

LAKE SOMERSET PROPERTY OWNERS' ASSOCIATION REGULATIONS

THE RED BOOK

Approved November 13, 2013

The purpose of this book is to provide the Board of Directors and Association members with information regarding the regulations and background of Lake Somerset Property Owners' Association (LSPOA). Included is an abbreviated copy of the Articles of Incorporation. The Restrictive Covenants for each of the subdivisions within the Association (including the September 2013 amendment) are also included. Meckley's Somerset Heights and Gordon subdivisions were incorporated into the Lake Somerset Property Owners' Association.

The major portion of the Regulations book is the new By-Laws that were approved on October 1, 2012. These are the basic operating principles of the Association. Also included is the legal ruling on lake level and dam owners.

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ARTICLES OF INCORPORATION
of
Lake Somerset Property Owners' Association

Filed June 2, 1970

This is an abbreviated version deleting the following ARTICLES:

ARTICLE III

Location of the first registered office of the corporation.

ARTICLE IV

The name of the first Resident Agent.

ARTICLE VI

The names and places of business of the incorporators.

ARTICLE VII

The names and addresses of the first Board of Directors.

INTRODUCTION

These Articles of Incorporation are signed and acknowledged for the purpose of forming a non-profit corporation under the provisions of Act No. 327 of the Public Acts of 1031, as amended, as follows:

ARTICLE I

The name of this corporation is Lake Somerset Property Owners' Association.

ARTICLE II

As amended on the 15th day of June 1975

The purposes and powers of this corporation are as follows:

- (1) To receive, govern, supervise and regulate the use, maintenance and improvement of all real property and interests or rights or otherwise assigned to the corporation for the common use and benefit of the owners of property at Lake Somerset.
- (2) Expend the income and principal of the corporation in such manner as in the judgment of the Directors will best promote its objectives and purposes.
- (3) To receive, take title to, hold and use the proceeds and income of stocks, bonds, obligations or other securities of any corporation or corporations, domestic or foreign, but only for the forgoing purposes, or some of them.
- (4) Notwithstanding any other provision of these articles of incorporation, this corporation shall not conduct or carry on any activities not permitted to be conducted or carried on by an organization exempt under Section 501 (c) 4 of the Internal Revenue Code and other applicable legislation and regulations as they now exist or as they may hereafter be amended. No part of

the funds of this corporation shall inure to the benefit of any private member, shareholder or individual.

ARTICLE V

This corporation is organized upon a non-stock basis.

The amount of assets which said corporation possesses is:

Real Property: None

Personal Property: None

This corporation is to be financed under the following general plan: Financing is through regular assessments imposed pursuant to the Declaration of Restrictions.

ARTICLE VIII

The term of corporate existence is perpetual.

ARTICLE IX

This corporation reserves the right to amend, alter, change, add to or repeal a provision contained in these Articles of Incorporation in the manner now or hereafter prescribed by statute, and all rights and powers conferred by these Articles of Incorporation on shareholders, directors and officers are granted subject to this reservation.

IN WITNESS WHEREOF, the Incorporators have signed these Articles of Incorporation this 3rd day of June 1970. (Original signed 20th day of May 1970)

John Varga
James Roberts
Edward Day

**DECLARATION OF RESTRICTIVE COVENANTS
LAKE SOMERSET – HILLANDALE**

The undersigned American Central Corporation, as developers of the plat of “Lake Somerset – Hillandale,” being a fractional part of the West Half of Section 12 and the East Half of Section 11, TSS, R1W, Somerset Township, Hillsdale County, Michigan, wishes to impose Building and Use Restrictions for the purpose of protecting property values and providing for the quiet and peaceful enjoyment of these properties as a desirable residential area to be sold, conveyed, transferred and assigned subject to the following restrictive covenants.

1. USE

Any structure erected upon any lot in this subdivision shall be for residential use only and may not be used for any commercial or manufacturing purposes. No trailer or temporary structure may be occupied or stored on any lot at any time.

2. TYPE, SIZE AND CONSTRUCTION

Any dwelling structure erected, placed or altered on any lot in this subdivision shall be approved in writing by the Building Control Committee prior to the start of construction or placement. In the event that approval is not made, or modifications requested within 15 days of submission, the owner may commence construction in accordance with the following minimum standards:

- (a) All dwellings shall have a minimum enclosed living area of 720 square feet above grade.
- (b) All construction materials must be new, and all building must be completed within six months after start of construction.
- (c) All structures must have private, inside bathroom facilities.
- (d) Exterior surfaces must be finished or painted.
- (e) Any garage or utility structure must conform in appearance to the residence structure.
- (f) Septic tanks or other devices for the sanitary disposal of waste shall be installed in compliance with health department regulations. Any lot having a grade in excess of 20' shall be limited to a living area not exceeding 720 square feet.
- (g) No unsightly receptacle for the storage or disposal of garbage shall be placed on a lot.

3. SETBACK

Any structure erected or placed on any lot in this subdivision shall be set back at least 25 feet from the front or rear lot line and shall be removed from any side lot line at least 10% of the width of the lot at the building line.

4. DUES/ASSESSMENTS (as amended September 2013. See Legal Items.)

- a. Each owner of a lot shall be a member of the Lake Somerset Property Owner’s Association (LSPOA). The owners of each lot shall pay to LSPOA annual dues in the amount of \$115 per lot every calendar year. The annual dues shall be due on such date of each year as is specified from time to time by the LSPOA Board of Directors. A lien may be recorded by LSPOA with the Hillsdale County Register of Deeds records as to any lot for which annual dues are unpaid or delinquent. Such dues may also be collected through proceeding in a court of competent jurisdiction in the same fashion as real estate mortgages and other liens or as otherwise provided by law. The annual dues can be increased pursuant to the affirmative vote of fifty-one percent (51%) of the members present at the annual meeting of the members of LSPOA where a quorum is present (either in person or by proxy).
- b. In addition to annual dues, a special assessment may be levied upon each lot pursuant to the affirmative vote of fifty-one percent (51%) of the members of LSPOA where a quorum is present (either in person or by proxy). Such special assessment shall be due on such date of each year as specified from time to time by the LSPOA Board of Directors. A lien may be recorded by LSPOA with Hillsdale County Register of Deeds records as to any lot for which the special

assessment is unpaid or delinquent. Such special assessment may also be collected through proceedings in a court of competent jurisdiction in the same fashion as real estate mortgages and other liens or as otherwise provided by law.

5. SIGNS

No "For Sale" sign or advertising device of any kind shall be erected on any lot except on a new residence previously unoccupied which is offered by the developer or builder.

6. EASEMENTS

Easements for the installation and maintenance of public utilities or drainage facilities are reserved along and within 5 feet of all rear, front, and side lot lines in this subdivision. Such other easements are hereby reserved to enter upon the premises if necessary, to construct, operate and maintain any other public improvements, pipes, poles, wires, etc., whether under or above ground. It shall not be considered a violation of the provisions of the easement if wires or cables carried by such pole lines pass over some portion of said lots not within the five-foot easement.

If an owner of two adjoining lots erects a building in the center of two lots so that the building sets on the common lot line, the sideline restrictions mentioned above shall automatically be inoperative as to the line upon which the building is erected.

7. VARIANCES

The intent of the foregoing restrictions is to insure the use of the entire plat for attractive residential purposes, to prevent nuisances, to prevent imperilment of the attractiveness of the property, to maintain the desirability of the community and thereby to secure each property owner the full benefits and enjoyments of his home with no greater restrictions upon the free and undisturbed use of his property than are necessary to insure the same advantages to other owners.

Any reasonable change, modification or addition to the within restrictions shall be submitted in writing to the abutting lot owners and if so, consented to in writing shall be recorded and when recorded shall be binding as to the original restrictions. Variances not so consented to in writing may be prosecuted in any court of proper jurisdiction by action of any person owning property subject to these restrictions.

