

## BY-LAW No. 1

A BY-LAW RELATING GENERALLY TO THE CONDUCT OF THE BUSINESS AND AFFAIRS OF

### SOUTHWOOD LAKE RECREATION ASSOCIATION INC.

BE IT ENACTED AND IT IS HEREBY ENACTED a by-law of **SOUTHWOOD LAKE RECREATION ASSOCIATION INC.** (herein called the "Corporation") as follows:

1. **Quorum.** A majority of the number of directors or minimum number of directors required by the articles shall constitute a quorum for the transaction of business at any meeting of the directors.

2. **Class of Membership.** There shall be three classes of membership, defined as follows:

(a) **Class A Members:** Class A Members shall be those individuals who meet the following requirements:

- (i) Have applied for membership and not resigned.
- (ii) Have paid the initiation fee, as prescribed by the Board.
- (iii) Have paid the annual membership dues.
- (iv) Have completed the requirements for volunteer efforts in assistance of corporate objectives sufficient to remain in good standing for at least twelve (12) months in the discretion of the Board of Directors.
- (v) Are named in the Articles of Incorporation as a director.

(b) **Class B Members:** Class B Members shall be those individuals who meet the following requirements:

- (i) Have applied for membership and not resigned.
- (ii) Have paid the initiation fee, as prescribed by the Board.
- (iii) Have paid the annual membership dues.
- (iv) Have completed the requirements for volunteer efforts in assistance of corporate objectives sufficient to remain in good standing for at least twelve (12) months in the discretion of the Board of Directors.
- (v) There is no residency requirement for Class B membership, however, the Board may, at its discretion, give priority to a resident of a Sunset Lakes Development community.

Class B members shall have the right to form an autonomous club under the name of Southwood Lake Water Ski Club with its own rules and regulations. Class B members shall have the right to provide a dock, boat lift, storage, judging area, water ski equipment, and operate a power boat in the prescribed B member zones as noted on Schedule A and collect dues and fees for the operation of the club activities from its members and guests. The Class B members shall provide to the Corporation a Certificate of Insurance providing at least \$2 million liability for club activities, and provide confirmation that Southwood Lake Recreation Association Inc., and its directors, 1374421 Ontario Ltd., and its directors, are named insured.

(c) **Class C Members:** Class C Members shall be those individuals who meet the following requirements:

- (i) Have applied for membership and not resigned.
- (ii) Are registered owners of land abutting Blocks 61 and 67 on Schedule B attached (Lots 1-16, 27, 28, and Block 60 on Schedule B; and Block 130 on 4M-1265, Block 163 4M-1265)
- (iii) Have paid the initiation fee, as prescribed by the Board, annual membership dues, and assessments.
- (iv) Are in good standing and are not in breach of a title restrictive covenant or rule or by-law of this Association.

Class C members in good standing shall have the right to use the zone designated on Schedule A for Class C members, for recreational purposes i.e. paddling, swimming, and skating, in accordance with the rules and regulations established by the Corporation. If for any reason, the membership is revoked by the corporation, upon delivery of notice to the member, all lake access and membership privileges shall cease forthwith.

Class B and C membership may be revoked at any time. The granting or revocation of Class B or Class C membership may be exercised by the Board in its sole and arbitrary discretion at any time.

Class B and C members must abide by the rules and regulations, prescribed by the board from time to time.

3. **Insurance.** Southwood Lake Recreation Association Inc. shall maintain its own liability insurance.
4. **Meetings.** Meetings of directors and of any committee of directors may be held at any place within or outside Ontario and in any financial year a majority of the meetings of the board of directors need not be held at a place within Canada.  
  
The Chairman of the Board, if any, the President and any director of the Corporation may call a meeting of directors.  
  
Notice of a meeting of directors shall be sent to each director not less than 48 hours before the date of the meeting provided that meetings of the directors may be held at any time without notice if all the directors are present or if all the absent directors have waived notice. Notice of any meeting of directors or any irregularity in any meeting or in the notice thereof may be waived by any director either before or after the meeting.  
  
For the first meeting of directors to be held following the election of directors at a meeting of the members, no notice of such meeting need be given in order for the meeting to be duly constituted, provided a quorum of the directors is present.
5. **Voting.** Questions arising at any meeting of directors shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting in addition to his original vote shall have a second or casting vote.
6. **Indemnification.** The Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or a person who acts or acted at the Corporation's request as a director or officer of a body corporate of which the Corporation is or was a member or creditor, and his heirs and legal representatives, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of such a corporation or body corporate, to the full extent permitted by the *Business Corporation Act* and by law. The Corporation is authorized to enter into agreements evidencing its indemnity in favour of the foregoing persons to the full extent permitted by law.
7. **Appointment of officers.** The directors shall annually or as often as may be required appoint a President and a Secretary and may designate such other officers of the Corporation and appoint such other officers as they may consider advisable. None of such officers need be a director of the Corporation.
8. **Duties of officers.** The officers shall perform such duties as may be specified by the directors.
9. **Removal of officers.** All officers shall be subject to removal by the directors at any time, with or without cause.
10. **Votes.** Only Class A members shall have the right to receive notice and to vote. Every question submitted to any meeting of members shall be decided in the first instance on a

show of hands and in case of equality of votes the chairman of the meeting shall both on a show of hands and at a poll have a second or casting vote in addition to the vote or votes to which he may be entitled as a member or proxy nominee.

11. **Quorum.** A quorum for any meeting of members shall be persons present and holding or representing by proxy not less than 25 per cent of the total number of the members of the Corporation for the time being enjoying voting rights.
12. **Execution of contracts, etc.**
  - a) Contracts, documents or other instruments in writing requiring the signature of the Corporation may be signed by any director or officers and all contracts, documents or other instruments in writing so signed shall be binding upon the Corporation without any further authorization or formality. The directors are authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign specific contracts, documents or instruments in writing.
  - b) In the event that the Class A member dies, the title to the lands shown as Blocks 61 and 67 shall revert to the original grantor 1374421 Ontario Ltd. or its assignee, or in the alternative, 1374421 Ontario Ltd., at its option, shall have the right to name and appoint a new voting member. The Association hereby irrevocably grants 1374421 Ontario Ltd. the right to direct its solicitor to record the title transfer upon the death of the aforesaid.
13. **Financial year.** The financial year of the Corporation shall terminate on such day in each year as the board of directors may from time to time by resolution determine.

Enacted the 1 day of June, 2006.

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President

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Secretary

The undersigned, being all of the directors of **SOUTHWOOD LAKE RECREATION ASSOCIATION INC.** pursuant to subsection 129(1) of the *Business Corporations Act*, by the signature(S) below hereby make(s) the foregoing By-law No. 1 of the by-laws of the Corporation.

Dated the 1 day of June, 2006.

\_\_\_\_\_  
Daniel J. Anderson  
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Cecilia Perdigao

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Judith Anderson

The undersigned, being all of the members of **SOUTHWOOD LAKE RECREATION ASSOCIATION INC.** hereby confirm(s) without amendment the foregoing By-law No. 1 of the by-laws of the Corporation made by the director(s).

Dated the 1 day of June, 2006.

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Cecilia Perdigao