

EXHIBIT "A"
ARBOR FARMS
BYLAWS

ARTICLE I
ASSOCIATION OF CO-OWNERS

Arbor Farms, a residential Condominium Project located in Pittsfield Charter Township, Washtenaw County, Michigan, shall be administered by an Association of Co-owners which shall be a non-profit corporation, hereinafter called the "Association," organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation, and administration of the Common Elements, easements, and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Bylaws referred to in the Master Deed and required by Section 3(8) of the Act and the Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged, or transferred in any manner except as an appurtenance to his or her Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers, and prospective mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ARTICLE II
ASSESSMENTS

All expenses arising from the management, administration, and operation of the Association in pursuance of its authorizations and responsibilities as set forth in the Condominium Documents and the Act shall be levied by the Association against the Units and the Co-owners thereof in accordance with the following provisions:

Section 1. Assessments for Common Elements. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act. Assessments for Common Elements shall be used to promote the recreation, health, safety, welfare, common benefit, and enjoyment of the Co-owners of the Condominium, including but not limited to (a) the planting maintenance, irrigation and care of trees, shrubs, grass, and other landscaping on the Common Elements; (b) the acquisition of common areas; (c) the construction, operation, regulation maintenance, repair, and replacement of recreational facilities; (d) maintenance and repair of Units as

provided by this Master Deed; (e) maintenance of drainage facilities which service the Condominium, whether inside or outside of the Condominium boundaries; (f) providing community services; (g) obtaining insurance for the protection of the Co-owners and Association Directors and Officers; (h) illumination, maintenance, repair and replacement of Condominium signage, and (i) establishing and maintaining appropriate reserves for those purposes.

Section 2. Determination of Assessments. Assessments shall be determined in accordance with the following provisions:

(a.) **Budget; Regular Assessments.** The Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year that may be required for the proper operation, management, and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall be established in the budget and must be funded by regular payments as set forth in Section 2(c) below rather than by special assessments. At a minimum, the reserve fund shall be equal to 10% of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular project, the Association of Co-owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. Upon adoption of an annual budget by the Association, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget. The annual assessments as so determined and levied shall constitute a lien against all Units as of the first day of the fiscal year to which the assessments relate. Failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish such lien or the liability of any Co-owner for any existing or future assessments. Should the Association at any time decide, in its sole discretion: (1) that the assessments levied are or may prove to be insufficient (a) to pay the costs of operation and management of the Condominium, (b) to provide replacements of existing Common Elements, (c) to provide additions to the Common Elements not exceeding \$2,500 annually for the entire Condominium Project, or (2) that an emergency exists, the Association shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Association shall have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 3 hereof. The discretionary authority of the Association to levy assessments pursuant to this subparagraph shall rest solely with the Association for the benefit of the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof. Presently part of the roads serving the Condominium, as shown on Exhibit B, are private roads and all expenses of insurance, maintenance, repair and replacement of the private roads shall be paid by the Association or Master Association. In establishing an annual budget for each fiscal year and the reserve fund, the Board of Directors of the Association shall consider future costs of maintenance, repair and replacement of the private roads unless or until the roads become dedicated and accepted by the appropriate governmental body.

(b.) **Special Assessments.** Special assessments, in addition to those required in subparagraph (a) above, may be made by the Association from time to time and approved by the Co-owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding \$2,500 for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (b) (but not including those assessments referred to in subparagraph 2(a) above, which shall be levied in the sole discretion of the Association) shall not be levied without the prior approval by 66 2/3% in number and value of the Co-owners. Special assessments shall be assessed against the Units and payable as approved by the Co-owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

(c.) **Initial Working Capital Account.** To establish an initial working capital account for the Condominium, a first purchaser of a Condominium Unit from the Developer, at the time of closing, shall pay to the Association a sum equal to two (2) monthly assessment installments, which sum shall be non-transferable and nonrefundable.

(d.) **Apportionment of Assessments.** All assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with each Co-owner's proportionate share of the expenses of administration as provided in Article V, Section 2 of the Master Deed and without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit except as otherwise specifically provided in the Master Deed. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners in periodic installments the frequency of which will be determined by the Association, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means.

Section 3. Developer's Responsibility for Assessments. The Developer of the Condominium, although a member of the Association, shall not be responsible at any time for payment of the regular Association assessments. The Developer, however, shall at all times pay all expenses of maintaining the Units that it owns, including the improvements located thereon, together with a proportionate share of all current expenses of administration actually incurred by the Association from time to time, except expenses related to maintenance and use of the Units in the Project and of the improvements constructed within or appurtenant to the Units that are not owned by Developer. For purposes of the foregoing sentence, the Developer's proportionate share of such expenses shall be based upon the ratio of all Units owned by the Developer at the time the expense is incurred to the total number of Units then in the Project. In no event shall the Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments. For instance, the only expenses presently contemplated that the Developer might be expected to pay are a pro rata share of any liability insurance and other administrative costs which the Association might incur from time to time and which relate to a Unit irrespective of whether there is a dwelling located thereon. Any assessments levied by the Association against the Developer for other purposes shall be void without the Developer's express written consent. Further, the Developer shall in no event be liable

for any assessment levied in whole or in part to purchase any Unit from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim or any similar or related costs.

Section 4. Penalties for Default. The payment of an assessment shall be in default if any installment thereof is not paid to the Association in full on or before the due date for such installment. Each installment in default for ten (10) or more days shall bear interest from the initial due date thereof at the highest rate permitted by law until paid in full. A late charge not to exceed \$25.00 per installment may be assessed automatically by the Association upon each installment in default for ten or more days until paid in full. Such late charge shall not be deemed to be a penalty or interest upon the funds due to the Association but is intended to constitute a reasonable estimate of the administrative costs and other damages incurred by the Association in connection with the late payment of assessments. Assessments in default shall bear interest at the rate of seven (7%) percent per annum or such higher rate as may be allowed by law until paid in full. The Association may, pursuant to Article XX, Section 4 and Article XXI hereof, levy fines for late payment of assessments in addition to such late charge. Each Co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner or Developer shall be personally liable and such land contract seller shall not be personally liable for all such assessments levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorney's fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 5. Liens for Unpaid Assessments. Sums assessed by the Association together with interest thereon which remain unpaid, including but not limited to regular assessments, special assessments, fines in accordance with the Condominium Documents, collection and late charges, advances made by the Association for taxes or other liens to protect its lien, attorney fees, and interest shall constitute a lien upon the Unit or Units in the Project owned by the Co-owner at the time of the assessment before other liens except tax liens on the Condominium Unit in favor of any state or federal taxing authority and sums unpaid on a first mortgage of record, except that past due assessments that are evidenced by a notice of lien recorded as set forth in Sec 108 (3) of the Act have priority over a first mortgage recorded subsequent to the recording of the notice of lien. Any such unpaid sum shall constitute a lien against the Unit as of the first day of the fiscal year to which the assessment, fine or late charge relates. The lien upon each Unit owned by the Co-owner shall be in the amount assessed against the Unit, plus a proportionate share of the total of all other unpaid assessments attributable to Condominium Units no longer owner by the Co-owner but which became due while the Co-owner owned had title to the Units. All charges which the Association may levy against any Co-owner shall be deemed to be assessments for purposes of this Section and Section 108 of the Act. Upon the sale or conveyance of a Unit, all unpaid assessments, interest, late charges, fines, costs, and attorney fees against the Unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except amount due the state, or any subdivision thereof, or any municipality for taxes and special assessments due and unpaid on the Unit and payments due under a first mortgage having priority thereto.

Section 6. Waiver of Use or Abandonment of Unit. No Co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of the any of the Common Elements or by the abandonment of his Unit.

