

BY LAWS  
OF  
THE LAKE LUCERNE CLUB COMPANY

ARTICLE I. Name

The name of this corporation shall be The Lake Lucerne Club Company (hereinafter referred to sometimes as “the corporation” and sometimes as “The Club Company”), located in Bainbridge Township (Chagrin Falls Post Office), Geauga County, Ohio.

ARTICLE II. Purpose and Policy

Section 1. Purposes. The purposes of the Club Company are as follows:

- (a) To enter into, make, perform and carry out contracts of every kind, with any person, firm, association or corporation, and to do any acts necessary or expedient for carrying on any or all objects and purposes of the Club Company not forbidden by the Articles of Incorporation, it's By Laws, or by the laws of the State of Ohio;
- (b) To purchase, lease or otherwise acquire and to hold, convey or otherwise dispose of all kinds of property, both real and personal; to manage, insure and maintain all such property; and to build, erect, install, equip and maintain such roads, fences, buildings, water lines, pumps and other types of structures as shall be deemed appropriate for the purpose of The Club Company;
- (c) To borrow money and issue bonds, notes or other obligations, from time to time, securing the payment thereof by mortgage, pledge or deed or trust, subject to membership approval;
- (d) To make and enforce Rules and By Laws and generally to do all acts which may be deemed necessary or proper to carry out the objects and purposes for which the Club Company is created;
- (e) To enforce the deed restrictions and declarations for the Club Company, as well as all documents promulgated thereunder, as the same may be amended hereafter; and
- (f) To perform such other and further acts as necessary and appropriate to accomplish the foregoing purposes and policies.

Section 2. Nonprofit Corporation. The Club Company shall be a nonprofit corporation subject to the provisions of Sections 1702.01 to 1702.99 of the Ohio Revised Code.

Section 3. No Dividends. No part of the funds, income or net earnings of the Club Company shall inure to the personal benefit of any member of the Club Company, and no dividends shall be paid on any of the outstanding shares of stock.

Section 4. Membership Book. The Membership Trustee of the Club Company shall maintain and keep a current list of the names, by lot, of the Members of the Club Company, and shall promptly notify the treasurer of any change of membership.

ARTICLE III. Members

Section 1. Qualification. All Lot owners, whether personal or corporate, of lots at the date of adoption of these By Laws shall by virtue of such ownership, and upon satisfaction of the Club Company's requirements, be members of The Club Company. Each lot owner shall

be entitled to one vote in The Club Company for each Lot owned, provided, however, if there is more than one owner of any Lot, such owners shall be one lot owner and, collectively, entitled to one vote, so that there shall be no more than one vote for each Lot.

Section 2. Lot Owner Defined. A lot owner is hereby defined as a person or persons, who has legal title to any lot within the subdivisions. Notwithstanding the foregoing, if said person or persons own more than one lot, all such lots are contiguous with one sewer tap, and dues are assessed by The Company as if all said lots were one lot, said lots shall be deemed to be one lot, for all purposes of these By Laws, including, but not limited to the voting rights set forth in Section 1, above. If such person or persons are assessed dues for more than one lot, then said person or persons shall be a lot owner of each lot so assessed, and shall be entitled to all rights and privileges as a lot owner for each said lot. All Lot owners shall be subject to the Rules and By Laws of The Company now in force or which may hereafter be adopted. No person shall be a member of The Lake Lucerne Club Company unless he is a lot owner as herein defined.

#### ARTICLE IV. Privileges of Membership

Section 1. Use of Facilities. All members and their families shall be entitled to make reasonable and proper use of the grounds and property of The Club Company, subject to the Rules and By Laws now in force or which may hereafter be adopted.

Section 2. Guests. Temporary occupants of homes of members shall be subject to the Rules and By Laws of The Club Company.

#### ARTICLE V. Board of Trustees

Section 1. Board Composition. The Board of Trustees of the Club Company shall consist of a total of eleven Trustees. Seven members of the Board shall be non-Officers, and the other four members of the Board shall be Officers. All Trustees shall serve without pay except as hereinafter provided regarding the Club Company's treasurer. The election of the trustees and officers shall be held at the annual meeting or at a special meeting called for that purpose. Each non-Officer trustee shall be elected for a term of three years, and all other Officers shall only be elected for one year terms. In the first two years of each three year cycle, two Trustees and all Officers shall be elected at each annual meeting. In the third year, three Trustees and all four Officers shall be elected at that annual meeting.

Section 2. Qualifications. Any lot owner in good standing shall be qualified to serve as an officer or trustee of The Lake Lucerne Club Company.

Section 3. Vacancies. In the event of a vacancy on the Board of Trustees, said Board shall have the power to fill such vacancies until the next annual meeting.

