

## **Overview of Proposed Material Modifications to the CP Bylaws:**

### 1. *Art. II, Sec. 1, Membership:*

Changes and rationale: By the Articles of Incorporation and Bylaws only owners of record are eligible for Membership. The Bylaws did not anticipate that ownership might be in the form of an LLC, trust, corporation or other vehicle. Because the privileges of Membership extend to individuals, we had to update the Bylaws to reflect different forms of ownership, and who, with respect to that ownership, may enjoy membership privileges. By making both the owner of record a member, and those responsible parties members when property is owned by a vehicle, the Association can better enforce membership obligations against existing property as well as property owners.

### 2. *Art. II, Section 3, Inactive Members.*

Changes and rationale: Before modification Section 3 provided that a Member could be made an Inactive Member if there is a failure to pay dues. Because the obligations of Membership extends beyond just paying dues, it is appropriate to modify this Section to empower the Board to put a Member on Inactive Status for transgressions beyond simply failing to pay dues when owed.

### 3. *Art. II, Section 4, Resignation of Member or Removal of Member.*

Changes and rationale: The modification here is one of emphasis not of substance, and was meant to make more clear that a Member may resign as a Member only upon approval of the Board. This is important because while a Member, even as an Inactive Member, the obligations of membership including the obligation to pay dues continue.

### 4. *Art. II, Section 6, Application for Membership.*

Changes and rationale: A provision providing that an existing Member's application would be expedited by the Board was deleted because it was potentially pernicious. A Member is by definition a Member so the idea that an application for membership of an existing Member would be expedited makes no sense. Art. II, Sec. 2 already provides that where two properties/dwelling homes are owned by one Member, dues and other fees, charges, etc. are owed for both properties.

### 5. *Art. II, Section 7, Nontransferability of Membership.*

Changes and rationale: An owner of record and a responsible party may be a Member. Membership does not automatically extend to all members of a Member's family. However, the right to enjoy the benefits of Membership does by the Bylaws extend to a Member's family. The modification here is meant to address the situation where (i) the original Members become deceased, with ownership passing to family members, and (ii) where existing Members transfer their ownership interest to a new vehicle, but the

underlying principals do not really change. In these cases we need to make clear that the new owners automatically have Membership status, and that no additional dues, fees, etc. are owed as a result of the transfer.

6. *Art. II, Section 10, Construction.*

Changes and rationale: This is a new provision, for consideration. The function is to cause Members who undertake construction to indemnify the Assoc. and their neighbors for any damages caused by that construction. While there may be liability arising from common law actions, an indemnification provides a very powerful and effective tool to protect Association and private property within the community. By insertion of this provision in the Bylaws, it empowers the Assoc. to put a member violating this provision on Inactive Status. Notice that indemnification is limited to insurance coverage provided there is coverage in an amount of no less than that recommended by the Assoc. Accordingly, the Assoc. should recommend coverage amounts. The net effect is that the provision compels a home owner to have appropriate insurance, *and* to make sure that their contractor also has appropriate insurance to cover any damages that might arise.

7. *Art. II, Section 2, Renting.*

Changes and rationale: This is a new provision, for consideration, and is meant to address a situation where a CP home is primarily or frequently used for rental purposes. The world changes and because it is getting more and more expensive to own and maintain a home in CP, we are likely to see more frequent renting of CP homes. This provision functions to enable the Board to consider, and impose, charges such as a rental sur-charge where properties are essentially full time rental properties. It imposes an obligation on the Member to inform the Board when rental periods exceed permissible limits established by the Board. (It needs to be discussed whether we set these periods in the Bylaws or leave that to the Board's discretion. Alternatively we can set limits and the Board can then be empowered to set additional parameters provided they fall within these limits.) Failure to so inform the Board would be a violation of the Bylaws, and would empower the Board to put that Member on Inactive status thereby preventing the Member, and the Member's guests from using CP property.

8. *Art. III, Section I, Use of Association Facilities.*

Changes and rationale: The Bylaws have provided that in addition to any owner, members of the owners immediately family shall have the right to use Association facilities. If a member of an owners family themselves buy CP property, they would conceivably not have to become a member of the Association, or pay any dues, but would have full rights of use of the Association property by virtue of how the Bylaws have been written. By excluding the right to use Assoc. property, we remove this "loop hole." In effect, any member of an owner's family who buys CP property would have to apply for membership in order to have any rights to use Assoc. facilities, including as a guest, or not apply for membership and thereby have no rights of use.

9. *Art. IV, Section 1, Dues And Other Fees.*

Changes and rationale: This Sec. originally applied just to dues, but did contain a provision, mirroring other provisions elsewhere in the Bylaws, confirming that obligations owed arise for each dwelling house owned. So, while this does not change anything, it does more clearly delineate the obligations of Members with respect to dwelling houses owned.

9. *Art. IV, Section 5, Enforcement of Claims.*

Changes and rationale: This modification simply adds an attorney fee provision, such that should the Assoc. ever be compelled to initiate a legal action, the Assoc. would be able to recover its attorneys' fees and court costs arising from said action. (NOTE – while this provision still contains lien language, I do not believe the Association has an right or authority to initiate a lien and were it to do so, I would argue the Assoc. would be clouding title and exposing itself to liability as a result.