Section 7. Enforcement.

(a.) **Remedies.** In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against his Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any utilities or other services to a Co-owner in default upon seven-day written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress or egress to and from his Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article XX, Section 4 of these Bylaws. All of these remedies shall be cumulative and not alternative.

(b.) **Foreclosure Proceedings.** Each Co-owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The Association is entitled to reasonable interest, expenses, costs, and attorney fees for foreclosure by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. The redemption period for a foreclosure is 6 months from the date of sale unless the property is abandoned, in which event the redemption period is 1 month from the date of sale. Further, each Co-owner and every other person who from time to time has any interest in the Project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-owner of a Unit in the Project acknowledges that at the time of acquiring title to such Unit, he was notified of the provisions of this subparagraph and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Unit. The Co-owner of a Unit subject to foreclosure and any purchaser, grantee, successor, or assignee of the Co-owner's interest in the Condominium Unit, is liable for assessments by the Association of the Co-owners chargeable to the Unit that become due before the expiration of the period of redemption together with interest, advances made by the Association for taxes or other liens to protect its lien, costs, and attorney fees incurred in their collection.

(c.) **Notice of Action.** Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or their last known address, a written notice that one or more installments of the annual assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney's fees and future assessments), (iv) the legal description of the subject Unit(s), and (v) the name(s) of the Co-owner(s) of record. Such affidavit shall be recorded in the office of the Washtenaw County Register of Deeds prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing. If the delinquency is not cured within the ten-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Co-owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

(d.) **Expenses of Collection.** The expenses incurred in collecting unpaid assessments, including interest, costs, collection and late charges, actual attorney's fees (not limited to statutory fees) and advances for taxes or other liens paid by the Association to protect its lien, shall be chargeable to the Co-owner in default and shall be secured by the lien on his Unit.

Section 8. Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the sale or conveyance of the Unit, all unpaid assessments, interest, late charges, fine, costs and attorney fees against the Unit shall be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature, except, amounts due the state, or any subdivision, or municipality for taxes and special assessments due and unpaid on the Unit, and payments due under a first mortgage having priority thereto. Upon the payment of the assessments and associated charges, the Association's lien for assessments as to such Unit shall be deemed satisfied. Nothing herein withstanding, the failure of a purchaser to collect the payment for the unpaid assessment at closing of the purchase of such Unit shall render any unpaid assessments and the lien securing the same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act.

Section 9. Liability of Mortgagee. The mortgagee of a first mortgage of record of a Unit shall give notice to the Association of the commencement of foreclosure of the first mortgage by advertisement by serving a copy of the published notice of foreclosure required by statute upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association or to the address the Association provides to the mortgagee, if any, in those cases where the address is not registered, within 10 days after first publication. The mortgagee of a first mortgage of record shall give notice to the Association of its intent to

commence foreclosure of the first mortgage by judicial action by serving a notice setting forth the names of the mortgagors, the date the mortgage was recorded, the amount claimed due on the mortgage on the date of the notice, and a description of the mortgaged premises that substantially conforms with the description continued in the mortgage upon the Association by certified mail, return receipt requested, addressed to the resident agent of the Association at the agent's address, or to the address the Association provides to the mortgagee, if any, in those cases where the address is not registered, not less than 10 days before commencement of the judicial action. Failure of the mortgagee to provide notice as required shall only provide the Association with legal recourse and will not, in any event, invalidate any foreclosure proceeding between a mortgagee and mortgagor. If the mortgagee of a first mortgage of record or other purchaser of the Unit obtains title to the Unit as a result of foreclosure of the first mortgage, such person, its successors, and assigns are not liable for the unpaid assessments chargeable to the Unit that become due prior to the acquisition of title to the Unit by such person except for assessments that have priority over the first mortgage under Section 108 of the Condominium Act.

Section 10. Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 11. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 12. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

ARTICLE III ARBITRATION AND LITIGATION

Section 1. Arbitration Among or Between Co-Owners or Co-Owners and the Association.

(a.) **Scope and Election.** Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising out of disputes among or between the Co-owners or between Co-owners and the Association, shall be subject to Arbitration upon the election and written consent of the parties to any such disputes, claims or grievances.

(b.) **Arbitration.** With respect to all arbitration under this Section: (i) judgment of the circuit court of the State of Michigan for the jurisdiction in which the Condominium Project is located may be rendered upon any award entered pursuant to such arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved; (ii) the Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration; (iii) the period of limitations prescribed by law for the bringing of a civil action shall apply equally to the requirement or agreement to settle by arbitration; (iv) all costs of arbitration shall be allocated in the manner provided by the arbitration association; (v) the method of appointment of the arbitrator or arbitrators shall

be pursuant to rules of the arbitration association; (vi) the arbitration shall proceed according to MCL 600.5001 to 600.5065 of Act No. 236 of the Public Acts of 1961, as amended, which may be supplemented by the rules of the arbitration association; and (vii) the agreement to arbitrate precludes the parties from litigating such claims in the courts.

(c.) **Judicial Relief.** In the absence of the election and written consent of the parties to arbitrate as provided pursuant to Section 1(a) above, no Co-owner or the Association adversely affected by a violation of or failure to comply with the Act or rules promulgated under the Act, or a provision of an agreement or master deed shall be precluded from petitioning a court of competent jurisdiction to resolve any dispute, claim or grievance.

(d.) **Election of Remedies.** Such election and written consent by Co-owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

Section 2. Arbitration between the Developer and Co-owner(s) and/or the Association. By purchase of a Unit, Co-owners agree as follows:

(a.) **Arbitration between the Developer and Co-owner(s).** With respect to any claim that might be the subject of a civil action between a purchaser, Co-owner, or person occupying a restricted Unit under Section 104b of the Act and the Developer, which claim involves an amount of Two Thousand Five Hundred Dollars (\$2,500.00) or less and arises out of or relates to the Common Elements of the Project, such claim shall be settled by arbitration at the exclusive option of the purchaser, Co-owner or person occupying a restricted Unit under Section 104b of the Act. All other claims may be settled by arbitration at the exclusive option of the Developer.

(b.) **Arbitration between the Developer and the Association.** With respect to any claim that might be the subject of a civil action between the Association and the Developer, which claim arises out of or relates to the Common Elements of the Condominium Project, if the amount of the claim is Ten Thousand Dollars (\$10,000.00) or less, such claim shall be settled by arbitration at the exclusive option of the Association. All other claims may be settled by arbitration at the exclusive option of the Developer.

(c.) **Arbitration.** With respect to all arbitration under this Section, (i) judgment of the circuit court of the State of Michigan for the jurisdiction in which the Condominium Project is located may be rendered upon any award pursuant to such arbitration and the parties thereto shall accept the arbitrator's decision as final and binding; (ii) the Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration; (iii) the period of limitations prescribed by law for the bringing of a civil action shall apply equally to the requirement or agreement to settle by arbitration; (iv) all costs of arbitration shall be allocated in the manner provided by the arbitration association; (v) the method of appointment of the arbitrator or arbitrators shall be pursuant to rules of the arbitration association; (vi) the arbitration shall proceed according to MCL 600.5001 to 600.5065 of Act No. 236 of the Public Acts of 1961, as amended, which may be supplemented by the rules of the arbitration association; and (vii) the agreement to arbitrate precludes the parties from litigating such claims in the courts.

(d.) **Judicial Relief.** In the absence of the election and written consent of the parties to arbitrate as provided pursuant to Section 1(a) above, no Co-owner or the Association adversely affected by a violation of or failure to comply with the Act or rules promulgated under the Act, or a provision of an agreement or master deed shall be precluded from petitioning a court of competent jurisdiction to resolve any dispute, claim or grievance.

