

BYLAWS
OF
GEM LAKE ESTATES ASSOCIATION, INC.

Article I
Name and Object of Corporation

Section 1. Name: This Corporation shall be known as The Gem Lake Estates Association, Inc., hereinafter called the Association.

Section 2. Objects: The objects of the Association shall be to construct, beautify and maintain all parks, playgrounds, lakes, buildings, or other improvements on property of the Association for the general use, benefit and pleasure Of the members of such an Association solely for recreational, esthetic, social and fraternal purposes and without profit.

Article II
Membership

Section 1. Members: The members of the Association shall consist of two classes of members, designated as Class A and Class B members, respectively, and shall have the respective rights, voting powers, privileges, duties and immunities as follows:

(a) All persons who are owners of a single-family residential building lot or lots in Gem Lake Estates Subdivision or any additions thereto, are Class A members, provided that no person or corporation taking title as security for payment of money or for, the performance of any obligation shall thereby become entitled to membership nor shall ownership of any business, commercial, church or school property entitle the owner or owners thereof to membership by reason of the ownership thereof.

Ownership of property as a qualification for membership is defined as follows: Ownership of any such property under recorded deed, whether the owner is an occupant or not, or ownership under bond for title or contract of purchase, if the same be accompanied by actual occupancy of the lot in question, Ownership within the meaning and intention hereof shall cease upon the sale of any such lot to another by the owner thereof, Sale of any such lot within the meaning hereof shall mean, and should be effective upon the recording of any deed conveying such a lot to another, or the termination of occupancy of the property by the owner thereof accompanied by the giving by such owner to another of a bond for title or, contract of sale with respect to such lot.

(b) Any tenant residing in and actually habiting any multiple-family dwelling or apartment house, located upon any property which may be placed within the jurisdiction of the Association pursuant to the provisions hereof, who may apply for Class A membership in the corporation on a voluntary basis and pay such annual dues for such membership in an amount equal to the annual assessment required to be paid by each member defined in subparagraph (a) hereof, or as may be assessed against each lot in said area owned by such tenants or

occupants of apartments or multiple-family dwellings, shall be optional with such tenants or occupants, and shall cease when such tenant or occupant ceases to be a bonified inhabitant of any such multiple-family dwelling or apartment house. Any tenant who fails to pay the dues when due shall automatically lose his membership.

In no event, however, regardless of any language herein contained shall more than 100 such persons be entitled to membership in the Association under the provisions of this paragraph, nor shall more than 10% of the total membership of the Association be composed of persons entitled to membership therein under this subparagraph, whichever shall be the lesser number.

(c) If a residential building lot shall be owned by more than one person, such ownership shall constitute only one membership in the Association. In the case of multiple ownership of one lot, the use of the facilities of the Association by such multiple owners shall be limited to those owners actually residing upon such building lot or where any such lot is not more than one non-residential owner.

(d) Each Class A member, as defined above, shall have one vote for each lot owned by such member.

(e) A corporation, other than the Class B member, owning one or mote lots in an area hereinabove defined shall have one vote for each such lot owned by such corporation, but no member, stockholder, director, employee or officer of such corporation shall acquire thereby any right or rights individually to become members of the Association.

(f) Class B members shall consist of Management and Investment Corporation. The Class B member shall have one vote for each residential lot unsold and one vote per acre of land owned by it as a part of the general scheme for the future development of Gem Lake Estates Subdivision.

Article III Government

Section 1. Board of Directors: The general management of the affairs of the Association shall be vested in the Board of Directors, who shall be elected as provided in Section 1 of Article V of these Bylaws. The number of Directors shall be five (5) and may not be reduced to less than five (5) by amendment of these Bylaws.

Section 2. Officers: The officers of the Association shall consist of a President, a Vice-President, a Secretary and a Treasurer and an Assistant Secretary and Assistant Treasurer if needed, selected from the Board of Directors, as provided in Section 1 of Article V of these Bylaws.

Section 3. President as Committee Member: The President shall be a member, ex officio of all committees.

Article IV
Meetings

Section 1. Annual Meeting of Members: The annual meeting of members of the Association shall be held in April of each year. Notice of the time and place of the annual meeting shall be delivered to each member at least ten (10) days previous thereto.

Section 2. Special Meetings of Members: Special meetings of the members may be called at any' time upon request of a majority of the members of the Board of Directors, or upon the request of members with a majority of the votes. Notice of the meeting shall be mailed to each member at least ten (10) days previous to the meeting, and at such special meeting there shall only be considered such business as is specified in the notice of meeting.