8. INVALIDATION

These covenants shall run with the land and shall be binding on all parties claiming under them for a period of 20 years and shall be extended for successive periods of ten years unless and prior to the expiration of any such ten-year period an instrument signed by the owners of record of a majority of lots in the subdivision has been recorded changing or modifying such covenants in whole or in part. Invalidation of any one of these covenants by judgment or decree shall in no way affect any of the other provisions hereof which shall remain in full force and effect.

NOTE: Assessments as provided in Section 4 are to be used for maintenance of parks, roadways, dams, and other common areas adjacent to Lake Somerset.

**DECLARATION OF RESTRICTIVE COVENANTS
LAKE SOMERSET – ROLLING MEADOWS**

The undersigned American Central Corporation, as developers of the plat of “Lake Somerset Rolling Meadows,” Somerset Township, Hillsdale County, Michigan, wishes to impose Building and Use Restrictions for the purpose of protecting property values and providing for the quiet and peaceful enjoyment of these properties as a desirable residential area to be sold, conveyed, transferred and assigned subject to the following restrictive covenants.

1. USE

Any structure erected upon any lot in this subdivision shall be for residential use only and may not be used for any commercial or manufacturing purposes. No trailer or temporary structure may be occupied or stored on any lot at any time.

2. TYPE, SIZE AND CONSTRUCTION

Any dwelling structure erected, placed or altered on any lot in this subdivision shall be approved in writing by the Building Control Committee prior to the start of construction or placement. In the event that approval is not made, or modifications requested within 15 days of submission, the owner may commence construction in accordance with the following minimum standards:

- (a) All dwellings shall have a minimum enclosed living area of 720 square feet above grade.
- (b) All construction materials must be new, and all building must be completed within six months after start of construction.
- (c) All structures must have private, inside bathroom facilities.
- (d) Exterior surfaces must be finished or painted.
- (e) Any garage or utility structure must conform in appearance to the residence structure.
- (f) Septic tanks or other devices for the sanitary disposal of waste shall be installed in compliance with health department regulations. Lot #57 may only be sold, transferred, conveyed, or occupied in connections with Lot #165. Any lot having a grade in excess of 20' shall be limited to a living area not exceeding 720 square feet.
- (g) No unsightly receptacle for the storage or disposal of garbage shall be placed on a lot.

3. SETBACK

Any structure erected or placed on any lot in this subdivision shall be set back at least 25 feet from the front or rear lot line and shall be removed from any side lot line at least 10% of the width of the lot at the building line.

4. DUES/ASSESSMENT (as amended September 2013. See Legal Items.)

- a. Each owner of a lot shall be a member of the Lake Somerset Property Owner’s Association (LSPOA). The owners of each lot shall pay to LSPOA annual dues in the amount of \$115 per lot every calendar year. The annual dues shall be due on such date of each year as is specified from time to time by the LSPOA Board of Directors. A lien may be recorded by LSPOA with the Hillsdale County Register of Deeds records as to any lot for which annual dues are unpaid or delinquent. Such dues may also be collected through proceeding in a court of competent jurisdiction in the same fashion as real estate mortgages and other liens or as otherwise provided by law. The annual dues can be increased pursuant to the affirmative vote of fifty-one percent (51%) of the members present at the annual meeting of the members of LSPOA where a quorum is present (either in person or by proxy).
- b. In addition to annual dues, a special assessment may be levied upon each lot pursuant to the affirmative vote of fifty-one percent (51%) of the members of LSPOA where a quorum is present (either in person or by proxy). Such special assessment shall be due on such date of each year as specified from time to time by the LSPOA Board of Directors. A lien may be recorded by

LSPOA with Hillsdale County Register of Deeds records as to any lot for which the special assessment is unpaid or delinquent. Such special assessment may also be collected through proceedings in a court of competent jurisdiction in the same fashion as real estate mortgages and other liens or as otherwise provided by law.

5. SIGNS

No "For Sale" sign or advertising device of any kind shall be erected on any lot except on a new residence previously unoccupied which is offered by the developer or builder.

6. EASEMENTS

Easements for the installation and maintenance of public utilities or drainage facilities are reserved along and within 5 feet of all rear, front, and side lot lines in this subdivision. Such other easements are hereby reserved to enter upon the premises if necessary, to construct, operate and maintain any other public improvements, pipes, poles, wires, etc., whether under or above ground. It shall not be considered a violation of the provisions of the easement if wires or cables carried by such pole lines pass over some portion of said lots not within the five-foot easement.

If an owner of two adjoining lots erects a building in the center of two lots so that the building sets on the common lot line, the sideline restrictions mentioned above shall automatically be inoperative as to the line upon which the building is erected.

7. VARIANCES

The intent of the foregoing restrictions is to insure the use of the entire plat for attractive residential purposes, to prevent nuisances, to prevent imperilment of the attractiveness of the property, to maintain the desirability of the community and thereby to secure each property owner the full benefits and enjoyments of his home with no greater restrictions upon the free and undisturbed use of his property than are necessary to insure the same advantages to other owners.

Any reasonable change, modification or addition to the within restrictions shall be submitted in writing to the abutting lot owners and if so, consented to in writing shall be recorded and when recorded shall be binding as to the original restrictions. Variances not so consented to in writing may be prosecuted in any court of proper jurisdiction by action of any person owning property subject to these restrictions.

8. INVALIDATION

These covenants shall run with the land and shall be binding on all parties claiming under them for a period of 20 years and shall be extended for successive periods of ten years unless and prior to the expiration of any such ten year period an instrument signed by the owners of record of a majority of lots in the subdivision has been recorded changing or modifying such covenants in whole or in part. Invalidation of any one of these covenants by judgment or decree shall in no way affect any of the other provisions hereof which shall remain in full force and effect.

NOTE: Assessments as provided in Section 4 are to be used for maintenance of parks, roadways, dams, and other common areas adjacent to Lake Somerset.

**DECLARATION OF RESTRICTIVE COVENANTS
LAKE SOMERSET – CRESTVIEW**

The undersigned, American Central Corporation, as developers of the plat of “Lake Somerset – Crestview,” being a fractional part of the south half of Section 1, TSS, R1W, Somerset Township, Hillsdale County, Michigan, wishes to impose Building and Use Restrictions for the purpose of protecting property values and providing for the quiet and peaceful enjoyment of these properties as a desirable residential area to be sold, conveyed, transferred and assigned subject to the following restrictive covenants.

1. USE

Any structure erected upon any lot in this subdivision shall be for residential use only and may not be used for any commercial or manufacturing purposes. No trailer or temporary structure may be occupied or stored on any lot at any time.

2. TYPE, SIZE AND CONSTRUCTION

Any dwelling structure erected, placed or altered on any lot in this subdivision shall be approved in writing by the Building Control Committee prior to start of construction or placement. In the event that approval is not made, or modifications requested within 15 days of submission, the owner may commence construction in accordance with the following minimum standards.

- (a) All dwellings shall have a minimum enclosed living area of 720 square feet above grade.
- (b) All construction materials must be new, and all building must be completed within six months after start of construction.
- (c) All structures must have private, inside bathroom facilities.
- (d) Exterior surfaces must be finished or painted.
- (e) Any garage or utility structure must conform in appearance to the residence structure.
- (f) Septic tanks or other devices for the disposal of waste shall be installed in compliance with health department regulations. Lots numbered 51 through 58 shall be limited to a building with living area of 720 square feet, unless the owner shall obtain prior to start of construction, a written health department approval stating thereon that an acceptable sanitary disposal system has been constructed and approved to support a larger building.
- (g) No unsightly receptacle for the storage or disposal of garbage shall be placed on a lot.

3. SETBACK

Any structure erected or placed on any lot in this subdivision shall be set back at least 25 feet from the front or rear lot line and shall be removed from any side lot line at least 10% of the width of the lot at the building line.