(e.) **Section 107 Action by Co-owners.** Nothing in this Section shall, however, prohibit a Co-owner from maintaining an action in court against the Association and its officers and directors to compel these persons to enforce the terms and provisions of the Condominium Documents, nor to prohibit a Co-owner from maintaining an action in court against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act.

Section 3. Litigation / Arbitration on behalf of Association. Actions on behalf of and against the Co-owners shall be brought in the name of the Association.

Any civil action proposed by the Board of Directors on behalf of the Association (other than one to enforce these Bylaws or collect delinquent assessments), including, but not limited to, against Developer, its agents or assigns, any/or the First Board of Directors of the Association or other Developer appointed Directors, shall require the approval of a majority in number and in value of the Co-Owners and notice of such proposed action must be given in writing to all Co-Owners in accordance with Article X, Section 5 hereof. Such vote may only be taken in a meeting of the Co-Owners.

ARTICLE IV INSURANCE

Section 1. Extent of Coverage. The Association shall, to the extent appropriate in light of the nature of the General Common Elements of the Project, carry fire and extended coverage, vandalism and malicious mischief and liability insurance (in a minimum amount to be determined by the Developer or the Association in its discretion, but in no event less than \$1,000,000 per occurrence), officers' and directors' liability insurance, and workmen's compensation insurance, if applicable, and any other insurance the Association may deem applicable, desirable, or necessary, pertinent to the ownership, use, and maintenance of the General Common Elements and such insurance shall be carried and administered in accordance with the following provisions:

(a.) **Responsibilities of Association.** All such insurance shall be purchased by the Association for the benefit of the Association, and the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners. Each Co-owner may obtain insurance coverage at his own expense upon his Unit. It shall be each Co-owner's responsibility to determine by personal investigation or from his own insurance advisors the nature and extent of insurance coverage adequate to his needs and thereafter to obtain insurance coverage for his personal property and any structures, dwellings, buildings and other fixtures built upon the Unit (as referred to in subsection (b) below) or elsewhere on the Condominium and for his personal liability for occurrences within his Unit or upon Limited Common Elements appurtenant to his Unit,

and also for alternative living expense in event of fire, and the Association shall have absolutely no responsibility for obtaining such coverage. The Association, as to all policies which it obtains, and all Co-owners, as to all policies which they obtain, shall use their best efforts to see that all property and liability insurance carried by the Association or any Co-owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

(b.) **Insurance of Common Elements.** All Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs, as determined annually by the Association in consultation with the Association's insurance carrier and/or its representatives in light of commonly employed methods for the reasonable determination of replacement costs. Such coverage shall be effected upon an agreed-amount basis for the entire Condominium Project with appropriate inflation riders in order that no co-insurance provisions shall be invoked by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss (except in the unlikely event of total project destruction if the insurance proceeds failed, for some reason, to be equal to the total cost of replacement) based upon the particular nature of the then Common Elements. All information in the Association's records regarding insurance coverage shall be made available to all Co-owners upon request and reasonable notice during normal business hours so that Co-owners shall be enabled to judge the adequacy of coverage and, upon the taking of due Association procedures, to direct the Board at a properly constituted meeting to change the nature and extent of any applicable coverage, if so determined. Upon such annual re-evaluation and effectuation of coverage, the Association shall notify all Co-owners of the nature and extent of all changes in coverage. It shall be each Co-owner's responsibility to determine the necessity for and to obtain insurance coverage for all structures, dwellings, buildings and other fixtures built upon the Unit, including personal property and any fixtures, equipment, trim and other items or attachments within the Unit or any Limited Common Elements appurtenant thereto whether installed originally by the Developer or subsequently by the Co-owner, and the Association shall have no responsibility whatsoever for obtaining such coverage unless agreed specifically and separately between the Association and the Co-owner in writing.

(c.) **Premium Expenses.** All premiums on insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

(d.) **Proceeds of Insurance Policies.** If applicable, proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Co-owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement or reconstruction of the Project unless all of the institutional holders of first mortgages on Units in the Project have given their prior written approval.

(e.) **Deductible.** When a claim is made on any of the insurance policies maintained by the Association for damage to a Unit or appurtenant Limited Common

Element, the Co-owner of such Unit and/or appurtenant Limited Common Element shall be responsible for payment of any applicable deductible. In the case of damage to a General Common Element, the deductible shall be paid by the Association.

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his or her true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Common Elements appurtenant to the Condominium, with such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums thereof, to collect proceeds and to distribute the same to the Association, the Co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of such Co-owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing. Unless the Association obtains coverage for the dwelling within the Unit pursuant to the provisions of Article IV, Section 3 below, the Association's authority shall not extend to insurance coverage on any dwelling or other improvement located within a Unit.

Section 3. Responsibilities of Co-owners. Each Co-owner shall be obligated and responsible for obtaining fire and extended coverage and vandalism and malicious mischief insurance with respect to the dwelling and all other improvements constructed or to be constructed within the perimeter of his or her Condominium Unit, and for his or her personal property located therein or thereon or elsewhere on the Condominium Project. There is no responsibility on the part of the Association to insure any of such improvements whatsoever. All such insurance shall be carried by each Co-owner in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs. Each Co-owner shall deliver certificates of insurance to the Association from time to time to evidence the continued existence of all insurance required to be maintained by the Co-owner hereunder. In the event of the failure of a Co-owner to obtain such insurance or to provide evidence thereof to the Association, the Association may obtain such insurance on behalf of such Co-owner and the premiums therefor shall constitute a lien against the Co-owner's Unit which may be collected from the Co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof. Each Co-owner also shall be obligated to obtain insurance coverage for his or her personal liability for occurrences within the perimeter of his or her Unit or the improvements located thereon (naming the Association and the Developer during the Development and Sales Period as insureds), and also for any other personal insurance coverage that the Co-owner wishes to carry. Such insurance shall be carried in such minimum amounts as may be specified by the Association and such coverage shall not be less than \$1,000,000 (and as specified by the Developer during the Development and Sales Period) and each Co-owner shall furnish evidence of such coverage to the Association or the Developer upon request. The Association shall under no circumstances have any obligation to obtain any of the insurance coverages described in this Section 3 or any liability to any person for failure to do so.

Section 4. Waiver of Right of Subrogation. The Association and all Co-owners shall use their best efforts to cause all property and liability insurance carried by the Association or any Co-owner to contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

Section 5. Indemnification. Each individual Co-owner shall indemnify and hold harmless every other Co-owner, the Developer and the Association for all damages and costs, including attorneys' fees, which such other Co-owners, the Developer, or the Association may suffer as a result of defending any claim arising out of an occurrence on or within such individual Co-owner's Unit and shall carry insurance to secure this indemnity if so required by the Association (or the Developer during the Development and Sales Period). This Section 5 shall not be construed to give any insurer any subrogation right or other right or claim against any individual Co-owner, however.

