

2. Proxy/Ballot for Association Membership Fee By-Law

Inserted In Article VII, as Section F

Explanation of bylaw amendment:

Paragraph 1 describes the membership fee.

Paragraph 2 indicates that the funds will be dedicated to a Reserve Account and describes how such funds can be spent.

Paragraph 3 describes the provision for oversight of the Reserve Account by 3 non-board members.

Applicable Sales. In connection with the purchase of any real property within the Community, the purchaser shall be responsible for the payment of a contribution to the Association's capital, determined and calculated as one times the annual combined dues and assessments of the Association and Lakeshore Company (based on annualizing the applicable dues at the date of closing). This capital contribution shall be due and payable in four equal payments billed as additions to the semi-annual billing cycle of the Association. This capital contribution can be prepaid by the purchaser at any time. In the event the purchaser fails to remit payment to the Association, the payment shall be deemed past due and shall be collectable in the same manner as any other payment or assessment due and owing to the Association. Notwithstanding the foregoing, a capital contribution shall not be imposed or collected from any purchaser (i) who, at the time of the closing, is then a Member of the Association, or (ii) acquires the real property as a result of inheritance or pursuant to a legitimate estate planning transfer. The foregoing fee will not be imposed until 365 days after the adoption of by-law change.

Restriction Upon Use of Capital Contributions. The Association shall not utilize the capital contributions to the Reserve Account for general operating expenses. The capital contributions, or portions thereof, may be used only for improving or maintaining existing infrastructure. By way of example, capital contributions may be used for the replacement of roads and related improvements; replacements and capital improvements to existing common facilities such as any common buildings, the water system; dredging; and dam repairs. The foregoing expenditures would be included in the annual budget and must be approved by a majority vote at the annual meeting or any other meeting of the Association membership where a quorum is present. Use of Account funds for any other purposes must be approved by two thirds of the Members of the Association at a meeting where a quorum is present. The foregoing approval procedures in this section will take the place of any other procedures for approval listed elsewhere in these bylaws.

Oversight of Capital Contributions. To assure compliance with the restrictions and intent set forth in this Amendment, capital contributions

shall be maintained in a separate reserve account or accounts (the (“**Account**”) and such Account shall be clearly named and identified as restricted capital contributions. . The Board shall determine which expenditures should be made based on the approvals described in the foregoing paragraph. The Association shall establish a committee to be comprised of three Members of the Association who are not members of the Board. Such committee shall be responsible for reviewing the Account and Account information and reporting to the Association at least annually regarding the status of the Account and any additions or deletions to the balance(s). To minimize the risk of loss of principal, the Account shall be invested in federally insured account(s) or instruments, including United States Treasuries (notes or bonds). Therefore, capital contributions shall not be invested in equities (stock). The Board shall make the decisions on how these funds should be invested subject to the foregoing restrictions.

2. Proxy/Ballot for Association Membership Fee By-Law (continued)

I approve this bylaw _____

I approve this bylaw

I do not approve this bylaw _____
approve this bylaw _____

I do not

Signature: _____

Signature: _____

Printed Signature: _____

Printed

Signature: _____

Note: Homes owned by two members are entitled to two Association votes. If the property is owned by only one resident, that resident can designate in writing to the Board by “an additional resident aged 21 or above” who can vote as a second member for that home. If no such designation has been made, the home is entitled to only one Association vote. *If you are entitled to two Association votes, two signatures are required. Otherwise, only one vote will be registered if only one signature is present.*

Please submit your proxy/ballots either to

Secretary, Tawnya Kabnick
1 Beach Trail
or the
community mail box
3 Trails End (across from the club house).