

OPERATING AGREEMENT OF
PLYMOUTH SHORE ON THE BAY LLC

This operating agreement (this "Agreement") is entered on August 27, 2004 by the undersigned persons who is the original member of Plymouth Shore on the Bay LLC, an Ohio limited liability company (the "Company").

RECITAL

The original member and any subsequent members joining the Company have agreed to organization and operation of a limited liability company under the laws of the State of Ohio in accordance with the terms and subject to the conditions set forth in this Agreement.

SECTION I

General Definitions

The following capitalized terms shall have the meaning specified in this *Section I*. Other terms are defined in the text of this Agreement and throughout this Agreement those terms shall have the meanings respectively ascribed to them.

"*Act*" means the Ohio Limited Liability Company Act, Ohio Revised Code Chapter 1705 as amended from time to time.

"*Agreement*" means this Agreement, as amended from time to time.

"*Capital Contribution*" means the total amount of any cash, property, services rendered, or promissory note contributed to the Company or agreed to be contributed by each Member pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Member shall include the Capital Contribution made by a predecessor holder of the Interest of such Member.

"*Code*" means the Internal Revenue Code of 1986, as amended, or any corresponding provision of any succeeding law.

"*Company*" means the limited liability company formed in accordance with this Agreement.

"*Directors*" is the Person(s) designated as such in *Section V* and in the plural means the Board of Directors.

"*Interest Holder*" means any Person who holds a Membership Interest, whether as a Member or an unadmitted assignee of a Member.

"*Member*" means each Person signing this Agreement and any Person who subsequently is admitted as a member of the Company.

"*Membership Interest*" means an Interest Holder's share of the Profits and Losses of, and the right to receive distributions from, the Company.

"*Membership Rights*" means all of the rights of a Member in the Company, including a Member's: (i) Membership Interest; and (ii) the rights granted to Members under this Agreement or under the Act. Membership Rights includes and is couple with a Proprietary Lease to a specific R-V Lot.

"*Membership Units*" shall consist of a 1/116th interest in the Company. A member may own more than one membership unit; all membership units are issued and held in the first instance by the

Original Member.

“*Original Member*” means Ralph E. Churchin who formed the Company, held all of the interests and membership units in the Company and may from time to time sell membership units to new Members.

“*Percentage*” means, as to a Member, the percentage set forth after the Member's name on *Exhibit A*, as amended from time to time, and as to an Interest Holder who is not a Member, the Percentage of the Member whose Membership Interest has been acquired by such Interest Holder, to the extent the Interest Holder has succeeded to that Member's Membership Interest.

“*Person*” means and includes an individual, corporation, partnership, association, limited liability company, trust, estate, or other entity.

“*Proprietary Lease*” means a document of lease of a specified R-V Lot in Plymouth Shore on the Bay, which lease is for a perpetual term and is coupled to the Membership in the Company.

“*Regulation*” means the income tax regulations, including any temporary regulations, from time to time promulgated under the Code.

“*R-V Lot*” means one of the 115 lots in Plymouth Shore on the Bay upon which a recreational vehicle may be utilized in accordance with the license granted by the Department of Health, the Proprietary Lease and the governing documents of this Company.

“*OSOS*” means the Ohio Secretary of State.

SECTION II

Organization

2.1. *Organization.* The parties hereby organize a limited liability company pursuant to the Act and the provisions of this Agreement and, for that purpose, have caused Articles of Organization to be prepared, executed, and filed with OSOS on August 30, 2004.

2.2. *Name of the Company.* The name of the Company shall be “PLYMOUTH SHORE ON THE BAY LLC.” The Company shall do business under that name. If the Company does business under a name other than that set forth in its Articles of Organization, then the Company shall file a fictitious name certificate as required by law.

2.3. *Purpose.* The Company is organized solely to hold title to and operate for its member and all subsequent members a recreational vehicle park and adjacent marina and to do any and all things necessary, appropriate, convenient, or incidental to that purpose.

2.4. *Term.* The term of the Company began on the date of the filing of Articles of Organization with the OSOS, and shall continue in existence perpetually, unless its existence is sooner terminated pursuant to *Section VII* of this Agreement.

2.5. *Principal Office.* The principal office of the Company in Ohio shall be located at 8010 E. Bayshore Road, Marblehead, Ohio, or at any other place which the Board of Directors selects.

2.6. *Statutory Agent.* The name and address of the Company's statutory agent in the State of Ohio shall be Ralph E. Churchin, 8010 E. Bayshore Road, Marblehead, Ohio 43440.

2.7. *Members.* The name, present mailing address, and taxpayer identification number of each Member is as set forth on *Exhibit A*.

2.8. *Legal Counsel.* The Company has engaged Mentzer and Mygrant Ltd as legal counsel to the Original Member and to the Company. Mentzer and Mygrant Ltd has not been engaged to protect or represent the interests of any future Member in relation to the Company. No other legal counsel has

been engaged by the Company to act in such capacity. Each existing and future Member (i) acknowledges that actual or potential conflicts of interest exist among the Members, that such Member's interests will not be represented by legal counsel unless such Member engages counsel on its own behalf, and that such Member has been afforded the opportunity to engage and seek the advice of its own legal counsel before entering into this Agreement; (ii) agrees that, in the event of a dispute between one or more Members, on the one hand, and the Company, on the other hand, Mentzer and Mygrant Ltd may represent the Company and or the Original Member; and (iii) acknowledges that the approvals, acknowledgments and waivers made by such Member pursuant to this Section 2.8 do not reflect or create a right under this Agreement on the part of such Member to approve the Company's selection of legal counsel to the Company. Each Member (other than the Original Member) further agrees that neither this Agreement nor the transactions and Company operations contemplated hereby are intended to create an attorney/client relationship between Mentzer and Mygrant Ltd and such Member or any other relationship pursuant to which such Member (acting other than in the name of the Company) would have a right to object to Mentzer and Mygrant Ltd's representation of any Person under any circumstances. Nothing in this Section 2.8 shall preclude the Company from selecting different legal counsel at any time.