Section 6. Determination of Primary Carrier. It is understood that there will be overlapping coverage between the Co-owners' policies and those of the Association, as required to be carried pursuant to this Article. In situations where both coverages/policies are applicable to a given loss, the provisions of this subsection shall control in determining the primary carrier. In cases of property damage to the Unit and its contents or damages to a Limited Common Element for which the Co-owner is assigned responsibility for maintenance, repair, and replacement pursuant to the provisions of Article IV of the Master Deed (including improvements and betterments), the Co-owner's policy/carrier shall be deemed to be the primary carrier. In cases of property damage to the General Common Elements or a Limited Common Element for which the Association is assigned responsibility for maintenance, repair, and replacement pursuant to the provisions of Article IV of the Master Deed and except for painting of garage doors, the Association's policy/carrier shall be deemed to be the primary carrier. In cases of liability for personal injury or otherwise, for occurrences in/on the Unit or in/upon a Limited Common Element for which the Co-owner is assigned responsibility for maintenance, repair, and replacement pursuant to the provisions of Article IV of the Master Deed (including improvements and betterments), the Co-owner's policy/carrier shall be deemed to be the primary carrier. In cases of liability for personal injury or otherwise, for occurrences in/on the General Common Elements or in/upon a Limited Common Element for which the Association is assigned responsibility for maintenance, repair, and replacement pursuant to the provision of Article IV of the Master Deed (including improvements and betterments), the Association's policy/carrier shall be deemed to be the primary carrier. In all cases where the Association's policy/carrier is not deemed the primary policy/carrier, if the Association's policy/carrier contributes to payment of the loss, the Association's liability to the Co-owner shall be limited to the amount of the insurance proceeds, and shall not in any event require or result in the Association paying or being responsible for any deductible amount under the Co-owner's policies.

ARTICLE V RECONSTRUCTION OR REPAIR

Section 1. Responsibility for Reconstruction or Repair. If any part of the Condominium Premises shall be damaged, the determination of whether or not it shall be reconstructed or repaired, and the responsibility therefor, shall be as follows:

(a.) **General Common Elements.** If the damaged property is a General Common Element the damaged property shall be rebuilt or repaired unless all of the Co-owners and all of the institutional holders of first mortgages on any Unit in the Project unanimously agree to the contrary.

(b.) **Unit or Improvements Thereon.** If the damaged property is a Unit, Limited Common Element or any improvements thereon, the Co-owner of such Unit alone shall determine whether to rebuild or repair the damaged property, subject to the

rights of any mortgagee or other person or entity having an interest in such property, and such Co-owner shall be responsible for any reconstruction or repair that he or she elects to make. The Co-owner shall in any event remove all debris and restore his or her Unit, Limited Common Element and the improvements thereon to a clean and slightly condition satisfactory to the Association and in accordance with the provisions of this Article V as soon as reasonably possible following the occurrence of the damage.

Section 2. Repair in Accordance with Master Deed, etc. Any such reconstruction or repair of an improvement within the General Common Elements shall be substantially in accordance with the Master Deed and the original plans and specifications of the improvements unless the Co-owners shall unanimously decide otherwise.

Section 3. Association Responsibility for Repair. Immediately after the occurrence of a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 4. Timely Reconstruction and Repair. If damage to the General Common Elements adversely affects the appearance of the Project, the Association shall proceed with replacement of the damaged property without delay.

Section 5. Eminent Domain. The following provisions shall control upon any taking by eminent domain:

(a.) **Taking of Unit or Improvements Thereon.** In the event of any taking of all or any portion of a Unit, Limited Common Element or any improvements thereon by eminent domain, the award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as their interests may appear, notwithstanding any provision of the Act to the contrary. If a Co-owner's entire Unit is taken by eminent domain, such Co-owner and his or her mortgagee shall, after acceptance of the condemnation award therefor, be divested of all interest in the Condominium Project.

(b.) **Taking of General Common Elements.** If there is any taking of any portion of the General Common Elements, the condemnation proceeds relative to such taking shall be paid to the Co-owners and their mortgagees in proportion to their respective interests in the Common Elements and the affirmative vote of more than 50% of the Co-owners shall determine whether to rebuild, repair, or replace the portion so taken or to take such other action as they deem appropriate.

(c.) **Continuation of Condominium After Taking.** In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the

percentages of value of the remaining Co-owners based upon the continuing value of the Condominium of 100%. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Co-owner.

(d.) **Notification of Mortgagees.** In the event any Unit in the Condominium, or any portion thereof, or the Common Elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

(e.) **Applicability of the Act.** To the extent not inconsistent with the foregoing provisions, Section 133 of the Act shall control upon any taking by eminent domain.

Section 6. Notification of FHLMC and FNMA. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC") or by the Federal National Mortgage Association ("FNMA") then, upon request therefor by FHLMC, or FNMA, as the case may be, the Association shall give it written notice at such address as it may, from time to time, direct of any loss to or taking of the Common Elements of the Condominium if the loss or taking exceeds \$10,000 in amount or damage to a Condominium Unit covered by a mortgage purchased in whole or in part by FHLMC or FNMA exceeds \$1,000.

Section 7. Priority of Mortgagee Interests. Nothing contained in the Condominium Documents shall be construed to give a Co-owner or any other party priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Co-owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE VI USE AND OCCUPANCY RESTRICTIONS; ENFORCEMENT

In order to provide for congenial occupancy of the Condominium and for the protection of the value of the Units, the use of the Condominium property shall be subject to the following limitations:

Section 1. Use of Units. No Condominium Unit shall be used for other than single-family residential purposes and the Common Elements shall be used only for purposes consistent with residential use. No building of any kind whatsoever shall be erected, re-erected, moved or maintained on any Unit except one single-family dwelling and appurtenant attached structures.

Section 2. Use of General Common Elements. No member shall alter or change any of the General Common Elements from the way they were originally installed or constructed by the Developer without the express written approval of the Board of Directors. The Board of Directors, in its sole discretion, may disapprove any such request. Even after approval, a member shall be responsible for all damages to any other Units and the improvement thereon or to the Common Elements, resulting from any such alteration. If not appointed by the Developer, the Board of Directors, after the Development and Sales Period, may appoint an Architectural Review Committee and may delegate to it responsibility for establishing additional rules relating

to the use and appearance of Units, the dwellings constructed thereon, and Common Elements, and the approval of the construction, maintenance, and repair thereof not herein provided.

Section 3. Character and Size of Buildings. Any and all builders constructing single family detached dwellings on the Condominium Units shall be required to construct all such structures in a manner consistent with the Developer's design concept; this includes, all façade treatments, exterior materials, colors, footprints, orientation of garages, building massing, porches, decorative walls, setbacks, and rooflines. All plans are subject to be reviewed and approved in writing by the Developer and/or the Architectural Review Committee.

Section 4. Maintenance of Improvements. Each Co-owner shall keep all improvements to the Unit in good condition and in good repair at all times. The exterior of all structures shall be maintained in good repair, structurally sound, and in a sanitary condition so as not to threaten the health, safety, or welfare of any occupant or to substantially detract from the appearance of the Project as a whole or any area of the Project.

Section 5. No Use of Firearms or Dangerous Weapons. No member shall use or discharge, or permit any occupant, agent, employee, invitee, guest, or member of his family to use or discharge, any firearms, rifles, shotguns, handguns, air rifles, pellet guns, BB guns, crossbows, illegal fireworks, archery equipment, or other similar dangerous weapons, projectiles, or devices which fires a projectile of any kind anywhere on or about the Condominium Premises.

Section 6. Activities. No immoral, improper, unlawful, or offensive activity shall be carried on in any Unit or upon the Limited or General Common Elements, nor shall anything be done which may be or become an annoyance or a nuisance to the members, nor shall any unreasonably noisy activity be carried on in any Unit or on the Common Elements. No member owning any Unit shall do or permit anything to be done or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the insurance rate on the Condominium without the written approval of the Association. Each member who is the cause thereof shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition.

Section 7. Aesthetics. The General Common Elements shall not be used to store supplies, materials, personal property, trash, or refuse of any kind, except as designated by the Association. In general, no activity shall be carried on nor condition maintained by a member, either in his Unit or upon the Common Elements, which spoils the appearance of the Condominium.

Section 8. Driveways and Sidewalks. Driveways and sidewalks shall be subject to the rights of the public, and in general, all of the General Common Elements, shall not be obstructed in any way nor shall they be used for purposes other than those for which they are reasonably and obviously intended. No bicycles, vehicles, chairs, or benches may be left unattended on or about the General Common Elements, without the prior written consent of the Board of Directors. Each Co-owner shall keep their driveways and sidewalks reasonable clear of ice, snow and other debris.

