

MISC 17-1

FILED FOR RECORD 9-23-74 AT 11.31. AM IN BOOK 17 OF Series
195 REGISTER OF DEEDS, CASS CO., NEBRASKA
PAGE 1 *Betty R. Peltzer 4/5/15/75*

COMPARED

BY-LAWS OF

BEAVER LAKE ASSOCIATION

ARTICLE I. OFFICES

Section 1. Offices. The corporation may have such offices, both within and without the State of Nebraska, as the Board of Directors may designate or as may from time to time be necessary or convenient for the conduct of its affairs.

Section 2. Registered Office. The registered office of the corporation required by the Nebraska Nonprofit Corporation Act to be maintained in the State of Nebraska may be, but need not be, identical with the principal office of the corporation in the State of Nebraska. The registered office of the corporation and the registered agent of the corporation, or both, may be changed from time to time by the Board of Directors.

ARTICLE II. MEMBERS

Section 1. Membership Classes. Members of the corporation shall be divided into three classes of membership: Regular Members, Associate Members and Honorary Members.

Section 2. Regular Members. Each contract purchaser or owner beneficially, including but not limited to Beaver Lake Corporation its assigns and any corporate purchasers or beneficial owner, of a platted residential or mobile home lot located in Beaver Lake Subdivision in Cass County, Nebraska, and any one of multiple contract purchasers or owners beneficially of a single such lot designated by them or, in the absence of such designation, selected from among them by the Board of Directors; in the event of corporate ownership, such person designated by the corporate owner; in the absence of such designation, an officer or director of such corporation designated by the Board of Directors, shall be eligible to become a Regular Member upon the acceptance by the Board of Directors of an application for such membership by such person in the form established from time to time by the Board of Directors. Each regular membership of each Regular Member shall appertain to and be wholly coterminous with the duration of the beneficial interest of such member as owner or contract purchaser of a platted residential or mobile home lot located in Beaver Lake Subdivision in Cass County, Nebraska, and automatically shall terminate upon the termination by death, gift, sale or other involuntary or voluntary transfer of such beneficial interest.

Section 3. Associate Members. The spouse and immediate family of any Regular Member, any one of multiple beneficial owners or contract purchasers of a single residential or mobile home lot in Beaver Lake Subdivision in Cass County, Nebraska, who is not a Regular Member, and any tenant or occupant of any residential premises in said Subdivision who is not a Regular Member shall be eligible to become an Associate Member upon the acceptance by the Board of Directors of an application for such membership by such person in the form established from time to time by the Board of Directors. For purposes of this By-Law, "immediate family" shall mean parents, parents-in-law and unmarried children residing with the Regular Member involved. An associate membership automatically shall terminate upon the termination of the Associate Member's qualification for such status.

Section 4. Honorary Members. An adult person who is of good moral character and who has taken exceptional interest in or performed valuable and beneficial services for the corporation or for Beaver Lake Subdivision in Cass County, Nebraska, may become an Honorary Member upon his acceptance as such by the Board of Directors. An Honorary Member need not be the contract purchaser or owner of any property in said Subdivision. The Board of Directors in its discretion may establish standards for the granting and renewal of honorary memberships.

Section 5. Meetings. An annual meeting of the Regular Members shall be held at 2:00 P.M. on the second Sunday in May of each calendar year, at such place as may be determined by the Board of Directors, for the purpose of electing directors of the corporation as provided in these By-Laws and for the transaction of such other business as properly may come before the meeting. Special meetings of the Regular Members may be called by the President, by any two members of the Board of Directors or by 20% of the Regular Members and shall be held at such time and place as may be determined by the person or persons calling the meeting.

Section 6. Voting. Each Regular Member shall be entitled in the election of directors of the corporation to cast in person or by proxy and shall be entitled on any other matter or question voted upon by the Regular Members to cast in person or by proxy one vote for each such membership held. Associate and Honorary Members shall not have voting rights on any matter. Unless otherwise required by these By-Laws or by law, the majority vote of the entire membership of Regular Members present in person or by proxy at any annual or special meeting at which a quorum is present shall decide any matter or question voted upon.