Section 4. Power and Duties. The trustees shall have general charge of affairs, finances and property of The Club Company, shall have general control of all committees, and shall present a report at the annual meeting.

Section 5. Express Authority to Enact Additional Rules. The Board is hereby empowered to enact such additional Rules as are not expressly inconsistent with these By Laws or the Deed Restrictions of the Lake Lucerne Club Company, which the Board deems necessary in order to successfully govern the Lake Community.

Section 6. Meetings. The Board of Trustees shall hold regular meetings or at any time determined by them and called by the president. The president may call special meetings of the Board of Trustees and shall call a special meeting upon the written request of four

members of the Board. No more than two months shall elapse between meetings. Any Lot Owner is free to attend the Board Meetings, and can place an item on the agenda by contacting the President in advance of such Board meeting.

- Section 7. Quorum. The quorum shall consist of no less than six trustees, four of whom must be non-officers and two of whom must be officers.
- Section 8. Annual Report. The Board of Trustees shall prepare an annual report to the members consisting of the minutes of the previous annual meeting and special meetings, if any, financial statement, proposed budget, report of the nominating committee, report of the auditing committee, reports of the individual trustees and any other pertinent information or recommendations.
- Section 9. Removal. Any Trustee shall be removed from office upon a majority vote of the Members present in person or by proxy at an annual or special meeting.
- Section 10. Managers. Except as set forth in Article VI, Section 5, unless approved by a majority vote of the Members present in person or by proxy at an annual or special meeting, the Board may not hire or engage a manager or managing agent to conduct the business of Club Company or the Board.

#### ARTICLE VI. Officers

- Section 1. Enumeration and Election of Officers. The officers of The Lake Lucerne Club Company shall be president, vice president, secretary and treasurer. Such officers shall vote in the same manner and with the same privileges and qualifications as provided herein for trustees. Officers shall hold office for one year or until their successors are elected, and shall also be members of the Board.
- Section 2. The President. The president shall preside at all meetings of The Club Company and of the Board. The President shall, with the secretary, sign all written contracts and obligations of the Club Company; the President may, in the absence or disability of the treasurer, sign or endorse checks and drafts. The President shall be, ex-officio, a member of all committees except the nominating committee. The President shall have such usual powers of supervision and management as may pertain to the office of president and perform such other duties as may be designated by the Board.
- Section 3. The Vice President. The vice president, in the absence or disability of the president, shall perform all duties of the president. The Vice President shall perform such other duties as the president or Board of Trustees may designate.
- Section 4. The Secretary. The secretary shall give notice of the annual and all special meetings to the members of The Club Company. The Secretary shall keep minutes of all meetings of The Club Company and of all meetings of the Board. The Secretary shall conduct the correspondence of The Company and be custodian of its records and documents. The Secretary shall sign with the president, all contract and other instruments when so authorized by the Board and shall perform such other functions as may be incident to the office. Upon reasonable request by any Member, the Secretary shall provide such Member a copy of approved minutes from recent Board meetings.
- Section 5. The Treasurer. The treasurer shall collect and receive all dues, assessments and other monies due to The Club Company. The Treasurer shall be the custodian of these monies, shall deposit them in a financial institution designated by the Board, and shall disperse the same when so authorized by the Board. The Treasurer shall maintain such books and records in accordance with accepted accounting principles and present statements to the Board at its regular meetings and an annual report to the annual member's meeting. The treasurer shall prepare all necessary tax reports. The treasurer

may be compensated as set by the Board or may retain an assistant whose selection and compensation shall be approved by the Board.