Section III

Capital Contributions and Membership Rights and Interest

3.1. *Initial Contributions.* Upon the execution of this Agreement, the Original Member shall contribute to the Company that real and personal property described on *Exhibit ____* (the "Property"). The Original Member Ralph E. Churchin represents and warrants that he has good and merchantable title to the Property, free of liens, claims and encumbrances and shall pay all costs of transferring the Property to the Company. Other than warranty of title, all such property is contributed in its present condition as is and where is and without further warranties.

3.2. *Membership Units—Total Rights and Interests in the Company.* There shall be 116 Membership Units created upon the formation of the Company. There shall be no additional units. All units are initially issued to the Original Member and future Members are admitted by purchasing a Membership (one membership unit) from any person then holding one of the 116 Membership units. Each Membership Unit shall be allocated an initial capital value of \$100.00. All membership units shall be evidenced by a Certificate of Membership identifying the holder or holders of that Membership Unit and shall further identify the R-V Lot to which the Membership Unit is appurtenant.

3.2. *No Additional Capital Contributions Required.* No Member shall be required to contribute any additional capital to the Company, and no Member shall have any personal liability for any obligation of the Company. Notwithstanding the foregoing, Members shall be required to pay from time to time those "Membership Fees" as are budgeted annually for the operational costs of the Recreational Vehicle Park and Marina facilities as further provided in the Proprietary Lease of R-V lots and Lease of Dock Slip.

3.3. *No Interest on Capital Contributions.* Interest Holders shall not be paid interest on their Capital Contributions.

3.4. *Return of Capital Contributions.* Except as otherwise provided in this Agreement, no Interest

Holder shall have the right to receive any return of any Capital Contribution.

3.5. *Form of Return of Capital.* If an Interest Holder is entitled to receive a return of a Capital Contribution, the Interest Holder shall not have the right to receive anything but cash in return of the Interest Holder's Capital Contribution.

Section IV

Distribution Definitions

"Adjusted Capital Balance" means, as of any day, an Interest Holder's total Capital Contributions less all amounts actually distributed to the Interest Holder pursuant to *Sections 4.2.3.4.1 and 4.4* hereof. If any Interest is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Adjusted Capital Balance of the transferor to the extent the Adjusted Capital Balance relates to the Interest transferred.

"Capital Contribution" means the total amount of cash and the fair market value of any other assets contributed (or deemed contributed under Regulation Section 1.704-1(b)(2)(iv)(d)) to the Company by a Member, net of liabilities assumed or to which the assets are subject.

"Capital Proceeds" means the gross receipts received by the Company from a Capital Transaction.

"Capital Transaction" means any transaction not in the ordinary course of business which results in the Company's receipt of cash or other consideration other than Capital Contributions, including, without limitation, proceeds of sales or exchanges or other dispositions of property not in the ordinary course of business, financings, refinancings, condemnations, recoveries of damage awards, and insurance proceeds.

"Cash Flow" means all cash funds derived from operations of the Company (including interest received on reserves), without reduction for any non-cash charges, but less cash funds used to pay current operating expenses and to pay or establish reasonable reserves for future expenses, debt payments, capital improvements, and replacements as determined by the Board of Directors. Cash Flow shall not include Capital Proceeds but shall be increased by the reduction of any reserve previously established.

Section V

Operations of the Company

5.1. Management and Board of Directors.

5.1.1. *General Management.* The business and affairs of the Company shall be managed under the direction and control of a Board of Directors (the "Board of Directors"), which shall consist of seven members (or fewer than seven if there are not sufficient persons qualified) but only of persons who are then and remain Members.

5.1.2. *Binding Power.* All powers of the Company shall be exercised by or under the authority of the Board of Directors. Decisions of the Board of Directors within its scope of

authority shall be binding upon the Company and each Member.

5.1.3. *Meetings of Board.* Meetings of the Board of Directors shall be held at the principal place of business of the Company or at any other place that a majority of the directors of the Board of Directors determine. In the alternative, meetings may be held by conference telephone, provided that each director of the Board of Directors can hear the others. The presence of at least two thirds (2/3) of the directors of the Board of Directors shall constitute a quorum for the transaction of business. Meetings shall be held once each month, or otherwise in accordance with a schedule established by the Board of Directors. In addition, any member of the Board of Directors may convene a meeting at 8010 E. Bayshore Rd., Marblehead, OH 43440, upon at least ten (10) business days prior written notice to the other Directors. The Board of Directors also may make decisions, without holding a meeting, by written consent of a majority of the directors of the Board of Directors. Minutes of each meeting and a record of each decision shall be kept by the designee of the Board of Directors and shall be given to the Members promptly after the meeting.

5.1.4. *Voting and Quorum.* Decisions of the Board of Directors shall require the approval of at least a majority of the minimum required for a quorum of the directors. A quorum shall consist of two thirds (2/3) of the Directors installed in office.

5.1.5 *Executive Committee and Other Committees.* The board of directors may by resolution appoint an executive committee, and such other committees as it may deem appropriate, each committee to consist of two (2) or more directors of the Company. Committees so appointed shall have and may exercise such of the powers of the board of directors in the management of the business and affairs of the Company during the intervals between meetings of the board as may be determined by the authorizing resolution of the board, subject to such limitations as may be imposed by law. However, no committee shall have the power to determine the cash requirements under the proprietary leases, to fix the membership dues to be paid under such leases, or to vary the terms of payment thereof as fixed by the board.