Section 7. Quorum. Regular Members holding 10% of the entire number of regular memberships outstanding shall constitute a quorum for the transaction of business at any meeting of the Regular Members; but if less than such number of Regular Members is present at a meeting, then a majority of the Regular Members present may adjourn the meeting from time to time without further notice until a quorum is present.

Section 8. Notice. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than 50 days before the date of any meetings of the Regular Members, either personally or by mail, by or at the direction of the President, the Secretary or the persons calling the meeting, to each Regular Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the corporation, with postage thereon prepaid.

Section 9. Privileges of Membership. Subject to regulations or rules from time to time adopted by the Board of Directors, all individual Regular Members, Associate Members and Honorary Members, and their respective guests, shall be entitled as appropriate to enjoy or otherwise to use and benefit from all common facilities and all common individual services operated or provided by the corporation and shall further be entitled as appropriate to benefit from or otherwise to participate in all common functions and all common non-individual services provided or performed by the corporation.

Section 10. Discipline and Enforcement. All members of the corporation shall be subject for such period as the Board of Directors may determine to (i) denial partly or wholly of access to, benefit from or use of all or any facilities, functions or services operated, performed or provided by the corporation, (ii) suspension partly or wholly of all or any privileges of membership in the corporation, or (iii) any other disciplinary action directed by the Board of Directors for failure to pay any dues or charges of the corporation or for any other act or omission detrimental to the property or affairs of the corporation or otherwise improper, including but not limited to violation of the covenants, conditions and restrictions pertaining to or affecting the use of real estate located in Beaver Lake Subdivision in Cass County, Nebraska. No denial, suspension or other disciplinary action imposed by the Board of Directors pursuant to these By-Laws shall relieve the member or members involved of any obligations to pay any and all sums due pursuant to these By-Laws or otherwise to comply with the rules and regulations of the corporation. The corporation shall be entitled at any time or from time to time to institute any equitable or legal proceeding appropriate, convenient or necessary for the collection of any sums due the corporation or for the enforcement of any covenant, condition, restriction or easement of concern to it and to take any appropriate, convenient or necessary remedial or other action against any member of the corporation or any real estate located in Beaver Lake Subdivision in Cass County, Nebraska.

Section 11. Transfer of Memberships. Memberships in the corporation shall be transferrable only to the extent (if at all) permitted by rules established from time to time by the Board of Directors, and any such transfers may be effectuated only in accordance with such rules.

Section 12. Membership Records. The corporation shall maintain a written record of memberships in the corporation in such form as the Board of Directors may prescribe from time to time, and only members of record shall be entitled to be recognized as members of the corporation. The corporation may, in the discretion of the Board of Directors, issue certificates or other documents evidencing membership in the corporation.

ARTICLE III. BOARD OF DIRECTORS

Section 1. General Powers. The affairs of the corporation shall be managed by its Board of Directors.

Section 2. Number, Tenure and Qualifications. The initial directors of the corporation shall be the persons named as such in the Articles of Incorporation of this corporation. Beginning with the annual meeting of the Regular Members of the corporation to be held in 1975, the Board of Directors of the corporation shall consist of seven (7) persons, three of whom shall be elected by the Regular Members and four of whom shall be appointed by Beaver Lake Corporation; provided, that if said Beaver Lake Corporation elects to appoint fewer than four directors, then any directorship which might have been but was not filled by such appointment shall be filled instead by election by the Regular Members. A director appointed by said Beaver Lake Corporation need not be a member of the corporation; a director elected by the Regular Members shall be a Regular Member of the corporation, and his term of office as a director automatically shall terminate if he ceases to be a Regular Member of the corporation. Except at the annual meeting held in 1975 when the Regular Members shall elect directors to serve for a term of one, two and three years, each director shall serve for a term of one year or until his successor is elected or appointed.

Section 3. Vacancies. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors; provided, that a vacancy in a directorship which was previously filled by an appointment by Beaver Lake Corporation, a Nebraska corporation, shall be filled by a new appointment made by said Beaver Lake Corporation. A director elected or appointed to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 4. Meetings. An annual meeting of the Board of Directors shall be held immediately following each annual meeting of the Regular Members at the same place as such annual meeting of the Regular Members was held. The Board of Directors may provide, by resolution, the time and place for the holding of regular meetings without notice other than such resolution. Special meetings of the Board of Directors may be called by the President or any two directors. The person or persons calling a special meeting of the Board of Directors may designate any place as the place for such special meeting.