4. DUES/ASSESSMENT (as amended September 2013. See Legal Items.)

- a. Each owner of a lot shall be a member of the Lake Somerset Property Owner’s Association (LSPOA). The owners of each lot shall pay to LSPOA annual dues in the amount of \$115 per lot every calendar year. The annual dues shall be due on such date of each year as is specified from time to time by the LSPOA Board of Directors. A lien may be recorded by LSPOA with the Hillsdale County Register of Deeds records as to any lot for which annual dues are unpaid or delinquent. Such dues may also be collected through proceeding in a court of competent jurisdiction in the same fashion as real estate mortgages and other liens or as otherwise provided by law. The annual dues can be increased pursuant to the affirmative vote of fifty-one percent (51%) of the members present at the annual meeting of the members of LSPOA where a quorum is present (either in person or by proxy).
- b. In addition to annual dues, a special assessment may be levied upon each lot pursuant to the affirmative vote of fifty-one percent (51%) of the members of LSPOA where a quorum is present (either in person or by proxy). Such special assessment shall be due on such date of each year as specified from time to time by the LSPOA Board of Directors. A lien may be recorded by

LSPOA with Hillsdale County Register of Deeds records as to any lot for which the special assessment is unpaid or delinquent. Such special assessment may also be collected through proceedings in a court of competent jurisdiction in the same fashion as real estate mortgages and other liens or as otherwise provided by law.

5. SIGNS

No "For Sale" sign or advertising device of any kind shall be erected on any lot except on a new residence previously unoccupied which is offered by the developer or builder.

6. EASEMENTS

Easements for the installation and maintenance of public utilities or drainage facilities are reserved along and within 5 feet of all rear, front, and side lot lines in this subdivision. Such other easements are hereby reserved to enter upon the premises if necessary, to construct, operate and maintain any other public improvements, pipes, poles, wires, etc., whether under or above ground. It shall not be considered a violation of the provisions of the easement if wires or cables carried by such pole lines pass over some portion of said lots not within the five-foot easement.

If an owner of two adjoining lots erects a building in the center of two lots so that the building sets on the common lot line, the sideline restrictions mentioned above shall automatically be inoperative as to the line upon which the building is erected.

7. VARIANCES

The intent of the foregoing restrictions is to insure the use of the entire plat for attractive residential purposes, to prevent nuisances, to prevent imperilment of the attractiveness of the property, to maintain the desirability of the community and thereby to secure each property owner the full benefits and enjoyments of his home with no greater restrictions upon the free and undisturbed use of his property than are necessary to insure the same advantages to other owners.

Any reasonable change, modification or addition to the within restrictions shall be submitted in writing to the abutting lot owners and if so, consented to in writing shall be recorded and when recorded shall be binding as to the original restrictions. Variances not so consented to in writing may be prosecuted in any court of proper jurisdiction by action of any person owning property subject to these restrictions.

8. INVALIDATION

These covenants shall run with the land and shall be binding on all parties claiming under them for a period of 20 years and shall be extended for successive periods of ten years unless and prior to the expiration of any such ten year period an instrument signed by the owners of record of a majority of lots in the subdivision has been recorded changing or modifying such covenants in whole or in part. Invalidation of any one of these covenants by judgment or decree shall in no way affect any of the other provisions hereof which shall remain in full force and effect.

NOTE: Assessments as provided in section four are to be used for maintenance of parks, roadways, dams, and other common areas adjacent to Lake Somerset.

**DECLARATION OF RESTRICTIVE COVENANTS
LAKE SOMERSET HEIGHTS**

The undersigned American Central Corporation, as developers of the plat of "Lake Somerset Heights," being a part of the South One-Half of the South One-Half of Section 1 and 2 of the North One-Half of Sections 11 and 12, TSS, R1W, Somerset Township, Hillsdale County, Michigan, wishes to impose Building and Use Restrictions for the purpose of protecting property values and providing for the quiet and peaceful enjoyment of these properties as a desirable residential area to be sold, conveyed, transferred and assigned subject to the following restrictive covenants.

1. USE

Any structure erected upon any lot in this subdivision shall be for residential use only and may not be used for any commercial or manufacturing purposes, except Lots Numbered 152, 153, and 159 which numbered lots may be used for a retail business including sale, repair and storage of boats and other business activities for the use and benefit of Lake Somerset Property Owners and the general public provided, however, that boats may not be launched into the lake except for owners of lots in the subdivisions of "Lake Somerset – Rolling Meadows", "Lake Somerset – Hillandale", and "Lake Somerset Heights".

2. TYPE, SIZE AND CONSTRUCTION

Any dwelling structure erected, placed or altered on any lot in this subdivision shall be approved in writing by the Building Control Committee prior to the start of construction or placement. In the event that approval is not made, or modifications requested within 15 days of submission, the owner may commence construction in accordance with the following minimum standards:

- (a) All dwellings shall have a minimum enclosed living area of 720 square feet above grade.
- (b) All construction materials must be new, and all building must be completed within six months after start of construction
- (c) All structures must have private, inside bathroom facilities.
- (d) Exterior surfaces must be finished or painted.
- (e) Any garage or utility structure must conform in appearance to the residence structure.
- (f) Septic tanks or other devices for the sanitary disposal of waste shall be installed in compliance with health department regulations. Lots numbered 316, 317, 222, 233, 234, 167 and 168 shall not have a building erected until such time as the owner shall make a substantial earth fill to establish a grade comparable to adjoining lots and establish soil suitability to the approval of the County Health Sanitarian. Lot # 178 may not be used as a building site except in connection with adjoining property or excavation of clay and replacement with soil acceptable to the County Health Sanitarian. Lots Numbered 158 and 159 shall not be used as a building site.
- (g) No unsightly receptacle for the storage or disposal of garbage shall be placed on a lot.

3 . SETBACK

Any structure erected or placed on any lot in this subdivision shall be set back at least 25 feet from the front or rear lot line and shall be removed from any side lot line at least 10% of the width of the lot at the building line.

4. DUES/ASSESSMENT (as amended September 2013. See Legal Items)

- a. Each owner of a lot shall be a member of the Lake Somerset Property Owner's Association (LSPOA). The owners of each lot shall pay to LSPOA annual dues in the amount of \$115 per lot every calendar year. The annual dues shall be due on such date of each year as is specified from time to time by the LSPOA Board of Directors. A lien may be recorded by LSPOA with the Hillsdale County Register of Deeds records as to any lot for which annual dues are unpaid or

delinquent. Such dues may also be collected through proceeding in a court of competent jurisdiction in the same fashion as real estate mortgages and other liens or as otherwise provided by law. The annual dues can be increased pursuant to the affirmative vote of fifty-one percent (51%) of the members present at the annual meeting of the members of LSPOA where a quorum is present (either in person or by proxy).

- b. In addition to annual dues, a special assessment may be levied upon each lot pursuant to the affirmative vote of fifty-one percent (51%) of the members of LSPOA where a quorum is present (either in person or by proxy). Such special assessment shall be due on such date of each year as specified from time to time by the LSPOA Board of Directors. A lien may be recorded by LSPOA with Hillsdale County Register of Deeds records as to any lot for which the special assessment is unpaid or delinquent. Such special assessment may also be collected through proceedings in a court of competent jurisdiction in the same fashion as real estate mortgages and other liens or as otherwise provided by law.

5. SIGNS

No "For Sale" sign or advertising device of any kind shall be erected on any lot except on a new residence previously unoccupied which is offered by the developer or builder.

6. EASEMENTS

Easements for the installation and maintenance of public utilities or drainage facilities are reserved along and within 5 feet of all rear, front, and side lot lines in this subdivision. Such other easements are hereby reserved to enter upon the premises if necessary, to construct, operate and maintain any other public improvements, pipes, poles, wires, etc., whether under or above ground. It shall not be considered a violation of the provisions of the easement if wires or cables carried by such pole lines pass over some portion of said lots not within the five-foot easement.

If an owner of two adjoining lots erects a building in the center of two lots so that the building sets on the common lot line, the sideline restrictions mentioned above shall automatically be inoperative as to the line upon which the building is erected.

