directors (with any director seeking reimbursement abstaining) approves such settlement as having been in the best interests of the Association and, if a majority of the members of the Board so request, such approval is based on an opinion of independent counsel supporting the propriety of such indemnification and reimbursement. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights such director or officer may have. The Board of Directors shall notify all members that it has approved an indemnification payment at least ten (10) days prior to making such payment.

*Section 2. Determination That Indemnification Is Proper.* Any indemnification under this article (unless ordered by a court) shall be made by the Association only as authorized in the specific case. The corporation must determine that

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indemnification of the person is proper in the circumstances because the person has met the applicable standard of conduct set forth in Section 1.

Such determination shall be made in any of the following ways:

- (a) By a majority vote of a quorum of the Board of Directors consisting of directors who were not parties to such action, suit, or proceeding;
- (b) If the quorum described in clause (a) above is not obtainable, then by a committee of directors who are not parties to the action. The committee shall consist of not less than two disinterested directors; or,
- (c) By independent legal counsel in a written opinion.

*Section 3. Former Directors and Officers.* The indemnification provided in this article continues for a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, personal representative and trustees of that person.

*Section 4. Insurance.* The Association may purchase and maintain insurance on behalf of any person who: (a) was or is a director, officer, employee, or agent of the Association; or, (b) was or is serving at the request of the Association as a director, officer, employee, or agent of another Association, partnership, joint venture, trust, or other enterprise. Such insurance may protect against any liability asserted against the person and incurred by him or her in any such capacity or arising out of his or her status as such, whether or not the Association would have power to indemnify against such liability under this article or the laws of the State of Michigan

*Section 5. Changes in Michigan Law.* If there are any changes in the Michigan statutory provisions applicable to the Association and relating to the subject matter of this article, then the indemnification to which any person shall be entitled shall be determined by such changed provisions, but only to the extent that any such change permits the Association to provide broader indemnification rights than such provisions permitted the Association to provide before any such change.

**ARTICLE XIII – AMENDMENTS**

*Section 1. Method.* These Bylaws may be amended at any annual meeting by a vote of the majority of all the stock outstanding, or by a like majority at a special meeting called for that purpose, provided notice of the general character of the change proposed be contained in the notice calling any such annual or special meeting.

*Section 2. Proposed.* Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting

upon the vote of a majority of the Directors or by one-third (1/3) or more in number of the active members of the Association whether at a duly called meeting of 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.* Amended Bylaws shall be distributed to all members within thirty (30) days of adoption. Acceptable distribution methods include electronic communication, such as email notification with a link to the amended Bylaws on the Association's website, and direct posting of the amended Bylaws on the Association's official website. Failure to distribute the amendment shall not affect its validity if otherwise duly adopted.

**ARTICLE XIV – DISPUTE RESOLUTION**

*Section 1. Mediation.* After the effective date of these Bylaws, any dispute, claim or grievance, not already the subject of a pending arbitration or legal action, arising among or between any of the members or any member(s) and the Association shall be first submitted to mediation before a special grievance committee of three (3) to five (5) active members who are not involved, in any way related to any of the parties to the dispute, and have no real or apparent bias, to be appointed by the Board of Directors. The grievance committee shall act in accordance with the provisions off these Bylaws and such resolutions as the Board may adopt. Any member of the grievance committee may only be removed for cause. The appointment and removal of members of the grievance committee shall be governed by the provisions for the appointment of directors to fill vacancies on the Board and for removal of directors.

*Section 2. Submission to Arbitration.* Following mediation, any dispute, claim or grievance arising among or between the members or between such member(s) and the Association shall, upon the election and written consent of all the parties to any such dispute, claim or grievance, and written notice to the Association, be submitted to arbitration, and the parties shall accept the arbiter's decision as final and binding. This decision shall be subject to confirmation and shall be enforceable against all parties in the Muskegon County Circuit Court. The Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration.

*Section 3. Effect of Election.* Election by members or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts. Any appeal from an arbitration award shall be deemed a statutory appeal.

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*Section 4. Preservation of Rights.* No member shall be precluded from petitioning the courts to resolve any dispute, claim or grievance in the absence of election to arbitrate.

ARTICLE XVI - SEVERABILITY

If any of the terms, provisions, or covenants of these Bylaws are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants of such documents or the remaining portions of any terms, provisions or covenants of these Bylaws or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.