

FAQs Proposed Bylaws Modifications:

1. *Why are we doing this now?*

The Assoc. charter with the State has always been for a defined Term. Our current term is up in 2025. While anticipating steps that need to be taken to renew our charter, consideration was given to the Bylaws and whether in their current form they fully address all issues that confront the Association. It is always good practice to from time to time review organizational documents, and this last review disclosed some issues such as Membership, ownership of properties, rental practices and construction that warranted consideration of proposed Bylaws modifications.

2. *I do not understand why if an owner of record is, for instance, an LLC we also have to extend Membership to an individual associated with the LLC.*

It is important to think about Membership as a distinct issue from the privileges of Membership. The Bylaws currently provide that the members of a Member's family are entitled to enjoy the privileges of Membership. If however property is owned by an LLC, there is no applicable family; there is no language in the Bylaws that would extend the privileges of Membership to the owners of the LLC. Extending Membership to designated people is a mechanism that allows the appropriate people to enjoy the privileges of Membership, which is primarily the use and enjoyment of Assoc. facilities.

Further, by extending Membership to principal parties of an entity, we bind both the owner of record, and an individual, to the obligations of Membership. This is important because a primarily tool the Association has to enforce the terms and provisions of the Bylaws, and rules from time to time set by the Board, is to suspend the privilege to use and enjoy Association property in the event of breach of an Membership obligations.

3. *If a Member wanted to resign, why would that Member not automatically have the power to resign their Membership status, accomplishing that without approval of the Board?*

First, remember that this substantively has been in the Bylaws for some time. We are not including a new provision. In any case, it could be that while resigning, and thereby terminating any obligation to pay dues or be subject to the Bylaws, the owners of the subject property might continue to use Assoc. facilities, or may be intending to sell their property, avoid paying dues, but still enjoying the benefits of Membership in the form of the equity value of the property. Our homes have intrinsic equity value simply as a result of their location within this community. The ability of the Board to control these types of situations, to deny resignation, and thereby maintain an obligation to pay dues is an important tool for the Board to better manage the Association on behalf of all of our owners. Recognize also that we run on a very tight margin budget. Should we lose one or two home owners as dues paying Members, that puts a great burden on us as a community to maintain our Association property.

4. *I do not understand the difference between being an Inactive Member and resigning as a Member. Please explain.*

An Inactive Member has had their privilege to enjoy Assoc. property suspended. However, their obligation to pay dues continues. A Member may be put on Inactive status when they have dues in arrears or when there are other violations of Association obligations. The Member may not want to lose their Membership status, which would thereby require them to pay an additional larger (re) initiation fee if they wanted to get back on active status, so putting one on Inactive status until dues in arrears are paid in full, or violations remedied, is appropriate.

Resignation results in the owner's disassociation from the Association. The owners, and the property, have no legal relationship with the Association, no obligation to pay dues, but also no right to enjoy any privileges of Membership including the right to use and enjoy Assoc. property.

5. *I am confused by the difference between property and dwelling house as used in the Bylaws.*

The Bylaws uses dwelling house as a primary term. An obligation of Membership extends to each dwelling house. Accordingly, it could be that two separate dwelling houses are built and established on one tract of land. While that may be legal from a zoning standpoint, it raises the issue whether two separate initiation fees, and dues obligations exist. Dwelling house is not a defined term under the Bylaws, so until that is accomplished, or some acceptable definition is reasonably established by the Board, the potential for confusion as to key issues under the Bylaws remains.

6. *Our CP cottage has been in our family for five generations. We have never applied for or been formally approved as Members although my grandfather was a founding Member of CP. Am I a Member of the Association?*

Technically not. Membership was apparently afforded to your grandfather and grandmother. There is no current provision in the Bylaws providing for transferability of Membership between generations on the passing of the older generation. The same holds true if a Member put ownership of their property in a trust or other vehicle. Only an owner of record under the Bylaws can be a Member, so the net effect of the transfer is to terminate Membership.

These conclusion are however technical in nature. As an Association we commonly accept that subsequent generations are afforded the same status as those who came before them, and are subject to the same obligations. It is simply appropriate to formalize that in our existing documents.

7. *The Construction indemnity provision, is that enforceable?*

Membership status affords Members with privileges but also imposes obligations on the Members. One obligation is that the Member concede to be bound to the terms, provisions and agreements contained in the Bylaws, and those established by the Board. Accordingly, one's status as a Member is deemed to be effective legal agreement to the enforceability of the indemnity provision against them.

8. *How does the Construction indemnity provision work; what more does it give you than otherwise exists now?*

Assume a contractor working on your property, while accessing your property on CP public roads fells a tree by accident with one of their vehicles that damages Association property or property of an Assoc. Member. Arguably that damage is not the responsibility of the homeowner who has engaged the contractor. The homeowner would argue that liability exists only in the contractor. Contractors however go out of business so there could be damage and injury, but no party who can be held liable for that damage or injury. This provision provides that remedy. It also however protects homeowners who are undertaking construction projects because their liability exists only if they do not have the requisite insurance coverage from time to time identified by the Assoc. If they do, they cannot be held liable under this indemnification provision.

9. *The rental provision does not sound fair to me. Everyone is entitled to rent their property so why does it matter if I do that for 2 months in the summer instead of 2 weeks in the summer?*

It is appropriate for the Assoc. to take the position that homeowners treat their property better than renters, and property extends not just to their home but also to Assoc. property that they have the privilege to use by virtue of their Membership. The Board is empowered by the Bylaws to establish rules and regulations with respect to Membership in the Association, and to impose reasonable dues, fees and charges with respect to that Membership. Those renting their property with frequency put a good amount of stress on Assoc. facilities, and the more one rents their property the greater the stress. It is appropriate to establish reasonable rules and regulations, and charge reasonable fees and assessments, to address the issues that arise from this type of use.