5.1.6. *Compensation.* Except as otherwise agreed by the Members, the directors of the Board of Directors shall serve without compensation from the Company.

5.1.7. *Exclusive authority.* The provisions contained in this *Section 5.1* supersede any authority granted to the Members pursuant to Section 1705.25(A) of the Act. Any Member who takes any action or binds the Company in violation of this *Section 5.1* shall be solely responsible for any loss and expense incurred as a result of the unauthorized action and shall indemnify and hold the Company harmless with respect to the loss or expense.

5.1.8. *Resignations.* Any director may resign at any time by written notice delivered in person or sent by certified or registered mail to the president or secretary of the Company. Such resignation shall take effect at the time specified in the notice, and unless specifically requested, acceptance of such resignation shall not be necessary to make it effective.

5.1.9 *Removal.* Any director may be removed from office with or without cause by the members of the Company at a meeting duly called for that purpose. Removal shall require the affirmative vote of 75 % of the Membership Units.

5.2. *Officers*

5.2.1. *Election and Removal.* The officers, if any, of the Company shall be a president, one or more vice presidents, a secretary, and a treasurer. Such officers shall be elected by the Board of Directors at the first meeting of the board of directors after these regulations become effective, and thereafter at the regular meeting of each board in each year following the annual meeting of

members. Officers shall serve until removed or until their successors have been elected. The board of directors may at any time or from time to time appoint one or more assistant secretaries and one or more assistant treasurers to hold office at the pleasure of the board and may accord to such officers such power as the board may deem proper. Any officer may be removed at any time, with or without cause, by the affirmative vote of a majority of the then installed total number of directors. The president shall be a member of the board of directors or the spouse of a member, but none of the other officers need be a member of the board of directors; all officers must be members of the limited liability Company or the spouse of a member. One person may hold not more than two (2) offices at the same time, except that the same person may not hold the offices of president and secretary concurrently. Vacancies occurring in any office may be filled by the board of directors at any time.

5.2.2. *Duties of President and Vice Presidents.* The president shall preside at all meetings of members and shall act as chairman of the board of directors. The president or any vice president shall sign in the name of the Company such contracts, leases, and other instruments as are authorized from time to time by the board of directors. Subject to the control of the board of directors, the president shall have general management of the affairs of the Company, and shall perform all duties incidental to the office. In the absence or inability of the president to act, any vice president shall have the powers and perform the duties of the president.

5.2.3. *Duties of Treasurer.* The treasurer shall have the care and custody of all funds of the Company, and shall deposit such funds in the name of the Company in such financial institution or institutions as the directors may determine, and shall perform all other duties incidental to the office. If so requested by the board of directors, the treasurer shall, before receiving any such funds, furnish to the Company a bond with a surety company as surety, in such form and amount as the board shall from time to time determine. The premium on such bond shall be paid by the Company. Within three (3) months after the end of each fiscal year, the treasurer shall cause to be transmitted to each tenant-member whose proprietary lease is then in effect, an annual report of operations and a balance sheet of the Company. In the absence or inability of the treasurer to act, the assistant treasurer, if any, shall have all the powers and perform all the duties of the treasurer.

5.2.4. *Duties of Secretary.* The secretary shall keep minutes of all the meetings of the Board of Directors and of members, and shall make and keep proper record of same. Such record shall be attested by the Secretary or by such person as shall have acted as Secretary of the meeting. The Secretary shall prepare and send out all notices required to be given of meetings of Members or of the Board of Directors. The Secretary shall also perform all other duties incidental to the office. The Secretary shall cause to be kept a book containing the names, alphabetically arranged, of all persons who are members of the Company showing for each the place of residence, the time the person became the owner thereof and the capital account thereof. The Secretary shall also keep records of the holders of record of all leaseholds of the R-V lots and Marina. Such books shall be open for inspection as provided by law. In the absence or inability of the secretary to act, the assistant secretary, if any, shall have all the powers and perform all the duties of the secretary.

5.2.5 *Other Officers.* Other officers shall perform such duties and have such powers as may be assigned to them from time to time by the Board of Directors.

5.3. *Meetings of and Voting by Members.*

5.3.1.1. *Annual Meeting.* An Annual Meeting of the Members shall take place on the first Sunday in August at which time the Directors shall report on the operations of the Company and shall report the budgets for the following fiscal year. At the Annual Meeting of Members, all other

business may be conducted without prior notice. At the Annual Meeting of Members, there shall be elections of Directors with two Directors being elected to terms of three years and one Director to a term of one year; the person receiving the most votes for each of the positions being elected shall be installed in that Director's position, that is the positions of Directors may be filled by a plurality of the votes for each position.

5.3.2. *Order of Business.* So far as is consistent with the purpose of the meeting, the order of business of each meeting of members shall be as follows:

- (a) Call to order.
- (b) Presentation of proofs of due calling of meeting.
- (c) Roll call and presentation and examination of proxies.
- (d) Reading of minutes of previous meeting or meetings, unless waived.
- (e) Reports of officers and committees.
- (f) Election of directors, if appropriate.
- (g) Unfinished business.
- (h) New business.
- (I) Adjournment.