7. VARIANCES

The intent of the foregoing restrictions is to insure the use of the entire plat for attractive residential purposes, to prevent nuisances, to prevent imperilment of the attractiveness of the property, to maintain the desirability of the community and thereby to secure each property owner the full benefits and enjoyments of his home with no greater restrictions upon the free and undisturbed use of his property than are necessary to insure the same advantages to other owners.

Any reasonable change, modification or addition to the within restrictions shall be submitted in writing to the abutting lot owners and if so, consented to in writing shall be recorded and when recorded shall be binding as to the original restrictions. Variances not so consented to in writing may be prosecuted in any court of proper jurisdiction by action of any person owning property subject to these restrictions.

8. INVALIDATION

These covenants shall run with the land and shall be binding on all parties claiming under them for a period of 20 years and shall be extended for successive periods of ten years unless and prior to the expiration of any such ten year period an instrument signed by the owners of record of a majority of lots in the subdivision has been recorded changing or modifying such covenants in whole or in part. Invalidation of any one of these covenants by judgment or decree shall in no way affect any of the other provisions hereof which shall remain in full force and effect.

NOTE: Assessments as provided in section four are to be used for maintenance of parks, roadways, dams, and other common areas adjacent to Lake Somerset.

**DECLARATION OF RESTRICTIVE COVENANTS
MECKLEY'S SOMERSET HEIGHTS**

The undersigned, Raymond E. Meckley and Louise K. Meckley, Husband and Wife, as developers of the plat of "Meckley's Somerset Heights," being a part of the Southeast quarter of the Northwest quarter of Section II, Town 5 South, Range 1 West, Somerset Township, Hillsdale County, Michigan, hereby impose building and use restrictions on said plat for the purpose of protecting property values and providing for the quiet and peaceful enjoyment of the lots contained in said plat as follows:

1. USE

Any structure erected shall be a single-family private resident for use by the owner or occupant, with customary out buildings for use by the lot occupants only. No part of said premise shall be used for commercial or manufacturing purposes and no trailers, campers or temporary structures of any kind may be occupied on the premises.

2. TYPE, SIZE AND CONSTRUCTION

- (a) Any dwelling erected, placed or altered on any lot in this subdivision shall have a minimum enclosed living area of 1,000 square feet above grade on ground floor.
- (b) No dwelling shall be erected in excess of two (2) stories above grade.
- (c) All construction materials must be new.
- (d) All residences must have private inside bathroom facilities. All residences must have their own wells, unless other arrangements have been approved by the Building Control Committee.
- (e) All structures shall be completed on the exterior within six (6) months from start of construction, including two (2) coats of paint or varnish on all exterior wood surfaces. If concrete block is used as an exterior surface, it must be painted with two coats of masonry paint. All exterior siding materials must be approved by the Building Control Committee.
- (f) All septic tanks or other devices for the sanitary disposal of waste shall be installed in compliance with the regulations of the Hillsdale County Department of Health and all wells shall be located in accordance with the regulations of said department.
- (g) No unsightly receptacle for the storage or disposal of garbage or trash shall be placed on any lot.

3. SETBACK

The side of each lot facing the lake shall be considered the front of the lot. Any structure erected must be set back not less than twenty-five (25) feet from the front lot line and not less than fifteen (15) feet from the rear lot line. Sideline setbacks shall not be less than eight (8) feet, except as modified by the Building Control Committee. If an owner of two adjacent lots erects a structure so that the building sets on the common lot line, the sideline restrictions may be waived as to the line upon which the building is erected.

4. DUES/ASSESSMENT (as Amended September 2013. See Legal Items.)

- a. Each owner of a lot shall be a member of the Lake Somerset Property Owner's Association (LSPOA). The owners of each lot shall pay to LSPOA annual dues in the amount of \$115 per lot every calendar year. The annual dues shall be due on such date of each year as is specified from time to time by the LSPOA Board of Directors. A lien may be recorded by LSPOA with the Hillsdale County Register of Deeds records as to any lot for which annual dues are unpaid or delinquent. Such dues may also be collected through proceeding in a court of competent jurisdiction in the same fashion as real estate mortgages and other liens or as otherwise provided by law. The annual dues can be increased pursuant to the affirmative vote of fifty-one percent (51%) of the members present at the annual meeting of the members of LSPOA where a quorum is present (either in person or by proxy).

- b. In addition to annual dues, a special assessment may be levied upon each lot pursuant to the affirmative vote of fifty-one percent (51%) of the members of LSPOA where a quorum is present (either in person or by proxy). Such special assessment shall be due on such date of each year as specified from time to time by the LSPOA Board of Directors. A lien may be recorded by LSPOA with Hillsdale County Register of Deeds records as to any lot for which the special assessment is unpaid or delinquent. Such special assessment may also be collected through proceedings in a court of competent jurisdiction in the same fashion as real estate mortgages and other liens or as otherwise provided by law.

5. SIGNS

No "For Sale" sign or advertising device of any kind shall be erected on any lot except on a new residence previously unoccupied which is offered by the developer or builder and which sign has been approved in advance by the Building Control Committee.

6. VARIANCES

The intent of the foregoing restrictions is to insure the use of the entire plat for attractive residential purposes, to prevent nuisance, to prevent imperilment of the attractiveness of the property, to maintain the desirability of the community and thereby to insure each property owner the full benefits and enjoyments of his home with no greater restrictions upon the free and undisturbed use of his property than are necessary to insure the same advantages to other owners.

Any reasonable change, modification or addition to the within restrictions shall be submitted in writing to all lot owners within a 500 foot radius, and if so consented to in writing and approved by the Board of Directors, shall be recorded and when recorded shall be binding as the original restrictions. Variances not so consented to in writing may be prosecuted in any court of proper jurisdiction by action of any person owning property subject to these restrictions.

7. ANIMALS

No animals other than domestic house pets under leash or other control may be housed or otherwise maintained in this subdivision. Domestic house pets may not be bred or raised for resale.

8. DOCKS

No dock extending more than fifteen (15) feet into Lake Somerset or other structure may be erected within the waters of said lake without approval of the Building Control Committee.

9. BUILDING CONTROL COMMITTEE

The Building Control Committee shall consist of Raymond E. Meckley, Louise K. Meckley and Harold H. Leutheuser; the committee may designate one of its members to act in its behalf. In the event of the resignation or death of any member, the remaining members shall appoint a replacement. The Building Control Committee shall approve plans and specifications for all structures erected in this subdivision. The committee may reject any plan because of similarity to nearby structures, or because the building is to be improperly placed on the lot. No construction shall be commenced until the Building Control Committee has approved the plans and specifications in writing.

10. INVALIDATION

The covenants specified above (No. 1 through 9) shall run with the land and shall be binding on all parties claiming under them until January 1, 2000, and shall be extended for successive periods of ten years unless, prior to the expiration of any ten year period, an instrument signed by the then owners of record of a majority of lots in whole or in part. Invalidation of any one of these covenants shall in no wise effect any of the other provisions, which shall remain in full force and effect.

11. COVENANTS IN PERPETUITY

- (a) All lots are subject to the utility assessments shown on the plat.
- (b) The lake level of Lake Somerset has been set by the Hillsdale County Circuit Court at 1,025.0 feet above sea level. The flood plain limit is defined by elevation 1,026.0 (U.S.G.S. datum) as set by the Michigan Water Resources Commission in accordance with Section 117 of Act 288

of Michigan Public Acts of 1967. Any building constructed on any of the lots in said subdivision used or capable of being used for residential purposes shall:

- (1) Have lower floors, excluding basements, a minimum of one (1) foot higher than the elevation of the contour defining the flood plain limit.
 - (2) Have openings into the basement not lower than the elevation of the contour defining the flood plain limit.
 - (3) Have basement walls and floors, below the elevation of the contour defining the flood plain limit, watertight and reinforced to withstand hydrostatic pressures from a water level equal to the elevation of the contour defining the flood plain limit.
 - (4) Be equipped with a positive means of preventing sewer backup from sewer lines and drains which serve the building.
- (c) No permanent structures other than sewage disposal facilities shall be constructed on the northerly portions of Lots 8 through 11 as shown "Reserved for Sewage Disposal" on the drawing of the unrecorded plat, except that driveways may be constructed which will not adversely affect in any way the proposed sewage disposal facilities.