Section 3. Quorum for Members Meeting: At all meetings of the Association, either regular or special, members having a majority of the votes of the Association shall constitute a quorum.

Section 4. Lack of Quorum: If a quorum is not present, the presiding officer may adjourn the meeting to a day and hour fixed by him.

Section 5. Order of Business: At all meetings of the Association, the order of business shall be as follows: (a) reading of minutes of the immediate prior meeting, (b) reports of officers, (c) reports of committees, (d) election of directors, (e) unfinished business, (f) new business.

Section 6. Director's Meetings. The meeting of the Directors may be held at such time and place as agreed upon by a majority of Directors. The Secretary shall notify each Director of any meeting of the Directors not less than four (4) business days before the meeting. A majority of the Board of Directors shall constitute a-quorum for the transaction of business at any meeting of the Board.

Section 7. Manner of Acting: The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

Section 8. Informal Action by Directors: Any action required by law to be taken at a meeting of directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting, if a consent in writing setting forth the action so taken, shall be signed by all of the Directors.

Election of Directors and Officers

Section 1. Election of Directors: The Directors of the Association shall be elected at the annual meeting. Each member shall be entitled to vote his vote or votes as prescribed in Article II for each Director to be elected and the nominees receiving the largest number of votes shall be elected. Each Director shall serve for a term of one (1) year or until his successor is elected.

Section 2. Election of Officers: The Board of **Directors** shall elect or appoint among their number a President, a Vice-President, a Secretary, and a Treasurer and an Assistant Secretary and Assistant Treasurer if needed. The meeting of the Board of Directors to elect officers shall be held within one (1) month following the annual meeting of members. Officers elected shall hold office until new officers are elected.

Article VI Vacancies in Office

If a vacancy occurs among the officers or in the Board of Directors, the vacancy shall be filled for the unexpired term by the Board of Directors, unless members with a majority of the votes call for an election at a special meeting of the members.

Article VII Duties of Officers

Section 1. President: The President shall preside at all meetings of the Association and of the Board of Directors and shall appoint such committees as he or the Board of Directors shall consider expedient or necessary.

Section 2. Secretary: The secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall, if requested, read such minutes at the next such meeting for approval. The Secretary shall mail out all notices for meetings of the Association or the Board of Directors. The Secretary shall perform such other duties as may be required by the Bylaws, by the President or by the Board of Directors.

Section 3. Treasurer: The Treasurer shall have charge of all receipts and monies of the Association, deposit them in the name of the Association in a bank approved by the Board of Directors and disburse funds as ordered or authorized by the Board of Directors. He shall keep regular accounts of his receipts and disbursements, submit his records when requested by the Board of Directors, and prepare an annual financial statement for the annual meeting of the Association. He shall sign checks and withdrawal slips on behalf of the Association upon any and all of its bank accounts, and the same shall be honored on his signature alone.

Section 4. Execution of Instruments: The President or the Vice-President shall, on being so directed by the Board, sign all leases, contracts or other instruments in writing.

Article VIII
Duties and Powers of Board of Directors

Section 1. Management of Association: The Board of Directors shall have general charge and management of the affairs, funds and property of the Association, The Board shall have full power, and it shall be the Board's duty to carry out the purposes of the Association according to its Articles of Incorporation and Bylaws; to determine whether the conduct of any member is detrimental to the welfare of the Association; and to fix the penalty for such misconduct or any violation of the Bylaws or Rules.

Section 2. Appointment of Committees: The Board of Directors may appoint such committees as it deems necessary; it may vote expenditures of monies it deems necessary or advisable; and it may contract for the lease or purchase in the name of the Association of properties or facilities for the use of the members.

Section 3. Rule Making: The Board of Directors may make rules for the conduct of the members, concerning the Association property, not inconsistent, however, with anything set forth in these Bylaws.

Section 4. Member Suspension: The rights of any member to use the Association property may be suspended for up to six (6) months for each violation by action of the Board of Directors if such member, his family, or guest of any thereof, shall have violated any rule or regulation of the Board regarding the use of any property or contract with respect thereto.