Section 5. Notice. Notice of the time and place of an annual meeting of the Board of Directors shall be given by the Secretary of the corporation at least five days before the date of such meeting. Notice of the time and place of a special meeting of the Board of Directors shall be given by or at the direction of the person or persons calling such special meeting at least three days prior to such special meeting by written notice delivered personally or mailed to each director or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his business address, with postage thereon prepaid. If given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director by a signed writing may waive notice of any meeting either before or after such meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 6. Quorum. A majority of the number of directors fixed pursuant to these By-Laws (or two directors in the case of the initial Board of Directors) shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; but if less than such number is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice until a quorum is present.

Section 7. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 8. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 9. Committees. The Board of Directors, by resolution adopted by a majority of the directors then in office, may designate and appoint one or more committees each of which shall consist of two or more directors, which committees, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the corporation. No such committee, however, shall have the authority of the Board of Directors in reference to amending, altering, or repealing the By-Laws of the corporation; electing, appointing or removing any member of any such committee or any director or officer of the corporation; amending the Articles of Incorporation of the corporation; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of

the corporation; authorizing the voluntary dissolution of the corporation or revoking proceedings therefor; adopting a plan for the distribution of the assets of the corporation. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed upon it or him by law.

Section 10. Informal Action by Directors. Any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Board of Directors or of such committee, as the case may be, entitled to vote with respect to the subject matter thereof.

Section 11. Interest of Directors in Transactions. In the absence of fraud, no contract or other transaction between the corporation and any other person, corporation, firm, syndicate, association, trust, partnership or joint venture shall be wholly or partially invalidated or otherwise affected by reason of the fact that one or more of the directors of the corporation are or become directors or officers of such other corporation, firm, syndicate or association, or trustees of such trust, or members of such partnership or joint venture, or are pecuniarily or otherwise interested in such contract or transaction; provided, that the fact such director or directors of the corporation are so situated or so interested or both, shall be disclosed or shall have been known to the Board of Directors of the corporation. Any director of the corporation who is also a director or officer of such other corporation, firm, syndicate or association, or a trustee of such trust, or a member of such partnership or joint venture, or pecuniarily or otherwise interested in such contract or transaction, may be counted for the purpose of determining the existence of a quorum at any meeting of the Board of Directors of the corporation which shall authorize any such contract or transaction; and, in the absence of fraud and as long as he acts in good faith, any such director may vote thereat to authorize any such contract or transaction, with like force and effect as if he were not a director or officer of such other corporation, firm, syndicate or association, or a trustee of such trust, or a member of such partnership or joint venture, or pecuniarily or otherwise interested in such contract or transaction.

ARTICLE IV. OFFICERS, AGENTS AND EMPLOYEES

Section 1. Number. The officers of the corporation shall consist of a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors,) a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. The Board of Directors may in its discretion elect from its members a Chairman of the Board of Directors who shall have such duties as may be assigned to him from time to time by the Board of Directors.

Section 2. Election and Term of Office. The officers of the corporation to be elected by the Board of Directors shall be elected at the annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office for a term of one year and until his successor shall have been elected and qualified or until his earlier resignation or removal in the manner provided in these By-Laws.

Section 3. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

Section 4. Vacancies. A vacancy in an office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term of such office.

Section 5. Scope of Duties. Subject to the control of the Board of Directors, the officers of the corporation shall have the powers and rights and be charged with the duties and obligations usually vested in or appurtenant to their respective offices or which are from time to time assigned to them by the Board of Directors.

Section 6. Agents and Employees. The officers of the corporation may from time to time appoint, discharge, engage and remove such additional agents and employees as such officers may find to be appropriate, convenient or necessary for the proper conduct of the affairs of the corporation.

ARTICLE V. SEAL

The corporation shall have a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation, the state of its incorporation and the words "Corporate Seal."