NOTE: Sewage disposal facilities shall not be constructed on the Southerly 110 feet of Lot 7.

LEGAL ITEMS AND LAKE INFORMATION

Legal Documents

Section 4 of the Restrictive Covenants of all five subdivisions was amended as of September 2013.

See full list of legal documents on Safe Deposit Box Inventory Audit, available at LSPOA office.

Somerset Lake Level

The Circuit Court for the County of Hillsdale “ordered and adjudged” that the normal height and level of Lake Somerset to be 1025 feet above sea level on July 24, 1969, per 1961 Public Act 146.

Somerset Lake Dam

- The Somerset Lake dam is owned by Hillsdale County.
- The County Drain Commission has the responsibility to inspect and maintain the dam.
- The Michigan DEQ Water Resources Division enforces the dam inspection rules and notifies the Drain Commission when an inspection is required.
- Any costs incurred by the Drain Commission over and above their budget for the inspection and repair of the Somerset dam can be recovered through a tax assessment against all property owners in the Lake Somerset Subdivision per ruling on July 24, 1969 by the Circuit Court for the County of Hillsdale (referenced above **Somerset Lake Level**).

LAKE SOMERSET PROPERTY OWNERS' ASSOCIATION BY-LAWS

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LAKE SOMERSET PROPERTY OWNERS' ASSOCIATION
BY-LAWS

ARTICLE I
Name and Purpose

Section 1. Name. The name of this Association shall be LAKE SOMERSET PROPERTY OWNERS' ASSOCIATION.

Section 2. Purposes. The purposes for which the Corporation was formed are as follows:

- (a) To manage and administer the affairs of and maintain and promote the welfare of the residents within Lake Somerset Subdivisions in Somerset Township, County of Hillsdale, in the State of Michigan;
- (b) To own, acquire, build, operate and maintain parks and recreation facilities in said Subdivisions;
- (c) To levy and collect assessments against and from the members of the Corporation and to use the proceeds thereof for the purposes of the Corporation;
- (d) To carry insurance and to collect and allocate the proceeds thereof;
- (e) To rebuild improvements after casualty as decided by the Board of Directors;
- (f) To contract for and employ persons, firms, or corporations to assist in management, operation, maintenance and administration of said Corporation;
- (g) To make and enforce reasonable regulations concerning the use and enjoyment of said Association properties;
- (h) To own, maintain and improve, and to buy, sell, convey, assign, mortgage, or lease (as landlord or tenant) any real and personal property for any purpose of providing benefit to the members of the Corporation and in furtherance of any of the purposes of the Corporation;
- (i) To borrow money as decided by the Board of Directors and issue evidences of indebtedness in furtherance of any or all of the objects of its business; to secure by mortgage, pledge or other lien;
- (j) To enforce, as possible, the applicable building and use restrictions and these By-Laws and Rules and Regulations of this Corporation as may hereinafter be adopted;
- (k) In general, to enter into any other kind of legal activity, to make and perform any contract and to exercise all powers necessary, incidental or convenient to the administration, management, maintenance, repair, replacement and operation of the Association and to the accomplishment of any of the purposes thereof.

Section 3. Length of Existence. The term of the Corporation existence is perpetual.

Section 4. Fiscal Year. The fiscal year shall run from September 1st through August 31st of the following year. The fiscal year shall be subject to change by the Board of Directors for good cause.

ARTICLE II
Membership

Section 1. Membership Requirements. *Membership in the Corporation shall be governed by the following:* Every person or entity who holds fee simple title or a land contract vendee's interest of record in any ownership unit or living unit subject to the recorded restrictions of the Association shall be

a member of the Association provided that any such person or entity who holds such interest merely as security for the performance of an obligation, shall not be a member.

Section 2. Duty to Pay Annual Dues & Assessments. The rights of membership are subject to the payment of annual dues, assessments and fees as provided for in these By-Laws and the recorded restrictions affecting the Association. A penalty of one (1%) percent per month on the unpaid balance may be added to the amount owed. In addition, any reasonable expenses of collection shall be added to the delinquent balance. The Association may bring legal action against the owner of said property, apply a lien against the property, and may foreclose or take such other action on the lien as it deems appropriate. Reasonable collection costs, including filing fees and attorney fees may be applied to the balance.

Section 3. Suspension of Membership Rights. The membership rights of any person whose interest in the property is subject to annual dues, assessments, and fees under the Declaration of Restrictions and these By-Laws, may be suspended by action of the Directors during the period when the annual dues, assessments, or fees remain unpaid. Upon payment of said annual dues, assessments and fees, suspended rights and privileges shall be automatically restored. Membership rights and privileges are further subject to the conduct of each member in accord with the Standards of Conduct established from time to time by the Board of Directors. Conduct such as careless use of the water or any conduct which endangers the welfare of the Association, its property or its residents or the health and safety of its residents shall be grounds for suspension of membership rights. Failure of a member to comply with the Association's By-Laws, rules, or Restrictive Covenants shall result in a forfeiture of all rights and privileges afforded Association Members.

A member shall have the right to be heard by the Board requesting reinstatement of Membership Rights by submitting his request in writing to a Director or the President seven (7) days prior to a regular Board meeting to be properly included in the Board's agenda. The writing shall set out in reasonable detail the reasons for reinstatement.

Section 4. Private Use by Owners. The Facilities and waters within the Association are for the exclusive use of its Members. Members' guests may use the facilities and waters of the Association if accompanied by the Member. A Member may transfer his or her rights to use the facilities and waters to another if all of the following occur:

- (a) A lease longer than six (6) months is in effect for the Member's property.
- (b) The Member's property being leased is a residential property, not a vacant lot.
- (c) The Member assigns the right of use of facilities and waters to the Lessee and gives up his/her right to use the facilities and waters as a privilege of ownership of this property.
- (d) The Member provides documentation and signs an affidavit assigning his rights of usage to be filed with the Association
- (e) The Member may not assign his voting privileges, except as noted in Article III.

ARTICLE III **Voting Rights**

Section 1. One Class of Membership. The Association shall have one class of voting membership. Voting members shall be all those members in good standing who hold the ownership interests required for membership under Article II, Section I of these By-Laws.

Section 2. Combined Ownership. When more than one person holds such interest or interests in any lot or combined lot ownership unit, there is only one vote for such lot or combined lot ownership unit. All such persons shall be entitled to cast the one vote for the lot or combined lot ownership unit, which vote shall be exercised as they among themselves determine. In case of a dispute of owners, the first name on the deed shall prevail.

Section 3. Legally Split Lots. A lot legally split between two owners may be voted by each owner to the percentage of ownership after the split. In case of combined ownership of any portion of the property split, the guidelines of Section 2. shall prevail.

Section 4. One Vote per Lot. Each lot shall entitle its owner one (1) vote. Any individual Member may cast a maximum of seven (7) votes irrespective of the number of lots owned.

Section 5. Method of Voting. Voting shall take place by submission of ballots in one of the following ways: in person at a meeting, by submission of a ballot prior to the meeting at the LSPOA office, or by proxy ballot, all according to the voting rules established by the Board.

ARTICLE IV **Powers and Duties**

The Association shall have the following supervisory powers and duties which shall be exercised by the Board of Directors for the mutual benefit of all members:

Section 1. Maintenance. To keep and maintain Associations properties in a clean and orderly condition, to cut and remove weeds and grass there from, to pick up loose materials, refuse, etc., and to do any other things necessary or desirable to keep the same neat in appearance and in good order when practical.

Section 2. Control of Streets. To exercise such control over streets and as it may deem necessary or desirable, subject at all times to such control of County, Township or other proper officers as may have jurisdiction over streets.

Section 3. Uniform Comprehensive Boat Registration and Control Program. The Board of Directors is authorized and directed to develop, enact and enforce a uniform comprehensive boat registration and control program and procedure for the enforcement thereof for the users of the water and boat ramps at Lake Somerset.