#### ARTICLE VII. Financial Administration

- Section 1. Accounting Year. The accounting year of The Lake Lucerne Club Company shall commence on the first day of January of each year, unless otherwise determined by a majority vote of the Members present in person or by proxy at an annual or special meeting.
- Section 2. Dues. Each member of The Lake Lucerne Club Company, shall pay to the treasurer at the times hereinafter stated annual dues and assessments in such amount of said adopted budget. Said monies shall be used for the necessary expenditures of The Club Company, which shall include, but not be limited to, all costs of the administration, operation, maintenance, repair, and replacement of the Common Areas of the Lake Community and the administration and operation of the Club Company. The allocation of dues monies shall be in the following order: A) cost of the administration, operation, maintenance, repair, and replacement of the Common Areas of the Lake Community; B) escrow; C) administration and operation of the Club Company's water system.
- Section 2.1 Billing and Payment. During the month of January of each year the treasurer shall send to each member a bill for the amount of his annual dues and assessments. If the dues are paid in full within fifty (50) days after the mailing thereof, they shall be subject to a discount of five percent (5%). The members shall have the option of making semiannual payments of said annual dues and assessments, to wit: one-half thereof on or before the twentieth (20<sup>th</sup>) days of February and July of that year, but in such case no discount shall be allowed.
- Section 2.2 Suspension. Any member who shall fail to pay the annual dues or assessments so determined or who shall fail to pay his indebtedness to The Club Company after the same shall have become due and payable may be suspended by the Board of Trustees from all rights and privileges of The Club Company, including all voting rights as a Member of the Company, and of the property of The Club Company or the Common Area.
- Section 3. Assessments. The Board of Trustees shall have the power and authority, as approved by the membership at its annual meeting, to make a uniform schedule of assessments for improved lots and provide a smaller assessment for unimproved lots. All assessments shall be approved by the Board and considered by the membership at an annual or special meeting called for the purpose. Such schedule shall be voted on by the Members at that time and require a majority of the eligible Members present in person or by proxy voting to approve. Penalty for nonpayment of assessments shall be the same as nonpayment of dues.
- Section 4. Enforcement of Payment. The Board shall have full authority to take any action they deem necessary to collect any indebtedness, as described and defined in the Restatement and Amendment of the Deed Restrictions and Declarations for the Lake Lucerne Subdivision, Geauga County, Ohio (a.k.a. Lake Lucerne Deed Restrictions).
- Section 5. Personal Obligation. The obligations created pursuant to these restrictions shall be and remain the personal obligations of the delinquent Lot Owner until fully paid, discharged or abated and may be binding upon the heirs, personal representatives, successors and assigns of such delinquent Lot Owner.
- Section 6. Escrow Account. At each annual meeting, the Board shall recommend to the membership an amount to be assigned to escrow for capital improvements of the water system, roads, lakes, dams and parks. When the Board determines that escrow funds

are needed, the Board must also define where these funds will be spent. Such amounts shall be voted upon by the Members at that time and require two-thirds (2/3) of the votes of those present either in person or by proxy for approval. The escrow account must be spent where defined by the Board and approved by the membership. The Board shall have emergency powers to divert funds from the escrow account through vote of the Board in an amount no greater than 20% of the annual budget in case of a crisis. Emergency escrow funds of no greater than 20% of the annual budget shall be approved by the Board with 2/3 vote of Board members. Any emergency escrow account divergence of more than 20% of the annual budget shall be voted upon at a special meeting by the membership with two-thirds (2/3) of the votes present in person or by proxy. A good faith effort should be made to repay the escrow account for any emergency funds removed.

Section 7. Budget. The Board of Trustees shall submit to the annual meeting of the members a carefully prepared budget of the estimated expenditures for the following calendar year. The annual budget is defined as the total of dues, assessments, water and escrow. The member shall approve and/or amend the proposed budget with two-thirds (2/3) of the votes of those present either in person or by proxy.

Section 8. Auditing. An auditing committee consisting of three (3) members nominated and elected at the annual meeting shall audit The Club Company's books. The auditing committee shall present at the annual meeting a final year-end statement for the previous year and a 10-month statement at the annual meeting. The treasurer shall be an ex-officio member of the auditing committee.

#### ARTICLE VIII. Meetings

Section 1. Annual Meeting. The annual meeting of the members shall be held between November 15 and December 15 of each year. The exact date and location shall be determined by the Board and the membership notified at least 30 days prior to the meeting. Prior to the Annual Meeting, the Treasurer shall deliver to the Secretary a list of Members that are ineligible to vote at the annual meeting. The Secretary shall notify those Members of their ineligibility to vote prior to the annual meeting. Prior to the annual meeting, the Board shall also cause proxy cards to be distributed to all Members entitled to vote.

Section 2. Order of Business. At the annual meeting of The Club, the order of business shall be as follows:

- (a) A report by the secretary indicating the presence of a quorum as defined in Section 4 hereof;
- (b) Approval of the minutes of the previous annual meeting and special meeting, if any;
- (c) Approval of the treasurer's report;
- (d) Approval of auditing committee's report;
- (e) Approval of the individual reports of the trustees;
- (f) Old business;
- (g) Election of trustees, officers, nominating committee and auditing committee to include recommendations of nominating committee and any nominations from the floor;
- (h) New business: approval of the budget;
- (i) Adjournment.

Section 3. Special Meeting. A special meeting of the membership may be called at any time by the Board, or upon written request of at least twenty-five percent (25%) of the members. Notice of any such special meeting and of the purpose thereof shall be given in the same manner as provided in Section 1 of this article.

Section 4. Quorum. A majority of the total number of eligible Members must be present in person or by proxy to constitute a quorum at all membership meetings of The Lake Lucerne Club Company. When counting the number of eligible votes, as well as the number of eligible Members present at a meeting for purposes of voting or determining whether a quorum is present, only one vote is counted per Lot, even if that vote represents multiple Members or Lot Owners, due to the fact that title to a Lot is held by more than one person or entity.