ARTICLE VI. CHARGES AND LIENS

Section 1. Fiscal Year. The fiscal year of the corporation shall commence on the 1st day of May of each year and end on the last day of April in the immediate succeeding year.

Section 2. Membership Charges. Each Regular Member shall pay a quarterly membership charge of Forty-Five Dollars (\$45.00) to the corporation on the 1st day of May, August, November and February of each fiscal year of the corporation. Such quarterly membership charge shall bear interest at the rate of nine percent (9%) per annum from its due date if not paid within fifteen (15) days after such

due date. Such quarterly membership charge shall begin for a new Regular Member on the second quarterly payment date specified above which occurs after the effective date of the membership of such new Regular Member. Such quarterly membership charge shall constitute a personal obligation and debt to the corporation of the Regular Member involved, and such obligation and debt may be enforced and collected by the corporation by a suit at law against such Regular Member, in addition to and not to the exclusion of any other remedy or means of collection that may be available to the corporation under these By-Laws or otherwise. Each Regular Member shall be entitled to designate not more than five (5) Associate Members, subject to their acceptance by the Board of Directors, who shall be members of the immediate family (as defined in Article II, Section 3, of these By-Laws) of such Regular Member; provided, that a Regular Member's children under the age of sixteen (16) years shall be entitled to use and enjoy the facilities, programs and services offered by the corporation (subject to all applicable rules and regulations pertaining thereto) without being required to be Associate Members. A Regular Member may hold more than one regular membership at any given time, on the basis of one regular membership for each private residential or mobile home lot in Beaver Lake Subdivision in Cass County, Nebraska, beneficially owned by him, in which case he shall pay the aforesaid charges for a regular membership for each such membership. An Associate Member who is not the designee of a Regular Member, as hereinabove provided for and an Honorary Member shall pay such annual membership charge as shall be determined from time to time by the Board of Directors. Except for the charges set forth in Article VI, Section 5, entitled "Pipeline Assessments," monies received by the Association shall be used first, for payments and expenses in connection with proper operation of water and sewer utilities; the balance remaining thereafter may be used for other Association purposes.

Section 3. Beaver Lake Corporation. Notwithstanding any other provision of these By-Laws, Beaver Lake Corporation, a Nebraska corporation, shall have one Regular Membership for each platted residential or mobile home lot beneficially owned by it in Beaver Lake Subdivision in Cass County, Nebraska, and for each such lot shall have the voting rights and all other rights, privileges and obligations of other Regular Members during the continuance of its beneficial ownership of such lot; provided, however, that said Beaver Lake Corporation shall not be obligated to pay any membership or other charges or amounts to the corporation in respect of such regular memberships. During such time as Beaver Lake Corporation shall be engaged in the sale of its real estate within the Subdivision, its employees and representatives and their families shall be entitled to the use of all facilities owned or operated by the Association without charge except that they shall abide by the rules and regulations of the Association.