Section 4. Protection of Plants and Wildlife. To do all things necessary or incidental to the protection of plant and wildlife in the Association properties and in and about the Subdivisions.

Section 5. Gateways, Ramps, Entrances and Recreation Facilities. To provide for the erection and maintenance of gateways, ramps or entrances, recreational facilities and other ornamental features now existing or hereafter to be erected or created and to acquire and maintain recreational facilities as the same are established in the Association or any addition thereto.

Section 6. Enforcement Authority; Recovery of Expenses and Attorney Fees. To enforce, either in its own name or in the name of any real estate owner or owners as may be necessary, all building and other restrictions which are now, or may hereafter be imposed upon any of the real estate in Lake Somerset Association or any additions thereto. This Association shall have full power and authority to

bring proceedings in the names of any of the owners to enforce the restrictions; the expenses and costs of such proceedings incurred by the Association shall be paid out of the general fund of the Association. The Association shall be entitled to recover its actual reasonable attorney fees, court costs, expenses and all costs of collection from any Member who is adjudged to have committed a default or violation of any of the restrictions.

Section 7. Rules and Regulations. The Board of Directors shall establish reasonable rules and regulations concerning the use of the properties and facilities of the Association, for the exclusive use of its Members.

Section 8. Additional Services. To provide such other services as may be deemed desirable by the Board of Directors, said services to be rendered to the residents or members at the expenses of those receiving the service where the services are of such a character so as not to be of mutual benefit to all owners.

Section 9. Dam, Floodgates, and Settling Ponds. To coordinate with the Hillsdale County Drain Commission on structural inspections of the dam and floodgates, to assure the integrity of those structures to retain, impound and permit responsible release of the waters forming Lake Somerset, and to provide maintenance of any and all settling ponds to reduce the influx of sediment into Lake Somerset.

ARTICLE V **Membership Meetings**

Section 1. Annual Meetings. The regular annual meeting of the Association shall be held on the first Sunday of October in the State of Michigan at such time and place as the Board of Directors may determine. All meetings will be conducted in accordance with Robert's Rules of Order.

Section 2. Notice and Agenda. At least thirty (30) but not more than forty-five (45) days prior thereto, notice of the annual meeting and any special meeting of the members shall be given to each member by regular mail, addressed to the last known address as recorded with the Association. An agenda shall be included with the notice setting out in reasonable detail the business to be brought before the meeting and each meeting shall be limited to the items set out in the agenda.

The agenda shall include such items as may be properly presented in writing and endorsed by fifty (50) or more members in good standing, providing such requests are received by the Secretary at least forty-five (45) days prior to the meeting date. If timely received, said items shall be approved for inclusion on the agenda by proper resolution of the Board of Directors.

Members present at any meeting of the members may request that items be included on the agenda of the next meeting of the members. Such suggestions shall be considered by the Board of Directors at their next meeting, and if any such suggestions are approved by proper resolution of the Board of Directors, they shall be included on the agenda for consideration at the next meeting of the members.

Section 3. Adjournment. If, for any reason, the annual meeting of the members shall not be held on the day herein before designated, for lack of a quorum or otherwise, such meeting shall be deemed adjourned and shall be re-noticed by the Board of Directors and reconvened as soon as consistent with the notice requirements of Section 2.

Section 4. Special Meetings. Special meetings of the Association may be called by the President, Secretary, or the Board of Directors, by notification issued by the Secretary and whenever requested in writing by ten percent (10%) of the entire membership who are in good standing. Such requests shall clearly state the purpose for which the meeting is to be called and such meeting will be scheduled as soon as consistent with the requirements for Notices as stated in Section 2. When special meetings are called pursuant to a petition of members, the Board of Directors may authorize a submission of additional matters for the consideration of the members at such meeting, after the petition discussions are completed. No business shall be conducted at any special meeting except as specified in the notice thereof.

Section 5. Agenda. The order of business at the annual meeting of the members shall be as follows; provided, however, that this order of business may be changed by a majority vote of the Board of Directors:

- (a) Proof of notice
- (b) Determination of quorum
- (c) Review of the minutes of the previous Membership Meeting
- (d) Reports of the Officers
- (e) Reports of the Committees
- (f) Old Business
- (g) New Business
- (h) Results of Voting
- (i) Adjournment

Section 6. Voting. All paper ballots shall be provided on a form approved by the Board of Directors and made available to the membership at the corporate offices. The ballot form shall be designated as "LAKE SOMERSET PROPERTY OWNERS' ASSOCIATION OFFICIAL BALLOT". Such form shall be made available to any member in good standing. A member may vote either in person or proxy. All proxy ballots must have been received by the Secretary of the Association by depositing such proxy in person or by mail at least ten (10) days prior to the date of the meeting for which the proxy has been given. All votes cast by proxy shall be subject to all regulations, rules and By-Laws applying to voting by the membership at any such meeting. Voting shall be by majority vote of those members present in person, in advance, or by proxy.

Section 7. List of Members Entitled to Vote. It shall be the duty of the Treasurer to have available a list of the members entitled to vote at each meeting against which list all members voting, whether by proxy or in person, shall be checked by individuals designated by the Board of Directors. A member must be in good standing to participate and vote.

Section 8. Quorum Requirement. The presence of fifty (50) votes, either in person, by written ballot or by proxy, shall constitute a quorum for the transaction of business at any meeting of the membership.

Section 9. Majority. A majority shall consist of more than fifty percent (50%) of those members present in person, by written ballot or by proxy.

ARTICLE VI
Board of Directors

Section 1. Eligibility Compensation Prohibited. The affairs of the corporation shall be governed by a Board of Directors all of whom must be members of the corporation. No candidate for election or appointment to the Board of Directors shall be eligible if delinquent in the payment of any sum of money owed to the Association. Only one person per lot or ownership unit shall be eligible as a candidate notwithstanding the fact that the lot or ownership unit is jointly owned by two or more persons and/or entities and no more than one person per lot or membership unit may serve as a director simultaneously. No employee of the Association, full or part time, or any vendor used by the Association shall be eligible to be a Director, whether by election or appointment. A Director may provide independent Contractor services to the Association so long as those services are not related his responsibilities as a Director.

Directors shall not be compensated for their services as Directors but may be reimbursed for reasonable out of pocket expenses. A Director may not participate in any discussion or voting involving contracts with a business with which such Director has an association.

Section 2. Size and Terms of Office. The Board of Directors shall be composed of nine (9) persons who shall manage the affairs of the corporation. The Board shall be elected at the Annual Meeting from a slate of Candidates submitted by the Nominating Committee. For the purposes of preserving continuity on the Board, elections of directors shall be staggered such that after the establishment of the rotation, three (3) Board Members shall be elected at each Annual Meeting of the Membership. The nominees receiving the highest number of votes shall fill the vacancies. The term of office for each Director shall be three (3) years. Directors shall serve until their successors take office.

Section 3. Powers and Duties. The Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the Articles of Incorporation, these By-Laws or the Declarations or required thereby to be exercised and performed by the members. In addition to the foregoing general duties imposed by these By-Laws, or any further duties which may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

- (a) To manage, administer the affairs of and maintain the Association.
- (b) To collect annual dues, assessments and fees from the members of the Association and to use the proceeds thereof for the purposes of the Association.
- (c) To carry insurance and collect and allocate the proceeds thereof.
- (d) To rebuild improvements after casualty as decided by the Board of Directors.
- (e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Association properties, to fix their compensation, and to dismiss them.
- (f) To acquire, maintain and improve, and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.
- (g) To borrow money as decided by the Board of Directors and issue evidences of indebtedness in furtherance of any and all of the purposes of the business of the Association, and to secure the same by mortgage, pledge, or other lien, on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of more than sixty (60%) percent of all eligible members of the Association.