5.3.3. *Calling of meetings.* A meeting of the Members may be called at any time by a majority of the Directors or by those Members holding at least a majority of the issued and outstanding Membership Units. Meetings of Members shall be held at the Company's principal place of business. Not less than ten (10) nor more than ninety (90) days before each meeting, the Person calling the meeting shall give written notice of the meeting to each Member entitled to vote at the meeting. The notice shall state the time, place, and purpose of the meeting. Notwithstanding the foregoing provisions, each Member who is entitled to notice waives notice if before or after the meeting the Member signs a waiver of the notice which is filed with the records of Members' meetings, or is present at the meeting in person or by proxy. Unless this Agreement provides otherwise, at a meeting of Members, the presence in person or by proxy of Members holding not less than a majority of the Membership Units then held by Members constitutes a quorum. A Member may vote either in person or by written proxy signed by the Member or by his or her duly authorized attorney in fact.

5.3.4. *Majority vote* Except as otherwise provided in this Agreement wherever this Agreement requires the approval of the Members, the affirmative vote of Members holding a majority or more of the Membership Units then held by Members shall be required to approve the matter.

5.3.5. *Action by written consent.* In lieu of holding a meeting, the may vote or otherwise take action by a written instrument indicating the consent of Members holding a majority of the Membership Units then held by Members.

5.3.6. *Unanimous consent.* Wherever the Act requires unanimous consent to approve or take any action, that consent shall be given in writing and, in all cases, shall mean the consent of all Members.

5.3.7. *Quorum.* Except where otherwise provided by law, members representing a majority of the membership units then issued and outstanding, in person or by proxy, shall constitute a quorum for the transaction of business at all member meetings.

5.3.8. *Procedures in voting.* At meetings of members, each member present in person or by proxy shall be entitled to one vote for the membership unit registered in his name at the time of service of notice of such meeting, or at such prior date, not less than seven (7) nor more than sixty (60) days before such meeting, as may have been prescribed by the board of directors for the closing of the Company's transfer books, or fixed by the board of directors as the date for

determining which members of record are entitled to notice of and to vote at such meeting. All proxies shall be in writing duly signed by the member; persons named as proxies by members need not themselves be members of the Company. Voting by members shall be via voice unless any member present at the meeting, in person or by proxy, demands a vote by written ballot, in which case the voting shall be by ballot, stating the name of the member voting and the name of the proxy casting such ballot, if the ballot is cast by proxy.

5.4. Duties of Parties.

5.4.1. The Directors shall devote such time to the business and affairs of the Company as is necessary to carry out the management duties set forth in this Agreement.

5.4.2. Except as otherwise expressly provided in *Section 5.4.3*, nothing in this Agreement shall be deemed to restrict in any way the rights of any Member, or of any affiliate of any Member, to conduct any other business or activity whatsoever, and the Member shall not be accountable to the Company or to any Member with respect to that business or activity even if the business or activity competes with the Company's business. The organization of the Company shall be without prejudice to their respective rights (or the rights of their respective affiliates) to maintain, expand, or diversify such other interests and activities and to receive and enjoy profits or compensation therefrom. Each Member waives any rights the Member might otherwise have to share or participate in such other interests or activities of any other Member or the Member's affiliates.

5.4.3. Each Member understands and acknowledges that the conduct of the Company's business may involve business dealings and undertakings with Members and their Affiliates. In any of those cases, those dealings and undertakings shall be at arm's length and on commercially reasonable terms.

5.4.4. No Member shall be required to perform services for the Company solely by virtue of being a Member. Unless approved by the Board of Directors, no Member shall be entitled to compensation for services performed for the Company. However, upon ratification by the Directors and substantiation of the amount and purpose thereof, the Member shall be entitled to reimbursement for expenses reasonably incurred in connection with the activities of the Company.

5.5. Liability and Indemnification of Directors.

5.5.1. The Directors shall not be liable, responsible, or accountable, in damages or otherwise, to any Member or to the Company for any act performed by the Directors within the scope of the authority conferred on the Directors by this Agreement, except as provided in Section 1705.29(D) of the Act.

5.5.2. The Company shall indemnify the Directors for any act performed by the Directors within the scope of the authority conferred on the Directors by this Agreement unless the act is proved by clear and convincing evidence to have been undertaken with deliberate intent to cause injury to the Company, with reckless disregard for the best interest of the Company, or to be an intentional breach of this Agreement.

5.6. Power of Attorney granted to Directors.

5.6.1. *Grant of Power.* Each Member constitutes and appoints the Board of Directors as the Member's true and lawful attorney-in-fact ("Attorney-in-Fact"), and in the Member's name, place, and stead, to make, execute, sign, acknowledge, and file:

5.6.1.1. Articles of Organization or any amendment thereto, which has been approved as provided in this Agreement;

5.6.1.2. all documents (including amendments to articles of organization) which the Attorney-in-Fact deems appropriate to reflect any amendment, change, or modification of this Agreement;

5.6.1.3. any and all other certificates or other instruments required to be filed by the Company under the laws of the State of Ohio or of any other state or jurisdiction, including, without limitation, any certificate or other instruments necessary in order for the Company to continue to qualify as a limited liability company under the laws of the State of Ohio;

5.6.1.4. one or more fictitious or trade name certificates; and

5.6.1.5. all documents which may be required to dissolve and terminate the Company and to cancel its Articles of Organization.

5.6.2. *Irrevocability.* The foregoing power of attorney is irrevocable and is coupled with an interest, and, to the extent permitted by applicable law, shall survive the death or disability of a Member. It also shall survive the Transfer of an Interest, except that if the transferee is approved for admission as a Member, this power of attorney shall survive the delivery of the assignment for the sole purpose of enabling the Attorney-in-Fact to execute, acknowledge, and file any documents needed to effectuate the substitution. Each Member shall be bound by any representations made by the Attorney-in-Fact acting in good faith pursuant to this power of attorney, and each Member hereby waives any and all defenses which may be available to contest, negate, or disaffirm the action of the Attorney-in-Fact taken in good faith under this power of attorney.