Section 4. Lien for Membership Charges. The quarterly membership charge payable by a Regular Member, from and after its due date until paid, together with any accrued interest thereon and the costs of collection (including a reasonable attorney's fee,) shall constitute, become and be a lien against the legal and/or equitable interest of such Regular Member in the platted residential or mobile home lot in Beaver Lake Subdivision in Cass County, Nebraska, upon which such Regular Member's regular membership in the corporation is based. As a condition of the acceptance of an application for a regular membership in the corporation, the Board of Directors shall require the applicant to specify the platted residential or mobile home lot in said Subdivision upon which such applicant's regular membership is to be based; and, in the event that such applicant is the contract purchaser or owner of more than one such lot, such applicant shall specify as the lot upon which his regular membership is to be based, that lot on which he intends to construct the improvements of the greatest value. At any time after such lien arises, the Board of Directors may cause a notice thereof to be recorded in the Office of the Registrar of Deeds of Cass County, Nebraska, such notice to specify (i) the amount of such lien, (ii) the unpaid charges giving rise to such lien, (iii) the name of the Regular Member whose unpaid membership charges have given rise to such lien, and (iv) the legal description of the lot encumbered by such lien. Upon the satisfaction of all of the sums giving rise to such lien, including interest, costs of collection and the fee for recording the notice of and the release of such lien, the corporation shall cause to be recorded in the office of the Registrar of Deeds of Cass County, Nebraska, a notice of the satisfaction and release of such lien. From and after the recording of these By-Laws, the provisions of these By-Laws pertaining to said lien, as such provisions may exist from time to time, shall constitute part of the recorded declarations of restrictions and conditions imposed by Beaver Lake Corporation, a Nebraska corporation, on the real estate comprising said Beaver Lake Subdivision and shall run with the land located in said Subdivision. Except as provided by the laws of the State of Nebraska with respect to general real estate taxes and special assessments, said lien for membership charges of the corporation from and after the recording of notice thereof as aforesaid, shall be senior, prior and superior to any other lien against the property subject thereto which other lien is recorded subsequent to the recording of said notice. In addition to any other remedies available to the corporation under the laws of the State of Nebraska for the collection of the amounts giving rise to and secured by said lien, the corporation shall be entitled to enforce said lien in the appropriate Court of the State of Nebraska in the manner provided by law for the enforcement or satisfaction of mortgages on real estate. Notwithstanding the preceding provisions of this Section 4, if said Beaver Lake Corporation succeeds to the legal and/or equitable interest of any other Regular Member in any platted residential or mobile home lot in said Subdivision and such legal and/or equitable interest is then subject to a lien arising pursuant to this Section 4, then such lien automatically shall be cancelled and of no further force and effect; and the corporation at the request of said Beaver Lake Corporation shall cause a notice of such cancellation to be recorded in the office of

Registrar of Deeds of Cass County, Nebraska. The cancellation of any lien pursuant to the preceding sentence of this Section 4 in no way shall diminish the personal obligation and liability to the corporation of the Regular Member originally responsible for the payment of the sums giving rise to such lien.

Section 5. Pipeline Assessments. A pipeline for the transmission of various liquid materials is owned by National Cooperative Refinery Association (referred to in this Section 5 as the "Association") and traverses a portion of Beaver Lake Subdivision in Cass County, Nebraska, through a valid easement held by the Association. The corporation hereby agrees that it will not cause a political subdivision or municipality, including but not limited to a sanitary and improvement district, to be organized or formed so as to make the Association liable for the payment of taxes, assessments or charges levied or made by such political subdivision or municipality against the Association or its said pipeline or easement. In the event that the corporation or the owners of the real estate comprising said Beaver Lake Subdivision cause such political subdivision or municipality to be organized, and such political subdivision or municipality levies any taxes, assessments or charges against the Association or its said pipeline or easement, then the corporation promptly shall pay directly or reimburse to the Association the full amount of all such taxes, assessments or charges. In the event that the corporation is required to pay directly or reimburse to the Association the amount of any such taxes, assessments or charges, then the amount so paid by the corporation shall be allocated equally among each then Regular Member of the corporation other than Beaver Lake Corporation, a Nebraska corporation, and the amounts so allocated shall be payable to the corporation by the Regular Members to whom they are allocated within ten (10) days after a written notice of such allocation is furnished to such Regular Members. The amount payable by a Regular Member pursuant to this Section 5 shall bear interest at the rate of nine percent (9%) per annum from its due date until paid if not paid within ten (10) days after such due date; in addition, said amount, from and after its due date until paid, together with any accrued interest thereon and costs of collection thereof (including a reasonable attorney's fee,) shall constitute, become and be a lien against the legal and/or equitable interest of such Regular Member in the platted residential or mobile home lot in Beaver Lake Subdivision in Cass County, Nebraska, upon which such Regular Member's regular membership in the corporation is based, in the same manner as if such amount were a membership charge, and all of the provisions of Section 4 of this Article VI shall be applicable to such amount. Notwithstanding any other provision of these By-Laws, the provisions of this Section 5 shall not be amended or revoked without the prior written consent of the Association or its successor in title to said pipeline.

