

POINTE AUX BARQUES

Information for Prospective Purchasers

Pointe aux Barques, Inc. ("PAB") is a family resort that has been in existence for over 100 years. It occupies about 800 acres of property at the "tip of the thumb" in Huron County Michigan. Amenities include a ten hole golf course with eighteen tees, three tennis courts, clubhouse, barn and maintenance buildings, woods and shoreline on Lake Huron. Residents of PAB treasure the family aspects of the community and the natural beauty of the locale.

Pointe aux Barques, Inc. – PAB, Inc. is a corporation organized under the Summer Resort and Park Associations Act (P. A. 1897, No. 230, MCL 455.1). It is governed by a nine member Board of Directors elected by the shareholders at an annual meeting held in February in Detroit. PAB has by-laws, articles of incorporation and a cottage owner handbook that guide Board actions and decisions. As a general rule, cottage owners do not own land at PAB. Title to all of the real property and amenities, such as the golf course and the Clubhouse is vested in PAB. Cottage owners own shares in the corporation, which entitles them to the use of the land occupied by their respective cottages. There are 66 cottages at PAB today

- PA 116 - A substantial portion of the land owned by the corporation in the west end of the resort is subject to provisions of Public Act 116, whereby the area is maintained as a natural wetland and development is precluded until the year 2080 in exchange for certain tax relief.
- Centennial Agreement - Because of historical reasons, some cottage owners have more shares of stock than others. In 1999 the owners of virtually all of the shares agreed to share operating expenses and capital charges on a per cottage basis and to vote their respective shares on a per cottage basis (rather than on the basis of the number of shares held). If your seller is not one of the signers of the agreement, you will be expected to sign the agreement at the time that shares are transferred into your name.

PAB Township – The PAB resort is located entirely within a Michigan statutory township, which is governed by an elected Supervisor and Township Board. The Township is responsible for the usual governmental functions and it is funded by the collection of township taxes. In addition it is the taxing agent for other governmental units, such as the schools and county. Chief among the Township's responsibility is the operation of the water and sewer system. Water is obtained from the Port Austin Water Authority. Sewage is disposed of in two septic fields that serve the community. New construction requirements such as water taps or sewer lines must be worked out with the Township. The Township Board is actively working with local communities to evaluate a new sewerage system. It can be anticipated that the funding for the improvement of this service will come from assessments on the benefited cottage owners. The timing for such an assessment is not known now.

Finances. The greater part of operating revenues come from a season's charge which is levied annually shortly following the shareholders meeting in February. In addition, a capital charge to raise funds for capital projects has been levied over the past several years. The real and personal property taxes on property owned by the corporation are divided equally among the cottage owners. Finally, some Board approved projects are funded through voluntary donations from PAB cottage owners, family members and friends.

- Real Estate Tax – Each cottage owner pays real estate taxes on their cottage and the property identified on their stock certificate. With the adoption of Public Acts 46 and 47 of 2012, effective as of January 1, 2012, all of the taxable and assessed values of the Association's platted real property improvements must be added to cottage owners' tax bills issued by Pointe Aux Barques Township, using the same formula that the Association has used for many years to allocate the

Association's real property tax bills from the Township to PAB cottage owners. Your seller can give you this amount for previous years. When property changes ownership, the value will be stepped up to the new value.

- Share of Corporate Tax – Cottage owners each pay an equal share of (a) the unplatted portion of the Association's real property taxable value and (b) the platted but unimproved portions of the Association's real property taxable value. Currently we have 66 cottage owners and thus we each pay 1/66 of any corporate tax.
- Season's Charge – Cottage owners pay a season's charge which covers the operating and maintenance expenses of the corporation.
- Capital Charge – Cottage owners pay a capital charge. This fee varies annually depending on the capital needs such as road and building maintenance and replacement, equipment purchases, etc.

Application to Purchase Stock – Perspective purchasers are required to fill out an application to purchase stock in the corporation. Such application can be obtained from the PAB, Inc. Secretary. Once completed it is returned to the Board Secretary who presents it to the Board of Directors at their next regularly scheduled Board meeting. Signatures of three sponsors and three Board members are required on the application.

Appreciation for the PAB community and its natural surroundings, a willingness to contribute to the community, and financial responsibility are key elements in Board decisions regarding transfer of shares. PAB is successful because of the high level of community involvement and cooperation between Board, community and employees. It is this mutual support that makes the community "work" for everyone involved. Please do not hesitate to contact any Board member with questions you might have.

PAB Board of Directors

(Rev. 12/12)

POINTE AUX BARQUES

The Pointe aux Barques Township Board is a governmental body, duly elected by its registered voters to serve the Township in providing governmental services. For further information on any of the following areas of Township responsibility, please contact the Township Supervisor.