Section 9. Balconies, Porches or Decks. No unsightly condition shall be maintained upon any balcony, porch, or deck and only furniture and equipment consistent with ordinary yard, balcony, porch, or deck use shall be permitted, and no furniture or equipment of any kind shall be stored in such areas during seasons when they are not reasonably in use. All decks erected on a Unit shall be located at the rear or side of the Unit and shall be constructed

with pressure treated wood or other similar materials, as approved by the Architectural Review Committee, for a minimum of the deck floor and railings. Decks must comply with all applicable ordinances/codes.

Section 10. Animals or Pets. No farm animals, livestock, or wild animals may be kept, bred, or harbored at the Condominium for commercial purposes. Domestic animals commonly deemed to be household pets may be kept by a Co-owner and members of his household so long as such pets shall have such care so as not to be objectionable or offensive on account of noise, odor, or unsanitary conditions. Any domestic animal kept by a Co-owner and members of his household shall be kept either on a leash or in a run or pen. No runs or pens shall be permitted to be erected or maintained unless located within the rear yard adjacent to a wall or the main dwelling or garage and facing the rear or the interior of the Unit, nor shall such runs or pens extend beyond the end of the dwelling or garage into the side yard. Prior to installing any run or pen, the Co-owner must obtain the Association's written approval of the proposed location and size of the run or pen, and the materials to be used in the construction of the run or pen. No animal or pet shall be permitted to run loose upon the Common Elements, Limited or General. The Association may charge all Co-Owners maintaining a pet a reasonable additional assessment to be collected in the manner provided in these Bylaws if the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to pets as it may deem proper. Any person who causes an animal to be brought or kept in the Condominium shall indemnify and hold harmless the Association from any damage, loss, or liability which might accrue to the Association as a result of the presence of such animal in the Condominium. The Association shall not be responsible for wild animal control or any costs associated with removing or relocating wild animals whether on the Units or on the Common Elements.

Section 11. Septic Tanks and Wells. No septic tank systems or wells shall be dug, drilled, installed, constructed, or maintained on any Unit except with the written permission of the Developer during the Development and Sales Period and thereafter by the Architectural Review Committee.

Section 12. Temporary Structures. Trailers, shed, shacks, barns, outbuildings, or any temporary buildings of any description whatsoever are expressly prohibited and no temporary occupancy shall be permitted in unfinished buildings. Tents for entertainment or recreational purposes are permitted for periods not to exceed forty-eight (48) hours. The Developer and any Builders or their subcontractors and/or independent contractors contracting with a Co-owner, may erect temporary storage buildings and use trailers for materials and supplies storage to be used in the construction of houses during the Development and Sales Period.

Section 13. Play Structures. Children's play structures and equipment are permitted, provided that: (a) prior to erecting any children's play structure or equipment, the Co-owner shall obtain prior written approve of the Developer during the Development and Sales Period and thereafter by the Architectural Review Committee, of the size, height, location, color and materials to be used in the play structure or equipment, (b) the structure or equipment shall be located in the rear yard, with due consideration given to the impact of the structure or equipment upon the views from neighboring yards, and the noise that may be transmitted to neighboring yards, and (c) dangerous structures and equipment shall not be permitted. Approval of any play

structure or equipment shall not be deemed as an endorsement by the Developer, Architectural Review Committee, or the Association as to the safety or design of the structure or equipment, and the Developer, Architectural Review Committee, and the Association shall have no liability for any accident, damage, or loss to person or property that may happen upon or around the structure or equipment. A basketball hoop may be installed on a pole adjacent to the driveway on any Unit but, shall be set back a minimum of 20 feet from the street curb. Backboards shall be made of fiberglass or Plexiglas, and the pole shall be made of a non-rusting material. Basketball hoops and backboards shall not be attached to any house or garage.

Section 14. Trash and Garbage. No Co-owner shall throw or allow to accumulate on his or any other Unit or the Common Elements, trash, refuse, or rubbish of any kind. No Co-owner shall dump or otherwise dispose of chemicals, motor oil, paint, gasoline, or petroleum distillates in, over, or within the Project or the sanitary or storm sewer drains serving the Project. No Unit shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste, and the same shall not be kept except in sanitary containers properly concealed from public view. Garbage containers shall not be left at the roadside for more than twenty-four (24) hours in any one week. If the Municipality does not provide municipal garbage collection, the Association may contract with one or more commercial collection services to provide service to all Units and require each Co-owner to utilize the service of that contractor at the Co-owner's expense.

Section 15. Trailers, Boats, Recreation and Commercial Vehicles. No house trailers, commercial vehicles, boat trailers, boats, camping, recreational vehicles, camping trailers, horse trailers, or other utility trailers or vehicles may be parked on or stored on any Unit, unless stored fully enclosed within an attached garage. Commercial vehicles and trucks shall not be parked in the Project except while making normal deliveries or pickups in the normal course of business. However, a construction trailer may be maintained by each Builder or independent contractor contracting with a Co-owner during the Development and Sales Period when new houses are under construction in the Project.

Section 16. Laundry. There shall not be any drying, shaking or airing of clothing or other fabrics, nor shall laundry be hung for drying outside the dwelling or on any Unit.

Section 17. Grade. The grade and topography of any Unit in the Project may not be changed after original construction without the written consent of the Municipality and the Developer during the Development and Sales Period and thereafter the Architectural Review Committee.

Section 18. Swimming Pools. No above-ground swimming pools may be built on any Unit. All in-ground swimming pools must: (a) conform to all ordinances and requirements of the Municipality, (b) be located only in rear yards, (c) be located not closer than 8 feet to the rear of the dwelling, (d) be protected by a decorative screening fence, and (e) be constructed pursuant to a plan first approved in writing by the Developer during the Development and Sales Period and thereafter the Architectural Review Committee as to size, location, materials and other aesthetic qualities. No hot-tub or spa shall be installed on or built on a Unit that is visible from the street or sidewalk in front of the residential structure.

Section 19. Antennas, Cable Television Dish. Notwithstanding any other restriction contained herein the following three (3) types and sizes of antennas may be installed in the Unit or on Limited Common Element areas for which the Co-owner has direct or indirect ownership and exclusive use or control, subject to the provisions of this Section and any written

rules and regulations promulgated by the Board of Directors of the Association under the Bylaws and subject to the approval of the Architectural Control Committee: (1) Direct broadcast satellite antennas ("Satellite Dishes") one meter or less in diameter; (2) Television broadcast antennas of any size; and (3) Multi-point distribution service antennas (sometimes called wireless cable or MDS antennas) one meter or less in diameter. Antenna installation on General Common Element areas is prohibited, unless otherwise approved by the Association in its sole discretion. Any rules and regulations promulgated by the Board of Directors and/or Architectural Control Committee governing installation, maintenance or use of antennas shall not impair reception of an acceptable quality signal, unreasonably prevent or delay installation, maintenance or use of an antenna, or unreasonably increase the cost of installing, maintaining or using an antenna. The Architectural Control Committee and rules and regulations may approve installation of satellite antennas near the front of the dwelling if required to receive an acceptable quality signal. Such rules and regulations may provide for, among other things, placement preferences, screening and camouflaging or painting of antennas. Such rules and regulations may contain exceptions or provisions related to safety, provided that the safety rationale is clearly articulated therein. Antenna masts, if any, may be no higher than necessary to receive acceptable quality signals, and may not extend more than twelve (12) feet above the roofline without preapproval, due to safety concerns. A Co-owner desiring to install an antenna must notify the Association and the Architectural Control Committee prior to installation by submitting a notice in the form prescribed by the Association. If the proposed installation complies with this Section 19 and all rules and regulations regarding installation and placement of antennas, installation may begin immediately; if the installation will not comply, or is in any way not routine in accordance with this Section and the rules and regulations, then the Association and Co-owner shall meet promptly and within seven (7) days after receipt of the notice by the Association, if possible, to discuss the installation. The Association may prohibit Co-owners from installing the antennas described in this Section if the Association provides the Co-owners with access to a central antenna facility that does not impair the Co-owner's rights under Section 207 of the Federal Communication Commission rules. This Section is intended to comply with the rule governing antennas adopted by the Federal Communication Commission ("FCC") effective October 14, 1996, as amended by Order on Reconsideration released September 25, 1998, and is subject to review and revision to conform to any changes in the content of the FCC rules or the Telecommunications Act of 1996. This Section 19 may be amended or modified through rules and regulations promulgated by the Board of Directors.