ARTICLE VII. AMENDMENTS

These By-Laws may be amended or repealed and new By-Laws may be adopted at any time by the affirmative vote of at least a majority of the number of

directors then constituting the full Board of Directors; provided that these By-Laws shall not be amended by the Board of Directors so as to increase the quarterly membership charge for Regular Members then in effect by more than ten percent (10%) in any fiscal year unless such By-Law amendment is approved at an annual or special meeting by the affirmative vote of not less than two-thirds of the Regular Members of the corporation then entitled to vote. The Regular Members of the corporation shall have concurrent power to amend or repeal these By-Laws and to adopt new By-Laws at any time at an annual or special meeting by the affirmative vote of not less than two-thirds of the Regular Members of the corporation then entitled to vote. In the event of any conflict between an amendment of these By-Laws adopted by the Board of Directors and an amendment of these By-Laws adopted by the Regular Members, the amendment adopted by the Regular Members shall govern. In no event may the By-Laws be amended or repealed, nor may any By-Laws be adopted, either by the Board of Directors or by the Regular Members, if such changes would affect any of the rights of Beaver Lake Corporation, unless Beaver Lake Corporation shall give written consent thereto, nor may any changes be made that would affect payments necessary for the operation and ownership of the sewer and water utilities.

ARTICLE VIII. COMMITTEES

There shall be standing committees each composed of not less than three members nor more than seven members designated as follows: "Building Committee", "Membership Committee", and "Health and Sanitation Committee". There shall also be such other special committees as may be designated from time to time by the President or the Board of Directors.

Section 1. Building Committee. The Building Committee shall have the responsibility of reviewing, recommending and studying, approving or disapproving improvement plans in accordance with the appropriate subdivision restrictions and standards adopted by said committee and the Board of Directors as may be submitted to them by any member desiring to construct or improve his lot. Any decision of the Building Committee may be appealed to the Board of Directors by any member aggrieved by such decision. The Committee shall also perform such other duties as may from time to time be directed by the President or the Board of Directors.

Section 2. Membership Committee. The Membership Committee shall have the duty and responsibility of reviewing and recommending for approval or disapproval any and all applications for membership and shall make recommendations to the Board of Directors for membership and the class of membership for any applicant. It shall perform such other functions as may be designated from time to time by the President or the Board of Directors.

Section 3. Health and Sanitation Committee. The Health and Sanitation Committee shall periodically review the health and sanitation standards of the various recreational areas, commercial areas and residential areas of the subdivision. It shall make such arrangements as are necessary for the operation of the water and sewer systems, enforcement of reasonable health and sanitation standards, and shall report directly to the Board of Directors. The Committee shall perform such other functions as may be designated by the Board of Directors or the President.

Section 4. Special Committees. Special committees may be appointed from time to time to perform such functions as may then be set out and designated by the President or the Board of Directors and such committee may be made a permanent committee or a committee to perform an isolated service or project.

All committees shall be appointed by a majority of the Board of Directors. Likewise, special committees and the duties and scope of standing and special committees may be created and established in the same manner. Any decision by any of the committees may be appealed to the Board of Directors by anyone aggrieved by such decision.

The Board of Directors shall promulgate such rules and regulations as it deems necessary to regulate the use of the water and sewer systems and each member shall be bound by such rules and regulations. Such rules and regulations may be altered, amended, revised or changed at any time by action of the Board of Directors. A copy of the current rules and regulations shall at all times be maintained by the Secretary at the corporation office and may be examined at reasonable office hours by members in good standing.

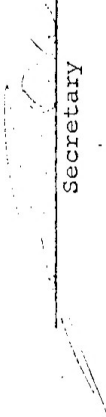
ARTICLE IX. INDEMNIFICATION

In absence of fraud or wilful misconduct, Beaver Lake Association shall indemnify and save harmless all persons who serve or may serve as directors, officers or employees of Beaver Lake Association against liability or loss in connection with the performance of his duties as such director, officer or employee.

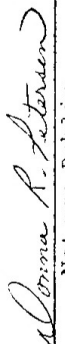
CERTIFICATE

I, James Drake, Secretary of Beaver Lake Association, do hereby certify that the attached is a true and correct copy of the By-Laws of Beaver Lake Association and all amendments thereto as of the date hereof.

WITNESS my hand and seal this August day of May, 1974.


Secretary

Subscribed and sworn to before me a Notary Public this 3rd day of May, 1974.


Notary Public

My Commission Expires:

12/4/76