Article VI

Transfers of Memberships

6.1.1 *Transfers.* An Interest Holder may transfer all or any portion of his or her Membership Interest. The Transfer of all or a portion of a Membership Interest does not entitle the transferee to become a Member or to exercise any rights of a Member. The transferee shall be entitled to receive, to the extent transferred, only the distributions upon liquidation to which the transferor would be entitled; and the transferee shall not be admitted as a Member unless the Board of Directors has approved such Membership.

6.1.2. *Admission of Transferee as Member.* Notwithstanding anything contained herein to the contrary, the transferee of all or any portion of or any interest or rights in any Membership Right shall not be entitled to become a Member or exercise any rights of a Member and shall only be admitted as a Member upon the majority consent of the Board. The transferee shall be entitled to receive, to the extent transferred, only the distributions to which the transferor would be entitled.

6.1.3 *Transfer of Proprietary Lease.* (a) The membership in the Company is coupled with an interest in a specified R-V Lot represented by a Proprietary Lease and such interest in the Company is transferable only in accordance with a transfer of the R-V Lot.

(b) Except as provided in the preceding paragraph or ARTICLES 19 and 21 of the Proprietary Lease, the Proprietary Lease is not transferrable or assignable except to a member of the Tenant-Member's immediate family, who shall lawfully acquire all of its interests in the Company as is set forth, and who shall in writing assume the Proprietary Lease and agree to be bound by all the duties, promises, and obligations contained therein and in the Operating Agreement and all Rules and Regulations and all amendments thereto; or to a holder of the qualifying memberships of a common membership, who shall in writing, have assumed the Proprietary Lease and shall have agreed be bound by all the duties, promises, and obligations of the Proprietary Lease, the Operating Agreement, and all Rules and Regulations and all amendments thereto. The Tenant-Member may transfer his right of occupancy under the Proprietary Lease to a member of his immediate family by

gift, bequest, assignment, or otherwise, provided that such transferee is the holder of all qualifying memberships of the Company's common membership. Any other transfer of the Proprietary Lease shall be subject to the requirements of Articles 7 and 8 thereof, any other applicable provisions of the Proprietary Lease or this Operating Agreement.

6.1.4. *Issuance to Tenant-Members only.* No memberships hereafter issued or acquired by the Company shall be issued or reissued or transferred except in connection with the execution by the purchaser and delivery by the Company of a proprietary lease of a recreational vehicle lot to be used for a recreational vehicle owned by the purchaser. The membership shall entitle the holder thereof to occupy the lot for the purposes specified in the proprietary lease to which the lease and membership are appurtenant, subject to the provisions, covenants, and agreements contained in such proprietary lease.

6.1.5. *Issuance of Certificates.* Memberships appurtenant to each proprietary lease shall be issued by the board of directors to the Member named in such proprietary lease and shall be represented by a single certificate.

6.1.6. *Form and Register.* Certificates of the Memberships of the Company shall be in the form adopted by the board of directors, and shall be signed by the president or a vice president, and the secretary or an assistant secretary or the treasurer or an assistant treasurer, or by a Director if no officers shall have been elected and installed, and shall be numbered according to the recreational vehicle lot with which they correspond together with a serial number issued consecutively with each certificate. Each certificate transferred and exchanged or returned to the Company shall be canceled, the date of cancellation shall be indicated thereon, and such certificate be retained in the corporate records.

6.1.7. *Transfers.* Transfers of Memberships shall be made on the books of the Company by the holder in person or by power of attorney, and shall be duly executed and filed by the secretary of the Company upon the surrender of the certificate.

6.1.8. *Units of Issuance.* Unless and until all proprietary leases executed by the Company have been terminated, the Memberships appurtenant to each such proprietary lease shall not be sold or assigned except as an entirety to the Company or an assignee of such proprietary lease, after satisfying the requirements of such proprietary lease in respect to the assignment thereof.

6.1.9. *Restrictions on Memberships.* Memberships issued by this Company shall be issued for the purpose of qualifying the owner or owners of such memberships as Tenant-Members under an Occupancy Agreement (Proprietary Lease coupled with an Interest), the form of which is to be determined by the Board of Directors of this Company. and subject to the following conditions:

6.1.9.1. *Right to Purchase Upon Default.* If the Member breaches the Occupancy Agreement (Proprietary Lease), the Company shall have and is hereby given the option to purchase the membership together with the Proprietary Lease and to terminate his Occupancy Agreement (Proprietary Lease) upon thirty (30) days written notice of its intention to do so which shall be sent by registered mail to the member's address shown on the Company's list of members. Thirty (30) days after depositing said notice in the mail, or at any time subsequent to said thirty (30) days, at which it may elect to do so, the Company may purchase the membership and leases at their original issue prices and take title to the aforesaid member's interests and cancel the occupancy agreement.

6.1.9.2. *Resale without obligation.* Any interests of a Tenant-Member purchased by the Company under the terms and provisions of this Article may be resold and reissued for the purpose of qualifying another Tenant-Member without further obligation to the defaulting former Tenant-Member but also without relieving the defaulting former Tenant-Member of any obligations

still owed to the Company.