Section 20. Exterior Lighting. No exterior lighting shall be installed so as to disturb the occupants of neighboring Units or impair the vision of traffic on any street.

Section 21. Utility Lines. All utility lines, including electric, gas, telephone, and cable television, must be installed underground.

Section 22. Statuary. No lawn ornaments, statues, or outdoor art shall be placed on any Unit without the prior written approval of the Developer during the Development and Sales Period and thereafter the Architectural Review Committee, which approval may be withheld in its sole discretion for purely aesthetic reasons.

Section 23. Remodeling and Alteration of Structures. No exterior alterations or changes may be made to the exterior of any structure erected on any Unit until the plans and specifications showing the nature, kind, shape, height, color, materials, and location of the proposed modifications have been submitted to and approved in writing by the Developer during the Development and Sales Period and thereafter the Architectural Review Committee.

Section 24. Fences and Walls. No fence, wall or similar structure may be erected, grown or maintained on any Unit, without the prior written approval of the Developer during the Development and Sales Period and thereafter the Association or Architectural Review Committee. Co-owners may install invisible/underground fencing for the containment of pets.

Section 25. Signs. No sign or billboard of any kind shall be placed, erected, or maintained on any Unit, or structure on any Unit, or placed in a window of a structure visible from any street excepting that the provisions of this paragraph shall not apply to such signs as may be for purposes of resale by any Co-owner. Signs for purposes of resale of a Unit shall be limited to one sign per Unit not exceeding four square feet and shall be subject to prior written review and approval of the Association and the Developer (so long as the Developer shall hold title to any Unit). The provisions of this paragraph shall not apply to signs installed or erected on any Unit by the Developer or any Builder during such periods as any Units shall be "for sale" or used as a model or for display purposes by the Developer (provided, however that such signs must be approved by the Developer during the Development and Sales Period).

Section 26. Destruction of Building by Fire, etc. Any debris resulting from the destruction in whole or in part of any dwelling or building on any Unit shall be removed as soon as possible from such Unit in order to prevent an unsightly or unsafe condition.

Section 27. Landscaping. Any Co-owner taking occupancy of a newly constructed Unit between September 1 and April 15 shall have the landscaping improvements, including, but not limited to, trees, plantings, shrubs and lawns, installed by the next July 31. Any Co-owner taking occupancy of a newly constructed Unit between April 16 and August 31 shall have the landscaping improvements as described above installed by November 30 of that at year. The Unit and the right-of-way contiguous to each Unit shall be kept free of weeds by the Co-owner, and all such landscaping and lawns shall be well-maintained at all times. The Developer shall not be held liable for soil conditions, drainage or other general site work. It shall be the Co-Owners responsibility to maintain clear access to and remove dirt and debris from manhole covers, storm water and sanitary, waterstop boxes and covers, and storm drain catch basins located on their Unit.

Section 28. Tree Maintenance and Removal. No living tree of a height of twenty (20') feet or more or more than six (6") inches in diameter at four (4') feet above the ground shall be removed without the approval of the Association, except for trees which are less than twenty (20') feet from any part of the Unit (including decks and patios) or which are in the location of proposed driveways., provided however such measurements shall comply with the Township tree ordinance. The Township shall determine what trees shall be removed, at the cost of the Co-owner. The Co-owner shall treat or remove any diseased or blighted tree forthwith. Other than as permitted above, no person shall do any act, the result of which could reasonably be expected to cause damage to or destruction to any tree. The provisions of this paragraph shall not apply to the Developer or any of its agents during the Development and Sales Period.

Section 29. Outside Burning. There shall be no exterior fires, or burning of leaves and debris, except barbecues. No Co-owner shall permit any condition upon a Unit that creates a fire hazard or is in violation of fire prevention regulations.

Section 30. Business Use of Units. No garage sale, moving sale, rummage sale or similar activity, and no trade or business may be conducted on or from any Unit, except that a Co-owner or occupant may conduct business activities within the residence located on a Units so long as (a) existence or operation of the business activity is not apparent or detectable by sight,

sound or smell from outside such residence, (b) the business activity conforms to all local regulatory and zoning requirements applicable to the Condominium Project and/or the Co-owners, and (c) the business activity is consistent with the residential character of the Condominium Project, and does not constitute a nuisance, or a hazardous or offensive use, or threaten security or safety of other residents of the Project, as may be determined in the Board's sole discretion. The terms "trade" and "business" as used in this provision shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis that involves provision of goods or services to Persons other than the provider's family, and for which the provider receives a fee, compensation or other form of consideration, regardless whether (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required therefore. Notwithstanding the above, leasing of a Unit shall not be considered a trade or business with the meaning of this Section. This Section shall not apply to any activity conducted by the Developer, its affiliates or a builder approved by the Developer with respect to its development and sale of the Condominium Project.

Section 31. Unit Leasing and Rental. A Co-owner may lease his Unit for the same purposes set forth in this Article provided that written disclosure of such lease transaction is submitted to the Association in the manner specified in subsection (a.) below, and provided that written approval (which approval shall not be unreasonably withheld) of such transaction is obtained from the Association. No Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least six months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium in its discretion.

(a.) **Leasing Procedures.** The leasing of Units in the Project shall conform to the following provisions:

(i.) A Co-owner, not including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association and shall require the lessee to comply with the terms and conditions of the Master Deed.

(ii.) A Co-owner shall provide a copy of the Master Deed, Bylaws and any Rules and Regulations to the tenant and the tenants and non-owner occupants shall be bound to comply with all of the conditions of the Condominium Documents. All leases and rental agreements shall so specifically provide that a copy of the Condominium Documents has been provided and an acknowledgement that the tenant and non-owner occupants will comply with and be bound by Condominium Documents.

(iii.) If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

(a.) The Association shall notify the Co-owner by certified mail advising of the alleged violation by the tenant.

(b.) The Co-owner shall have 15 days after receipt of such notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.

(c.) If after 15 days the Association believes that the alleged breach is not cured or may be repeated, it may institute on its behalf or derivatively by the Co-owners on behalf of the Association, if it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any damages to the Common Elements caused by the Co-owner or tenant in connection with the Unit or Condominium Project.

(iv.) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association, then the Association may do the following: (a) issue a statutory notice to quit for non-payment of rent to the tenant and the Association shall have the right to enforce the notice by summary proceeding; (b) initiate proceedings on the Association's behalf or derivatively by the Co-owners on behalf of the Association, an action for both eviction against the tenant or non-Co-owner and, simultaneously, an action for money damages against the Co-owner and tenant or non-Co-owner occupant for breach of the conditions of the Condominium Documents.

Section 32. Rules and Regulations. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the Board of Directors appointed by the Incorporator and its successors. Copies of all such regulations and amendments thereto shall be furnished to all members and shall become effective ten (10) days after mailing or delivery thereof to the designated voting representative of each member. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all members at any duly convened meeting of the Association, except that the members may not revoke any regulation or amendment prior to the First Annual Meeting of the Association.