- (h) To make reasonable rules and regulations.
- (i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Association and to delegate to such committees any functions or responsibilities which are not by law required to be performed by the Board.
- (j) To manage the Association consistent with the Article of Incorporation and to enforce the Declaration of Restrictions for each subdivision.
- (k) The Board of Directors may employ for the Association a professional management agent at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed above, and the Board may delegate to such management agent any other duties or powers which are not by law required to be performed by or have the approval of the Board of Directors or the members of the Association.
- (l) The Board of Directors shall have the power to amend the By-Laws provided no such amendment shall increase any special assessments from time to time levied by the Association. A two-thirds (2/3) majority (six (6) votes) by the Board of Directors is required to amend the By-Laws. (Refer to ARTICLE XIII)
- (m) No service contract involving over \$250.00 will be awarded without approval of the Board of Directors. All service and material proposals in excess of \$250.00 must be in writing and proposals must be approved prior to seeking bids. All bids must be sealed, and bids must be opened and voted on at a Board of Directors' meeting.

Section 4. Vacancies. In the event that a vacancy occurs, for any reason, a notice shall be given to the Nominating Committee to provide candidates to fill the vacancy. The Board of Directors shall appoint one (1) of the candidates to fill the vacancy, by a majority vote of the Directors then in office though less than a quorum. Such appointees shall serve until the expiration of the term of the Director whose seat became vacant.

Section 5. Recall, Automatic Resignation. Any one or more of the Directors may be removed for malfeasance, non-feasance, neglect, or inattention to or incompetence in the performance of duty. Charges shall be submitted in writing to the Board of Directors and signed by not less than eight (8) members in good standing of the Association or three (3) members of the Board. The Board shall then, upon due notice to the Director so charged, conduct a special Board meeting duly called for the purpose of making disposition regarding the charge or charges. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting prior to a recall vote by the Board of Directors, whereby an absolute minimum vote of five (5) Directors is necessary for removal of the Director so accused. Only duly elected Board members shall participate in such meeting.

Any Director who shall fail to attend any three (3) consecutive regular meetings, unless excused, or six (6) meetings, regular or special, during one (1) fiscal year, shall be deemed to have automatically submitted that person's resignation to the President, which, at the option of the Board, may be accepted or rejected.

Section 6. First Meeting of Board. The first meeting of a newly elected Board of Directors shall be held immediately following the Annual Membership meeting, and no other notice shall be necessary to the newly elected Directors to constitute a duly called meeting.

Section 7. Regular Board Meetings. The regular Board of Directors Meeting shall be held monthly at a time and place established by the Board, except for the month of December unless otherwise

determined by majority vote of the Directors. Notice of regular meetings of the Board of Directors shall be given by mail, fax, telephone or email, at least five (5) days prior to the date named for such meeting. All regular Board of Directors meetings will be open to all Association Members in good standing, except as allowed in Section 11 or allowed by Robert's Rules of Order. A majority vote shall be one more than half those Directors present at any legally constituted meeting. A two-thirds majority of all directors (6 of 9 Directors) may be necessary in certain circumstances as determined by the Board, such as the rescinding of a variance rejection by the Building Control Committee, or as required in these Bylaws, specifically Articles XI, XII, and XIII. Voting shall be conducted according to Robert's Rules of Order.

Section 8. Special Board Meetings. Special meetings of the Board of Directors may be called by the President on three (3) calendar days' notice to each Director, given personally, by mail, fax, telephone or email, 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 like manner and on like notice on the written request of two (2) Directors.

Section 9. 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. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. A Director may join in the action taken at a meeting by signing and concurring in the minutes thereof which shall constitute the presence of such Director for purposes of determining a quorum. Directors may also participate in any board meetings via electronic communications equipment whereby all participants can hear and be heard as decided by the Board of Directors. A quorum of five (5) Directors is needed for the transaction of any Association business.

Section 10. Fidelity Bonds, Employee Dishonesty Insurance. The Board of Directors shall require that all directors, officers, agents and employees of the Association handling or responsible for Association funds shall be covered by adequate fidelity bonds and/or employee dishonesty insurance purchased by the Association. The premiums on such bonds and insurance shall be expenses of administration. Such bonds or insurance shall not be less than the estimated maximum of funds, including reserve funds.

Section 11. Executive Sessions. The Board of Directors may, in its discretion, close a portion of any Regular meeting of the Board of Directors or all or a portion of any Special meeting of the Board of Directors to the members of the Association or may permit members of the Association to attend a portion or all of any meeting of the Board of Directors. Any member of the Association shall have the right to inspect, and make copies of the final, approved minutes of the meetings of the Board of Directors; provided, however, that no member of the Association shall be entitled to review or copy any minutes which reference privileged communications between the Board of Directors and counsel for the Association, or any other matter to which a privilege against disclosure pertains under Michigan Statute, common law, the Michigan Rules of Evidence, or the Michigan Court Rules.

Section 12. Election Staggering. The voting for Directors shall be staggered for purposes of preserving continuity on the Board. After the establishment of the rotation, three (3) Board Members shall be elected at each Annual Meeting of the Membership.

ARTICLE VII
OFFICERS

Section 1. Officers Compensation Prohibited. The principal Officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be members of the Association and members of the Board of Directors. The Directors may vote to appoint an Assistant Treasurer, and an Assistant Secretary, and such other assistants as in their judgment may be necessary. Assistants shall be Members of the Association and are not Officers of the Association. No person shall be permitted to hold more than one office simultaneously unless approved by a majority vote of the entire Board of Directors. Officers shall not be compensated for their services as Officers but may be reimbursed for reasonable out of pocket expenses. At no time may the President also hold the office of Treasurer during said term.

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

Section 3. Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed for malfeasance, non-feasance, neglect, or inattention to or incompetence in the performance of duty and his/her successor appointed at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. President. The President shall be the Chief Executive Officer of the Association. He/She shall preside at all meetings of the Association and of the Board of Directors. He/She 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 propose committees from among the members of the Association from time to time as he/she may in his/her discretion deem appropriate to assist in the conduct of the affairs of the Association. All committees must be approved by a majority vote of the Board of Directors. The President shall be an ex-officio member of said committees. The President shall have the authority to make discretionary operational decisions (such as staffing levels and staff hours) if appropriate in order to deal with situations prior to the next scheduled Board meeting. The Board may establish a dollar limitation on any such discretionary authority by resolution approved by a majority of the Directors. In times of emergencies caused by fire, flood, or act of God, the President shall have the authority in the absence of other Board Members, authorize disbursements of such monies to stem the loss. The President shall sign all legal documents.

Section 5. Vice President. The Vice President shall take the place of the President and perform his/her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be called upon him/her by the Board of Directors. The Vice President shall be responsible for several standing subcommittees, coordinate legal matters, and be responsible for Member relations, nomination of candidates, and monitor voting procedure.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of the meetings of the members of the Association; he/she shall have charge of such books and papers as the Board of Directors may direct; and he/she shall, in general, perform all duties incident to the office of the Secretary. The Secretary shall organize and store all records in the Office for archival and review by Association Members

Section 7. Treasurer. The Treasurer has oversight responsibility for all funds, assets, and securities of the Association and will see that full and accurate records are kept of all receipts and disbursements. He/she will ensure that all Association funds are deposited on a timely basis in the name and to the credit of the Association, and in a manner and locations as may, from time to time, be designated by the Board of Directors. The Treasurer will report to the Board on a regular basis the financial condition of the Association and highlight any situations which may be of unusual interest or require the attention of the Board. The Treasurer will Chair any Finance Committee that may be established by the Board.

(a) Records. Detailed records shall be kept showing all expenditures and receipts of the Association, which shall specify the expenses incurred by or on behalf of the Association. Such accounts and all other non-privileged Association records shall be open for inspection by the members during normal office hours. The Board of Directors, or their designee(s) at the direction of the Board, shall prepare and distribute to the members at least once a year a financial statement, the contents of which shall be defined by the Board. The Board of Directors shall annually engage a qualified, independent certified public accountant to perform an independent review of the records and transactions of the Association.