6.1.9.3. *Company Lien on Certificate of Memberships and Sale of Rights.* The Company shall have a first and paramount lien upon all Memberships of record in the name of any Member, whether held by such member solely, or jointly with others, for such members' debts, liabilities and engagements, solely, or jointly with any other person, to or with the Company and whether the period for the payment, fulfillment, or discharge thereof shall have matured or not. For the purpose of particular specification but not for limitation of the application of the aforesaid lien provision the Membership held by the Tenant-Member shall be and hereby is continuously and irrevocably pledged to the Company for all duties and obligations of the member to the Company. After default upon any such debt, liability, or engagement the Company may, thirty (30) days or more after notice setting forth such default, sell said memberships and proprietary lease(s) at public or private sale for the best price obtainable. The net proceeds of any such sale shall be applied in or towards satisfaction of the debts, liabilities, or engagements of such member to or with the Company, and the residue, if any, shall be paid to said member.

6.1.9.4. *Pledge.* For the purpose of particular specification but not for limitation of the application or the aforesaid lien provision, the membership interests held by the Tenant-Member shall be and hereby are continually and irrevocably pledged to the Company for all duties and obligations of the member to the Company. Unless and until such member as lessee defaults in the payment of any membership dues or of any other indebtedness or obligation, or defaults in the performance of any of the covenants or conditions contained in the proprietary lease, such membership interests shall continue to stand in the name of the Tenant-Member on the books of the Company, and the member shall be entitled to vote such interests as though such lien did not exist.

6.1.9.5. *No duty to transfer defaulted membership/lease.* The Company may refuse to consent to the transfer of memberships of any member indebted to the Company unless and until the indebtedness is paid.

6.1.9.6 *Lost Certificates.* In the event any certificate of membership is lost, stolen, destroyed, or mutilated, the board of directors may authorize the issuance of a new certificate substantially similar in lieu thereof.

Article VII

PROPRIETARY LEASES

7.1.1. *Form of Lease.* The board of directors shall adopt a form of proprietary lease (sometimes referred to as an "Occupancy Agreement") to be used by the Company for the leasing of all realty of the Company to be leased to tenant-members under proprietary leases. Such proprietary leases shall be for perpetual terms so long as not in default, and may contain restrictions, limitations, and provisions in respect to the assignment thereof, the subletting of the premises thereby leased, and the sale and/or transfer of the memberships of the Company appurtenant thereto, and such other terms, provisions, conditions, and covenants as the board of directors may determine.

After a proprietary lease in the form so adopted by the board of directors has been executed and delivered by the Company, all proprietary leases (as distinct from rules and regulations) subsequently executed and delivered shall be in the same form, except with respect to the date of commencement of the term, unless any change or alteration is approved by all Tenant-Members of

the Company.

7.1.2. *Assignment.* Proprietary leases shall be assigned or transferred only in compliance with, and shall never be assigned or transferred in violation of, the terms, conditions, or provisions of such proprietary leases and this Operating Agreement including but without limitation the provisions of Article VI above. A duplicate original of each proprietary lease shall always be kept on file in the principal office of the Company.

7.1.3. *Allocation of Interests.* The board of directors shall allocate to each membership a one-one hundred sixteenth interest in the Company.

7.1.4. *Assignment of Lease and Transfer of Membership.* No assignment of any lease or transfer of the membership in the Company shall take effect as against the Company for any purpose until (a) proper assignment has been delivered to the Company; (b) the assignee has assumed and agreed to perform and comply with all the covenants and conditions of the assigned lease for the remainder of the term; c) the membership in the Company appurtenant to the lease has been transferred to the assignee; (d) all sums due have been paid to the Company; and (e) all necessary consents or waivers have been obtained. Action of the board of directors with respect to the written application for consent or waivers to a proposed assignment must be taken within thirty (30) days after receipt of such written application.

7.1.5. *Compliance required for transfers by law.* No person to whom the interest of a lessee or member may pass by law, shall be entitled to assign any lease, transfer any memberships, or sublet or occupy any recreational vehicle lot except on compliance with the requirements of the lease and these bylaws.

7.1.6. *Fees on Assignment.* The board of directors shall have authority, before any assignment of a proprietary lease and membership takes effect as against the Company as lessor, to fix a reasonable fee to cover actual expenses and attorneys' fees of the Company, to fix a service fee of the Company, and to impose with such other conditions as it may determine, in connection with each such proposed assignment.

7.1.7. *Lost Proprietary Leases.* In the event any proprietary lease in force is lost, stolen, destroyed, or mutilated, the board of directors may authorize the issuance of a new proprietary lease in lieu thereof, in the same form and with the same terms, provisions, conditions, and limitations.

7.1.8. *Violations and Default.* Tenant-Members who violate the terms and conditions contained in the Proprietary Lease, the Operating Agreement or the Rules and Regulations for the tenants of the R-V Park shall receive written notice of such violations from the President with the advise and consent of the Board of Directors. In the event of five (5) violations of which written notice has been given in a 24 month period, the Board of Directors may in its discretion consider expulsion of the Member-Tenant. The Board may then proceed in accordance with Paragraph 6.1.9.1 *Right to Purchase upon Default* or Paragraph 6.1.9.3. *Company Lien on Certificate of Memberships and Sale of Rights.*

7.1.9. *Alternative Fine Schedule for Enforcement of Non-Monetary defaults.* The Board of Directors may propose enforcement procedures less onerous than expulsion from Membership for non-monetary defaults and violations and which may include a system of fines for violations of the Rules and Regulations. Such additional system of enforcement procedures shall require the affirmative vote of 75% of the membership units in the Company.