Section 33. Application of Restrictions to Developer. None of the restrictions contained in this Article shall apply to any of the activities of the Developer during the Development and Sales Period, or of the Association in furtherance of its powers and purposes set

forth herein and in its Articles of Incorporation and Bylaws as the same may be amended from time to time. Until all Units have been sold by Developer, Developer shall have the right to maintain a sales office, a business office, storage areas, reasonable parking incident to the foregoing and such access to, from and over the project as may be reasonable to enable development and sale of the entire project by Developer.

Section 34. Sales – Business Office. Notwithstanding anything to the contrary elsewhere herein contained, Developer shall have the right to maintain a sales office, a business office, a construction office, model Units, storage areas, and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to facilitate the development and sale of the entire Project. During the Development and Sales Period, the Developer shall be responsible for all costs related to sales and business offices as provided under this Section, including all costs related to Units and Common Elements used by the Developer in furtherance of the development and sale of the Project. Developer may assign these rights to any Builder(s) or other legal entity during the Development and Sales Period. Developer shall restore the areas so utilized under this Section, whether used by the Developer or by its assignee(s), to habitable status upon termination of use, or such costs required to restore same shall be chargeable to the Developer by the Association.

Section 35. Non-Co-Owner Compliance. All non-co-owner occupants of or visitors to any Unit shall comply with all of the terms and conditions of the Condominium Documents and the provisions of the Act. If the Association determines that a non-co-owner occupant or visitor has failed to comply with the conditions of the Condominium Documents, or the provisions of the Act, the Association shall take the following action: (i) the Association shall advise the appropriate member by certified mail of the alleged violation by a person occupying or visiting his Unit, (ii) the member shall have fifteen (15) days after receipt of the notice to investigate and correct the alleged breach or advise the Association that a violation has not occurred, (iii) if after fifteen (15) days the Association believes that the alleged breach has not been cured or may be repeated, it may institute on its behalf, or derivatively by the members on behalf of the Association if it is under the control of the Developer, an action for eviction against the non-co-owner occupant or visitor and, simultaneously, for money damages against the member and non-co-owner occupant or visitor for breach of the conditions of the Condominium Documents or of the Act. The relief set forth in this Section may be by any appropriate proceeding. The Association may hold both the non-co-owner occupant or visitor and the member liable for any damages caused to the Condominium. If the violation is determined to be of an emergency nature, the Association may apply to the appropriate court for, and obtain injunctive relief, in addition to all other remedies including money damages as above.

Section 37. Co-owner Maintenance. Each Co-owner shall maintain his or her Unit, the dwelling constructed thereon, and any Limited Common Elements appurtenant thereto for which he or she has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical or other utility conduits and systems and any other Common Elements which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him or her, or his or her family, guests, contractors, agents or invitees, unless such damages or costs are covered by insurance carried by the Association (in which case there shall be no such responsibility, unless reimbursement to the Association is limited by virtue of a deductible provision, in which case the responsible Co-owner shall bear the expense to the extent of the deductible amount). Each individual Co-owner shall indemnify the Association and all other Co-owners against such

damages and costs, including attorneys' fees, and all such costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 38. Enforcement. Failure to comply with any of the terms of the Act, the Master Deed, these Bylaws, the Articles of Incorporation, or Rules and Regulations of the Association, shall be grounds for relief, which may include, without limitation, an action to recover sums due for such damages, injunctive relief, and any other remedy that may be appropriate to the nature of the breach. The failure of the Association to enforce any right, provision, covenant or condition which may be granted by the Act, the Master Deed, these Bylaws, the Articles of Incorporation, or Rules and Regulations of the Association, shall not constitute a waiver of the right of the Association to enforce such right, provision, covenant or condition in the future. The Developer shall have the right to enforce these Bylaws throughout the Development and Sales Period which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

Section 39. Waiver. During the Development and Sales Period, the Developer, and thereafter the Association, may waive the restrictions contained herein if it reasonably determines that the harmony and appearance of the community will not be adversely affected thereby.

Section 40. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Project designed to make the Project safer than it otherwise might be. NEITHER THE ASSOCIATION, THE DEVELOPER, NOR ANY SUCCESSOR DEVELOPER OR BUILDER SHALL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE PROJECT, AND NEITHER THE ASSOCIATION, THE DEVELOPER, NOR ANY SUCCESSION DEVELOPER OR BUILDER SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN.

ARTICLE VII ARCHITECTURAL REVIEW COMMITTEE

Section 1. Architectural Review Committee. The Developer shall be solely responsible for reviewing house plans to determine that the plans are in compliance with these Bylaws. Except those items for which the Developer is solely responsible for review and approval, no building, wall, deck, swimming pool, hot tub, outbuilding, drainage structure or other structure, or exterior improvement shall be commenced, erected, or maintained on any Unit, nor shall any exterior addition to or change or alteration therein or change in the exterior appearance thereof be made until the plans and specifications showing the kind, size, shape, height, colors, materials, topography, and location of the same on the Unit shall have been submitted to and approved in writing by an Architectural Review Committee (the "Architectural Review Committee" or "Committee"). The Committee shall be composed of three (3) persons appointed by the Developer during the Development and Sales Period and thereafter appointed by the Association. The Committee members are not required to be Members of the Association, and may be employees, officers, directors, agents, or affiliates of the Developer. Each member of the Committee shall serve until he resigns or is replaced by a subsequent appointee. The Developer may delegate or assign its power of appointment of committee members to its successors, assigns, or the Association. Neither the Developer nor the Committee shall have any liability whatsoever for the approval or disapproval of any plans or specifications.

Section 2. Preliminary Plans. Preliminary plans describing the improvements proposed to be made may be submitted to the Architectural Review Committee for preliminary consideration and approval prior to the preparation and submission of the plans and specifications described in Section 3 below.

Section 3. Plans and Specifications. Plans and specifications for final consideration for approval by the Architectural Review Committee shall include the following:

- a. Complete plans and specifications sufficient to secure a building permit in the Municipality including a dimensioned plot plan showing the Unit and placement of all improvements;
- b. Front elevation, side elevations and rear elevation of the building, plus elevations of any walls and fences;
- c. A perspective drawing, if deemed necessary by the Committee, to interpret adequately the exterior design;
- d. Data as to size, materials, colors and texture of all exteriors, including roof coverings and any fences and walls;
- e. One set of blueprints to be left with the Committee until construction is completed;
- f. Any other data, drawings, or materials which the Committee requests in order to fulfill its function.

Section 4. Compliance with Building and Use Restrictions. No approval by the Architectural Review Committee shall be valid if the structure or improvement violates any of the restrictions set forth in Article VI of these Bylaws, except in cases where waivers have been granted.

Section 5. Disapproval of Plans or Improvements. The Architectural Review Committee may disapprove plans because of noncompliance with any of the restrictions set forth in Article VI of these Bylaws, or because the Committee is not satisfied with the grading and drainage plan, the location of the structure on the Unit, the materials used, the color scheme, the finish, design, proportion, shape, height, style or appropriateness of the proposed improvement or alteration or because of any matter or thing, which, in the judgment of the Committee, would render the proposed improvement or alteration inharmonious with, or out of keeping with, the objectives of the Committee, the Condominium or with improvements erected or to be erected on other Units in the Project, including purely aesthetic considerations. The Committee shall not be liable for the approval or disapproval of any plan.

Section 6. Approval Time Schedule. If the Architectural Review Committee fails to approve or disapprove plans within thirty (30) days after the proper and complete submission of plans and specifications, then such approval will not be required, but all other limitations, conditions and restrictions set forth in the Bylaws shall apply and remain in force as to such plans, specifications, and improvements.