Section 5. Procedure to Admonish or Suspend Member: The Board of Directors shall take cognizance of any charges that may be made to them against any member for, violating the rules or, regulations of the Association and shall in their official capacity investigate the charges, and, if in their judgement the same be proven, shall admonish said member. In its determination, the Directors may also suspend the member's rights to use the Association property as provided in Section 4, Article VIII. Before the Directors can suspend a member's rights to use the Association property, the Board of Directors shall hold a hearing to determine if the evidence is sufficient to find the member of the Association guilty of violating the rules beyond a reasonable doubt, The accused member shall be given written notice five (5) days before the date of the hearing. The notice shall specifically state the alleged improper conduct and the applicable rule or rule. One member of the Board of Directors shall be chosen by the other Directors to call and examine witnesses at the hearing relating to the alleged rule-breaking incident. The Secretary of the Association will take minutes of the proceedings. The member will be given an opportunity to present witnesses relating to the rule-breaking incident and to cross-examine the witnesses called by the Directors. The Directors will have the right

to cross-examine the witnesses called by the accused member. The President of the Association shall take whatever steps are necessary to ensure that the proceedings are conducted in an orderly and expeditious manner. After the witnesses and evidence is presented, the Directors will have two (2) weeks within which to make a decision on the matter. A unanimous decision of the Directors is required to rule against an accused member. In such an event, the accused member shall be notified by the Directors in writing that they have found the member guilty, including a list of pertinent facts which the Board found to be true in arriving at its decision and a statement of the penalty for the violation. The penalty must be reasonably proportionate to the offense. The decision of the Board shall be final, unappealable and binding on the affected member.

Article IX Dues and Assessments

Management and Investment Corporation and each purchaser of any residential lot in Gem Lake Estates Subdivision by virtue of ownership of or the acceptance of a deed therefor, will whether or not it shall be expressed in any subject deed of other conveyance, obligate himself or it and be do to covenant and agree to pay to Gem Lake Estates Association, Inc. an annual assessment or charge to be after provided; each installment of which annual assessment or charge, when due, shall become a lien upon the residential lot against the account of the ownership of which such assessment or charge is made. Each residential lot as shown by a recorded plat or plats, including those subdivided and owned by Management and Investment Corporation is hereby made subject and shall be made subject to a continuing lien to secure the payment of such installment of such assessment or charge when due.

Such assessment or charge shall be in an amount to be fixed from year-to-year by the Board of Directors of the Association provided, however, that the amount of each annual assessment shall be in equal amounts with respect to each lot subject to such charge or assessment under the terms hereof. Effective for a period of five (5) years from May 1, 1968 the annual assessment shall be fixed at \$25.20, payable at the rate of \$2.10 per month per lot. Thereafter, the authorized annual assessment shall be adjusted upward or downward at the beginning of each successive five (5) year period thereafter, on the basis of the Consumer Price Index published in the Federal Reserve Bulletin, and prepared by the Bureau of Labor Statistics of the Department of Labor of the United States, generally known as the Cost of Living Index. For purposes of this computation, the general or overall cost of living figure determined on the basis of foresaid (average of all commodities and services) is 118.6 fixed as of February 1, 1968, based upon 1957-59 averages.

Exactly five (5) years from May 1, 1968, and on the first day of each five (5) year, period thereafter, the Board of Directors of the Association shall make the following calculation: They shall divide consumer prices in effect as of the date any such redetermination of the annual assessment (such consumer price is to be taken from the foresaid

Consumer Price Index effective as of January 1 of the year, in which such determination is made) by consumer prices applicable as of the date

of February 1, 1968 (i.e. 118.6) and the quotient shall be used to multiply the sum \$25.20. The result thereof rounded off to the next lower ten cents (\$0.10) shall be the correct annual assessment for the particular five (5) year period in question.

The cost of living figure foresaid (i.e 118.6) is based upon the 1957--59 average, and any future figure taken from the Consumer Price Index then in effect for the purpose of redetermining the maximum annual assessment hereunder shall reflect and take into consideration any change or changes in this base, yearly or otherwise.

All monthly assessment or charges above described shall be due and payable to the Association in advance, upon the first day of the month, unless paid in advance in one annual installment on or, before May 10, of any given year in which event a discount on such annual assessment shall be allowed. Until any subsequent redetermination of the annual assessment, pursuant to the provisions of the above, such discounts shall be fixed at \$1.10 per annum and upon the redetermination of the annual assessment pursuant to the provisions above, the annual discount herein provided shall be also determined according to same formula and rounded off to the next lower ten cents.

Article X Amendments

These Bylaws may be amended only by a two-thirds vote of the members present at a regular or special meeting of the Association, provided notice of the proposed amendment has been stated in the call, for the meeting.