Section VIII

Membership Dues

8.1. *Annual Budgeting of Fees.* The board of directors shall from time to time, prepare a budget for the annual Membership Fees for such proprietary leases in light of each year's actual expenses of all kinds and any reserves. The board shall have discretionary power to prescribe the manner of maintaining and operating the Company and to determine the Membership Fees to be paid as aforesaid by the tenant-members under their proprietary leases. All fees and charges shall be set equally for every tenant/member with the exception of extraordinary charges levied for the Company having undertaken to complete a personal duty or obligation of a tenant/member. Every such determination by the board of directors shall be final and conclusive as to all tenant-members and any expenditures made by the Company's officers or agents under the direction or with the approval of the board of directors shall be deemed necessary for the purpose of maintaining and operating the recreational vehicle park and marina.

8.2 *Payments.* Payments may be scheduled by the Board of Directors as being due no more often than monthly and no less often than annually and if more often than annually, such payments are based upon estimated annual costs and when made by the Tenant-Members shall be deemed to be payments on account of their annual obligations for Membership Fees which shall be finally determined by the Board of Directors in the light of each year's actual expenses of all kinds and any reserves.

8.3. *Fund for Replacements and General Reserves.* A Fund for Replacements shall be established and maintained by the Company for the purpose of effecting replacement of structural elements, mechanical equipment, and other items of the project. This includes but is not limited to the roadway, electrical, water and sewer systems, swimming pool, breakwall, manager's house and recreation hall/pole barn.

8.4. *Operating Reserve.* In addition, a General Operating reserve may be established and maintained by allocation and payment thereto of an amount equivalent to not more than 10% of the total expenses (Membership Fees) to be charged to Members and in any event capped at \$15,000.00 per year. The total expenses charged to the Members shall include but not be limited to taxes, insurance, and other cooperative operating expenses, including professional fees, bonds or other expenditures that may be contemplated by this Operating Agreement. This reserve may be in the form of a cash deposit or invested in obligations of, or obligations fully guaranteed as to principal and interest by the United States of America, and shall at all times be under the control of the Company.

Section IX

Accounts, books and records.

9.1. *Bank Accounts.* All funds of the Company shall be deposited in a bank account or accounts opened in the Company's name. The Directors shall determine the institution or institutions at which the accounts will be opened and maintained, the types of accounts, and the Persons who will have authority with respect to the accounts and the funds therein.

9.2. *Books and Records.*

9.2.1. The Directors shall keep or cause to be kept complete and accurate books and records of the Company and supporting documentation of the transactions with respect to the conduct of the Company's business. The records shall include, but not be limited to, financial statements of the Company for the three most recent fiscal years, a copy of the Articles of Organization and operating

agreement, and all amendments to the Articles of Organization and Operating Agreement, together with any relevant powers of attorney; information regarding the amount of cash or agreed value of property or services contributed, or agreed to be contributed in the future, by each Member, the respective rights of the Company and each Member regarding the return of contributions, and the Company's federal, state, and local tax returns.

9.2.2. The books and records shall be maintained in accordance with sound accounting practices and shall be available at the Company's principal office for examination by any Member or the Member's duly authorized representative at any and all reasonable times during normal business hours.

9.2.3. Each Member shall reimburse the Company for all costs and expenses incurred by the Company in connection with the Member's inspection and copying of the Company's books and records.

9.2.4. Notwithstanding anything in this *Section* 8.2 to the contrary, any Member requesting examination of the books and/or records of the Company must do so in writing.

9.3. *Annual Accounting Period.* The annual accounting period of the Company shall be its taxable year. The Company's taxable year shall be selected by the Directors, subject to the requirements and limitations of the Code.

9.4. *Tax election as partnership.* Upon the admission of more than one member, the Company shall elect to be taxed as if it were a partnership for income tax purposes. The provision for partnership election can not be changed in this Operating Agreement without the consent of 100% of the outstanding membership units.

9.5. *Reports.* Within seventy-five (75) days after the end of each taxable year of the Company, the Board of Directors shall cause to be sent to each Person who was a Member at any time during the accounting year then ended: (i) an income statement and balance sheet, prepared by either an appointed LLC member or LLC staff member; and (ii) a report summarizing the fees and other remuneration paid by the Company to any Member, the General Manager, or any Affiliate in respect of the taxable year. In addition, within seventy-five (75) days after the end of each taxable year of the Company, the Board of Directors shall cause to be sent to each Person who was an Interest Holder at any time during the taxable year then ended, that tax information concerning the Company that is necessary for preparing the Interest Holder's income tax returns for that year. At the request of any Member, and at the Member's expense, the Board of Directors shall cause an audit of the Company's books and records to be prepared by independent accountants for the period requested by the Member.

9.6. *Tax Matters Partner.* The President of the Board of Directors shall be the Company's tax matters partner ("Tax Matters Partner"). The Tax Matters Partner shall have all powers and responsibilities provided in Code Section 6221, *et seq.* The Tax Matters Partner shall keep all Members informed of all notices from government taxing authorities that may come to the attention of the Tax Matters Partner. The Company shall pay and be responsible for all reasonable third party costs and expenses incurred by the Tax Matters Partner in performing those duties. A Member shall be responsible for any costs incurred by the Member with respect to any tax audit or tax-related administrative or judicial proceeding against any Member, even though it relates to the Company. The Tax Matters Partner shall not compromise any dispute with the Internal Revenue Service without the approval of the Members.

Article X

Distributions and Dissolution

10.1. *Events of Dissolution.* The Company shall be dissolved only upon the written agreement at least 100% of the issued and outstanding membership units.

10.2. *Distributions.* Except on complete liquidation of the Company, the directors may make distributions of profits in their discretion (including but without limitation the Patronage Refunds of excess accumulations of reserves as provided in the Proprietary Leases).

10.3 *Distributions upon Dissolution.*

10.3.1. *Definitions:*

“*Capital Proceeds*” means the gross receipts received by the Company from a Capital Transaction.