- **ELECTIONS:** Those cottage owners who are permanent residents of PAB register to vote at PAB. It is from this pool of residents that township officials are elected. The township officials are: supervisor, treasurer, clerk, constable, and two trustees at large. Additionally, the Township board at its discretion may appoint a deputy clerk and/or a deputy treasurer. Both local and national elections are held at the township hall.
- **TAXATION:**
Collection - Tax notices are sent out and collected by the Township treasurer in the December to February time frame each year.
Appeals - Following receipt of annual real estate assessments, cottage owners receive a letter regarding the tax appeals process and dates when the Board of review will be available to hear assessment appeals. The Board of review is generally held the 1st Monday and Tuesday in March of each year.
- **BOND ISSUES:** The Township has authority to issue bonds to finance the cost of public improvements.
- **ASSESSMENTS:** The Township may charge special assessments as one way to pay off bonded indebtedness.
- **TOWNSHIP HALL:** The Township Hall serves as a meeting hall, an office and voting site. Township meetings are open to the public. The hall also provides record storage and fulfills various other needs of the Township.
- **SEWER:** The Township is responsible for maintaining the septic sewer system, sewer lines and other needs pertaining to the sewer system. Each cottage owner is responsible for sewer lines in their homes and lines that run from their home to the street.
- **WATER:** The Township issues all water taps for new buildings and is responsible for the fresh water supply. The Township is responsible for testing the water for safe usage, i.e.: periodically having the pipes flushed, establishing usage guidelines and assuring that the water system is operated by certified personnel. Each cottage owner is responsible for water lines in their home and lines running from their home to the street.
- **STREET LIGHTING:** The Township is responsible for all public lighting. They work with Edison to make sure bulbs are replaced and lights are in working order.
- **CEMETERY:** Administers the local cemetery. A copy of the cemetery ordinance and lot purchase information can be obtained from Township officials.
- **GARBAGE COLLECTION:** The Township establishes a trash collection schedule, which varies by season. It also contracts for and provides garbage collection services. There is currently a recycling program in effect.

- **MAINTENANCE OF BEACHES AND PARKS**: The Township contracts for an initial beach clean-up at the start of summer season and then provides periodic clean-ups as needed following large storms or other circumstances. Individual cottage owners who wish to have their beach areas cleaned more frequently may pay PAB staff to do this.
- **SECURITY**: Handles gate security personnel and establishes security procedures for PAB.
- **AMBULANCE SERVICE**: Appoints a resident to fill a seat on the Bad Axe ambulance board as the Township Representative. The board provides ambulance service throughout the thumb area.
- **FIRE PROTECTION**: Contracts with the Port Austin Volunteer Fire Department for services and establishes emergency fire procedures within PAB.
- **HUNTING**: The Township establishes and enforces PAB hunting regulations. A copy of these regulations is available from Township officials. Regulations include delineation of safe walking areas during bow, black powder and rifle seasons.
- **GYPSY MOTH CONTROL**: Each year the Township evaluates the need for spraying of gypsy moths. This determination is based on the fall nest count and the current impact of the moths in the Thumb area.

POINTE AUX BARQUES, INC.
APPLICATION FOR STOCK PURCHASE OR TRANSFER
(Not required for the intra-family transfer of shares of PAB, Inc. stock)

Name of Applicant(s): _____

Address: _____

Home telephone: _____ Home e-mail: _____

First applicant occupation: _____ Employer: _____

Business telephone: _____ Email: _____

Second applicant occupation: _____ Employer: _____

Business telephone: _____ Email: _____

Names and ages of
children: _____

Clubs and organizations: _____

Name of transferor(s) or seller(s): _____

Number of shares of PAB, Inc. to be purchased or transferred: _____

Exact name(s) in which the applicant(s) wishes to hold the shares of PAB, Inc. stock: _____

Brief description of land attached (cottage number, lot number, attach plat or drawing if
available): _____

Price and terms of proposed stock and land
purchase: _____

Proposed closing date: _____

Sponsors of applicant(s): (Must be three PAB cottage owners (not Board members))

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

PAB Board Member sign-off:

Name: _____

Signature: _____

Name: _____

Signature: _____

Name: _____

Signature: _____

No transfer will be approved unless all shares of the applicant(s) and transferor(s) (if the transferor retains any shares) and the immediate families of the applicant(s) and transferor(s) are attached to land.

If this application is approved, the undersigned agree(s): 1) to commission a survey of the land attached to the shares and to stake the property boundaries and applicable setbacks on the site and 2) to abide by the bylaws, rules and regulations of PAB, Inc. as they may be changed from time to time.

Signature(s) of Applicant(s): _____

Dated: _____

Signature of Transferor(s): _____

Dated: _____

Approved by the Board of PAB, Inc. on _____

(Rev. 12/12)