(b) Depositories. The funds of the Association shall be deposited with insured financial institutions or with insured securities brokers or invested in federally insured securities, as designated by the Board of Directors, and withdrawn only by check or order of the officers, employees or agents designated by the Board of Directors. Funds may also be invested in interest-bearing obligations of the United States Government, or in such other depositories that are adequately insured, at the discretion of the Board of Directors.

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

ARTICLE VIII **Standing Committees**

Section 1. Standing Committees. The following Standing Committees must be chaired by a member of the Board of Directors:

(a) Building Control. The Building Control Committee is responsible for reviewing capital improvements to a Member's lot to assure the improvement conforms to the Lake Somerset Property Owners' Association Restrictive Covenants and Building Control Policies/Rules. This Committee has the power to withhold approval of permits if the plans do not meet these requirements or criteria. The Subcommittee is responsible to maintain and archive records of each review, and to set guidelines, suggest fees, and recommend any changes to the Board of Directors.

(b) Finance. The Finance Committee and must be chaired by the Treasurer. The Finance Committee is responsible for developing budgets and assessments, review monthly accounting and dispersals, assure adequate insurance coverage and timely tax preparation, and approve annual independent review of financial condition.

(c) Parks. The Parks Committee is responsible for maintenance of all property and land assets

(d) Roads. The Roads Committee is responsible for maintenance of all roadways, driveways, and parking lots on Association property, and to coordinate with the Hillsdale County Drain Commission on impoundment dam issues. The Roads Chairman shall coordinate with the Water, Sediment, and Vegetation Subcommittee on dam and settlement pond issues.

(e) Security. The Security Committee is responsible to assure the Association assets are used exclusively by the Membership. The Security Subcommittee chair may employ persons to assist in this responsibility.

(f) Water Quality. The Water Quality Committee is responsible to recommend and coordinate with independent Lake Management/Consultants and/or any other authorized independent contractors to assist in the management of the waters and wildlife of Lake Somerset. The Water Quality Chairman shall be responsible for several standing subcommittees, and may employ persons to assist in this responsibility

Section 2. Standing Subcommittees. The following Standing Subcommittees must be chaired by a Member in good Standing:

(a) Community Council. The Community Council reports to the Vice President. The Community Council is responsible for Member events, distribution of Association notices, and other projects as authorized by the Board.

(b) Nominating Committee. The Nominating Subcommittee reports to the Vice President. The Nominating Committee is responsible for presenting a slate of candidates for nomination to the Board of Directors and for the Nominating Subcommittee to be placed on the ballot for a vote at the Annual Membership Meeting. If requested by the Board, the Subcommittee will present candidates to fill any vacancies occurring during the year.

(c) Water, Sediment, and Vegetation Subcommittee. The Water, Sediment and Vegetation Subcommittee reports to the Water Quality Chairman. The Water, Sediment, and Vegetation Subcommittee shall be responsible for developing requirements, soliciting and review of lake consultants and chemical applicators contracts. The Subcommittee shall monitor lake conditions and advise the Water Quality Chairman of current conditions and the adequacy of contract compliance. The Subcommittee shall be responsible for monitoring any and all sediment ponds to assure their proper function and maintenance and shall schedule and integrate mechanical harvesting and weed pickup of Member piled weeds. This Subcommittee shall advise and coordinate with the Mechanical Subcommittee and the Wildlife Subcommittee.

(d) Mechanical Subcommittee. The Mechanical Subcommittee shall report to the Water Quality Chairman. The Mechanical Subcommittee is responsible for Association owned mechanical equipment including, but not limited to, trucks, conveyors, boats, and weed harvesters. This Subcommittee is also responsible for maintenance of all mechanical equipment and ordering and inventory of spare parts. The Mechanical Subcommittee Chairman shall maintain records of all repairs and inventory.

(e) Wildlife Subcommittee. The Wildlife Subcommittee reports to the Water Quality Chairman. The Wildlife Subcommittee shall be responsible for monitoring and maintaining fisheries and controlling nuisance wildlife.

ARTICLE IX **Indemnification**

Section 1. Indemnification of Directors and Officers. Every Director and every Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable counsel fees and amounts paid in settlement incurred by or imposed upon the director or officer in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal, to which the director or officer may be a party or in which he/she may become involved by reason of his/her being or having been a director or officer of the Association, whether or not he/she is a director or officer at the time such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of

willful or wanton misconduct or gross negligence in the performance of the director's or officer's duties, and except as otherwise prohibited by law; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all members thereof.

Section 2. Directors and Officers Liability Insurance. The Association shall provide liability insurance for every director and every officer of the Association for the same purposes provided above in Section 1 and in such amounts as may reasonably insure against potential liability arising out of the performance of their respective duties. With prior written consent of the Association, a director or an officer of the Association may waive any liability insurance for such director or officers' personal benefit. No director or officer shall collect for the same expense or liability under Section 1 above and under this Section 2; however, to the extent that the liability insurance provided herein to a director or officer was not waived by such director or officer and is inadequate to pay any expenses or liabilities otherwise properly subject to indemnification under the terms hereof, a director or officer shall be reimbursed or indemnified only for such excess amounts under Section 1 hereof.

Section 3. Indemnification of Volunteers. The Association shall require appropriate waivers to be completed by volunteers releasing the Association from liability for injury in the performance of this work.

Section 4. Employees. The Association shall provide insurance indemnifying employees, except in such cases wherein the employee is adjudged guilty of willful or wanton misconduct or gross negligence in the performance of his/her efforts. Any other insurance for the employee shall be at the discretion of the Board of Directors.

Section 5. Independent Contractors. Independent Contractors shall sign an affidavit that they have the appropriate licenses and insurance required for the task at hand, and that they will hold the Association harmless for all liability and injury that may be incurred in the performance of the contracted task.

ARTICLE X **Affidavits**

COPIES OF LEGAL DOCUMENTS TO NEW MEMBERS

LSPOA encourages all sellers of property within the Association to provide copies of the Lake Somerset Property Owners' Rules, By-Laws, and Restrictive Covenants to potential buyers. Lake Somerset Property Owners' Association will supply Seller with this material at no cost. If these documents have not been supplied at the time of title transfer, the LSOPA will provide them in a "Welcome Package."

ARTICLE XI
Annual Dues and Assessments

Annual dues and assessments will be due May 1st. The annual assessment may be adjusted by a two-thirds (2/3) majority vote of the Board of Directors and a majority vote of Members present in person, by advance ballot, or proxy at the Annual Membership Meeting; or at a special meeting called for this purpose. Information regarding annual dues assessments and membership benefits are available at the LSPOA office and on the LSPOA website.

ARTICLE XII
Dissolution

Section 1. Approval Required. The Association may be dissolved only with the assent given in writing and signed by the members entitled to cast two-thirds (2/3) of its membership vote. Written notice of a proposal to dissolve, setting forth the reasons therefore and the disposition to be made of the assets (which shall be consistent with Article XII thereof) shall be mailed to every member at least ninety (90) days in advance of any action taken.

Section 2. Disposition of Assets Upon Dissolution. Upon dissolution of the Association, the assets, both real and personal of the Association, shall be dedicated to an appropriate public agency or utility to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to purposes as nearly as practicable the same as those to which they were required to be devoted by the Association. No such disposition of the Association properties shall be effective to divest or diminish any right or title of any member vested in him under the recorded covenants and deeds applicable to the properties unless made in accordance with the provisions of such covenants and deeds.

ARTICLE XIII
Amendments

These By-Laws may be amended, altered, changed, added to or repealed by the affirmative vote of two-thirds (2/3) majority (six (6) votes) by the Board of Directors at any regular or annual meeting or at any special meeting called for that purpose; provided, however, that the dues and assessment provisions of these By-Laws shall not be altered, amended or changed except as provided for in Article XI.

Any changes to the By-Laws will be communicated to the Association Membership by a mailing of such changes to each member within 30 days of the date of the vote of change consistent with Article V, Section 2. All proposed changes must be announced to the Association Membership at the regular monthly Board meeting the month prior to said vote of change taking place so as to allow for comments from the Membership. Member comments shall be added to the agenda for said meeting.