“*Capital Transaction*” means any transaction not in the ordinary course of business which results in the Company's receipt of cash or other consideration other than Capital Contributions, including, without limitation, proceeds of sales or exchanges or other dispositions of property not in the ordinary course of business and after which the Company is dissolved and its assets distributed as cash to the Members.

10.3.2. *Capital Proceeds distribution .* Capital Proceeds upon such dissolution of the Company shall be distributed and applied by the Company in the following order and priority:

7.2.2.1 to the payment of all expenses of the Company incident to the Capital Transaction; then

7.2.2.2. to the payment of debts and liabilities of the Company then due and outstanding ; then

7.2.2.3. to the establishment of any reserves which the Board of Directors deems necessary for liabilities or obligations of the Company;

7.2.2.4. the balance shall be distributed as follows:

7.2.2.5 to the Members according to the number of Membership Units they hold in the Company, less all obligations owed by the Member to the Company.

Article XI

Further Restriction Provision

Notwithstanding any provision of this Agreement to the contrary the following provisions shall take precedence over, and control in the event of any conflict with, all other provisions of this Agreement:

(1) The Company shall not hold title to any asset other than Company Property and assets used in the maintenance and operation thereof.

(2) The Company shall not incur debt, secured or unsecured, direct or contingent (including the guaranty of any obligation) other than trade payables incurred in the ordinary course of business and relating to the holding and operation of the Company Property absent the unanimous consent of 100% of the issued and outstanding membership units.

(3) The Company shall not engage in any business other than those necessary for the holding, management or operation of the Property and any business transactions with any member or affiliate of the Company or any affiliate of any member of the Company shall be entered into upon terms and conditions that are intrinsically fair and substantially similar to those that would be

available on an arms-length basis with third parties other than such members or affiliates. Furthermore, the Company shall not commit itself to any project of capital improvement or any other single expenditure in excess of \$15,000.00 without the consent of 75% of the issued and outstanding membership units. The Company shall not make any loans or advances to any third party including any affiliate of the Company or any member or affiliate of any member of the Company and may not make distribution to the membership the proceeds of any borrowing that may be authorized.

(4) The Company shall not change the Rules and Regulations for the operation of the R-V Park or marina without the consent by affirmative vote of 75% of the leaseholders.

(5) The Company shall be required to and shall:

(a) Maintain its books and records separate from including its members, or affiliates;

(b) Maintain its bank accounts separate from Person, including its members, management or affiliates;

(c) Not commingle its funds or assets with those of any other Person, including its members, management or affiliates;

(d) Conduct its business in its own name in the same manner as initially conducted

(e) Maintain financial statements and file tax returns;

(f) Remain solvent and pay its liabilities from its assets as same shall be due;

(g) Hold itself out to the public as a legal entity separate and distinct from any other entity, including its affiliates, management and members.

(6) Ralph E. Churchin, being the Original Member and original holder of all membership units and all leasehold interests:

(a) notwithstanding any other restrictions on assignment and subleasing, shall be entitled to lease to non-members any remaining R-V Lots to which he holds the lease rights without further approval of the Company;

(b) shall be exempt from any rules and regulations promulgated by the Board of Directors, except that any tenants leasing from him shall be bound by the Park Rules and Regulations and may call upon the Original Member to enforce such rules against his tenants;

(c) shall be exempt from all rules, regulations and other conditions in the holding, occupation, use and enjoyment of the residential leasehold retained by him in the southwest corner of the park property;

(d) shall be entitled to transfer without imposition of the transfer approvals or fees contemplated in Paragraphs 7.1.4. and 7.1.6. all membership units and leaseholds that he may have for R-V Lots or marina dock slips/jet boat slips/jet ski ramps/jet ski lifts.

(e) in consideration of the foregoing, Ralph Churchin and his successors, heirs and assigns shall pay to the Company

(1) an amount equivalent to one membership dues obligations of Tenant-Members, and

(2) an amount equivalent to the real estate taxes paid for the dwelling which he occupies and retains as personal property but which is on the county tax duplicate as an improvement to real estate. This amount shall be deemed to be 40% of the value of the buildings shown upon the tax billing.

(f) in further consideration of the foregoing, Ralph Churchin agrees to not exercise voting rights on membership units under his possession or control in excess of 57 of the votes that may be otherwise authorized to be cast.

(7) The Company shall not seek or consent to the dissolution or winding up, in whole or in part, of the Company nor shall the Company permit the Management of the Company to consent to the dissolution or liquidation in whole or in part of the Company absent the affirmative vote of 100% of the membership units issued and outstanding.

(8) The withdrawal or addition of a member shall not cause a dissolution and the Company shall continue in existence unless the remaining members unanimously vote to dissolve the Company.

(9) The Company shall not amend the provisions of this Article XI absent the unanimous affirmative vote of 100% of the membership units issued and outstanding.

Adopted and implemented by the Member holding 100% of the Membership Units of Plymouth Shore on the Bay LLC this 28th day of August, 2004.

Ralph E. Churchin, original Member

5.3.1.1. *Annual Meeting.* An Annual Meeting of the Members shall take place on the first Sunday in **SEPTEMBER** (Previously - August) at which time the Directors shall report on the operations of the Company and shall report the budgets for the following fiscal year. At the Annual Meeting of Members, all other business may be conducted without prior notice. **At the Annual Meeting of Members, there shall be an election of three Directors. The two nominees receiving the most votes will each serve a three year term and the nominee receiving the third most votes will serve one year. The position of Director shall be filled by a plurality of the voters for each position.**

9/03/06