#### ARTICLE IX. Nominations and Elections

Section 1. Nominating Committee. The nominating committee shall consist of three (3) members, not trustees, nominated and elected at the annual meeting to serve until the next annual meeting and who shall not be permitted to succeed themselves as members of the nominating committee. The Board of Trustees shall appoint at their first meeting following the annual meeting a trustee to serve as a non-voting advisor to the nominating committee. The three members shall elect a chairman. Any vacancy on the nominating committee shall be filled by the Board. Suggestions for nominations to fill the offices of trustees, officers, auditing committee and nominating committee may be sent to this committee by any voting member.

Section 2. Purpose. The purpose of the nominating committee shall be to secure consent of and nominate a slate of officers, trustees, nominating committee, and auditing committee.

Section 3. Report of the Nominating Committee. A report of the nominating committee for nominations of officers, trustees, nominating committee and auditing committee shall be submitted to the Board of Trustees thirty (30) days prior to the annual meeting. The report shall also be presented to the annual meeting. Immediately following the presentation of this report, nominations may be made from the floor by any voting member, provided the consent of the nominee shall have been secured.

Section 4. Elections. All elections shall be by ballot unless balloting is waived by a majority of members present. Each member shall be entitled to one (1) vote per subplot as provided in Article III, hereof.

#### ARTICLE X. Voting

Section 1. General Requirements. Provided a quorum exists as defined in Article V, Section 7 or Article VIII, Section 4, as the case may be, and except as otherwise required herein, all actions and votes taken at any meeting of the members, Board, auditing committee or nominating committee shall be taken upon and decided by the affirmative vote of a majority of the members, trustees, or committee members present and voting. In the case of meetings of the members of the Club Company, whether annual or special, the members may vote by proxy. Such proxies shall be in writing, dated and signed by the person giving such proxy. If such proxy is not an authorization to vote upon all issues and motions properly before said meeting, it must expressly and explicitly state any limitations on such authority. Proxies may only be directed to members of the Club Company. The right to vote by proxy shall not extend to meetings of the Board of Trustees or any committee.

Section 2. Voting upon Special Assessments. In the case of voting upon special assessments only, such special assessments shall be approved or authorized by a two-thirds (2/3) vote of the membership present in person or by proxy at the annual meeting or a special

meeting, called in accordance with the provisions of Article VIII, Section 3. A special assessment is defined as an assessment for a specific item/project, the payment for which has a specific beginning and an end date and the item/project has a specific and total cost. The cost is divided equally among all Lot Owners. (Note: a regular assessment does not have a specific beginning and end date. A regular assessment would include the collection of monies on an annual basis in anticipation of a large, recurring, periodic expense.)

ARTICLE XI. Parliamentary Authority

Section 1. Parliamentary Authority. The rules contained in Robert’s Rules of Order, Newly Revised, shall govern the organization in all cases to which they are applicable, except as otherwise modified by the membership at a regular or special meeting of the membership, the Board at a meeting of the Board, or by these By Laws.

ARTICLE XII. Amendments

Section 1. Amendments. These By Laws may be amended by a two-thirds (2/3) vote of the membership present in person or by proxy at the annual meeting or a special meeting, called in accordance with the provisions of Article VIII, Section 3. Amendments shall be submitted to the membership in writing at least 30 days in advance of the meeting.

APPENDIX – Summary of Lake Lucerne Club Company Voting Requirements

Lake Lucerne Club Company  
Summary of Voting Requirements

Action	Requirement	Reference
Votes not otherwise specified	Majority vote of Members present*	BL Article X, Section 1
Assessments	Majority vote of Members present	BL Article VII, Section 3
Change of accounting year	Majority vote of Members present	BL Article VII, Section 1
Removal of Trustee from office	Majority vote of Members present	BL Article V, Section (new)
Hiring of a Manager	Majority vote of Members present	BL Article V, Section (new)
Budget	2/3 vote of Members present	BL Article VII, Section 6
Spending money from Escrow	2/3 vote of Members present	BL Article VII, Section 5
Emergency Escrow (<20% Budget)	2/3 of Board Members	BL Article VII, Section 5
Special Assessments	2/3 vote of Members present	BL Article X, Section 2
Amendment to By Laws	2/3 vote of Members present	BL Article XII, Section 1
Amendment to Deed Restrictions	Majority vote of Members	DR Article II, Number 8

BL = By Laws

DR = Deed Restrictions

\* “Members present” means members present in person or by proxy

The Lake Lucerne Club Company

Date: \_\_\_\_\_ by \_\_\_\_\_

Its \_\_\_\_\_