Section 7. Committee Approval. Architectural Review Committee approval shall be deemed given if either (a) the plans and specifications submitted for approval are marked or

stamped as having been finally approved by the Committee, or (b) an approval form specifying the plans and specifications submitted for approval is dated and signed by one (1) member of the Committee who was validly serving on the Committee on the date of such approval.

Section 8. Guidelines. The Architectural Review Committee may, but shall not be required to, adopt guidelines for its approval process. The guidelines, if adopted, may include discussion of aesthetic standards to be utilized by the Committee in approving plans and specifications, preferred materials, preferred styles or residences, and other matters which will assist Co-owners seeking Committee approval. The guidelines, if adopted, will be intended solely for the purposes of illustrating and explaining current Committee standards. The guidelines shall not be construed to create any obligation on the part of the Committee to approve or reject any specific plan or specification or to otherwise modify or diminish the discretion of the committee under this Article.

Section 9. Review Fee. The Architectural Review Committee shall charge a review fee of Two Hundred Fifty and 00/100 (\$250.00) Dollars to any Builder or Co-owner for the purposes of reviewing plans and specifications of any improvements. The fee may not be utilized for the purposes of paying salaries to any members of the Committee but shall be utilized exclusively for the purposes of reimbursing actual expenses of the Committee, including, but not limited to, professional review fees of independent consultants. All fees are property of the Association. The amount of the review fee may be adjusted from time to time by the Association upon the recommendation of the Architectural Review Committee as it deems such adjustment appropriate.

ARTICLE VIII MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages his or her Unit shall notify the Association of the name and address of the mortgagee at closing and shall further notify the Association of any subsequent mortgagee acquiring an interest in the Co-owner's Unit. The Association shall maintain such information in a book entitled "Mortgages of Units." The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days. If a Co-owner fails to provide the information required in this Section, the Association may charge the Co-owner for any costs it incurs in collecting the information for its records and the costs incurred may be collected from the Owner in the same manner as assessments are collected under these Bylaws.

Section 2. Insurance. The Association shall, if requested, notify each mortgagee appearing in said book of the name of each company insuring the Condominium with extended coverage, and against vandalism and malicious mischief and the amounts of such coverage.

Section 3. Notification of Meetings. Upon request submitted to the Association, any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive written notification of every meeting of the members of the Association and to designate a representative to attend such meeting.

ARTICLE IX VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned.

Section 2. Eligibility to Vote. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he or she has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Article XII, Section 2 of these Bylaws, no Co-owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article X. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article IX below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of members. At and after the First Annual Meeting the Developer shall be entitled to one vote for each Unit which it owns. If, however, the Developer elects to designate a Director (or Directors) pursuant to its rights under Article XII; it shall not then be entitled to also vote for the non-developer Directors.

Section 3. Designation of Voting Representative. Each Co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The Co-owner may change the individual representative designated at any time by filing a new notice in the manner herein provided.

Section 4. Quorum. The presence in person or by proxy of 35% of the Co-owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association, except for voting on questions specifically required by the Condominium Documents to require a greater quorum. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast.

Section 5. Voting. Votes may be cast only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted.

Section 6. Majority. A majority, except where otherwise provided herein, shall consist of more than 50% of those qualified to vote and present in person or by proxy (or written vote, if applicable) at a given meeting of the members of the Association. Whenever provided specifically herein, a majority may be required to exceed the majority defined in the preceding portions of this Section 6.

ARTICLE X MEETINGS

Section 1. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis' Code of Parliamentary Procedure, Roberts Rules of Order, or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed) or the laws of the State of Michigan.

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by the Developer and may be called at any time after more than 50% of the Units that may be created have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than 120 days after the conveyance of legal or equitable title to non-developer Co-owners of 75% of all Units or 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, whichever first occurs. The phrase "Units that may be created" as used in this paragraph refers to the maximum number of Units that the Developer is permitted under the Condominium Documents to include in the Condominium. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time, and place of such meeting shall be set by the Board of Directors, and at least 10 days' written notice thereof shall be given to each Co-owner.

Section 3. Annual Meetings. Annual meetings of members of the Association shall be held on the first Tuesday of June each succeeding year after the year in which the First Annual Meeting is held, at such time and place as shall be determined by the Board of Directors; provided, however, that the second annual meeting shall not be held sooner than 8 months after the date of the First Annual Meeting. At such meetings there shall be elected by ballot of the Co-owners a Board of Directors in accordance with the requirements of Article XII of these Bylaws. The Co-owners may also transact at annual meetings such other business of the Association as may properly come before them.

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Association or a special meeting shall be called by the Secretary upon receipt of a petition signed by 1/3 of the Co-owners presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. Notice of any special meeting must be sent within 14 days of the President calling a special meeting or within 14 days of receipt by the Secretary of the Association of a petition signed by 1/3 of the Co-owners requesting a special meeting. No business shall be transacted at a special meeting except as stated in the notice. Special meetings shall be held within 30 days following issuance of the meeting notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each Co-owner of record, at least 10 days but not more than 60 days prior to such meeting (not more than 30 days for each special meeting). The mailing, postage prepaid, of a notice to the representative of each Co-owner at the address shown in the notice required to be filed with the Association by Article IX, Section 3 of these Bylaws shall be deemed notice served. Any member

may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 6. Adjournment. If any meeting of Co-owners cannot be held because a quorum is not in attendance, the Co-owners who are present may adjourn the meeting to a time not less than 48 hours from the time the original meeting was called.

Section 7. Order of Business. The order of business at all meetings of the members shall be as follows: (a) roll call to determine the voting power represented at the meeting; (b) proof of notice of meeting or waiver of notice; (c) reading of minutes of preceding meeting; (d) reports of officers; (e) reports of committees; (f) appointment of inspectors of election (at annual meetings or special meetings held for the purpose of electing Directors or officers); (g) election of Directors (at annual meeting or special meetings held for such purpose); (h) unfinished business; and (i) new business. The most senior officer of the Association present at such meeting shall chair meetings of members. For purposes of this Section, the order of seniority of officers shall be President, Vice President, Secretary and Treasurer.

Section 8. Action Without Meeting. Any action that may be taken at a meeting of the members (except for the election or removal of Directors) may be taken without a meeting by written ballot of the members. Ballots shall be solicited in the same manner as provided in Section 5 for the giving of notice of meetings of members. Such solicitations shall specify (a) the number of responses needed to meet the quorum requirements; (b) the percentage of approvals necessary to approve the action; and (c) the time by which ballots must be received in order to be counted. The form of written ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the member specifies a choice, the vote shall be cast in accordance therewith. Approval by written ballot shall be constituted by receipt, within the time period specified in the solicitation, of (i) a number of ballots which equals or exceeds the quorum which would be required if the action were taken at a meeting; and (ii) a number of approvals which equals or exceeds the number of votes which would be required for approval if the action were taken at a meeting at which the total number of votes cast was the same as the total number of ballots cast.

Section 9. Consent of Absentees. The transactions at any meeting of members, either annual or special, however called and noticed, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy; and if, either before or after the meeting, each of the members not present in person or by proxy signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 10. Minutes: Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE XI ADVISORY COMMITTEE

Within one year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within 120 days after conveyance to purchasers of one-third (1/3) of the Units that may be created, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three non-developer Co-owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the other Co-owners and to aid in the transition of control of the Association from the Developer to purchaser Co-owners. The Advisory Committee shall cease to exist automatically when the non-developer Co-owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected thereto by the Co-owners.

ARTICLE XII BOARD OF DIRECTORS

Section 1. Qualification of Directors. The affairs of the Association shall be governed by a Board of Directors, all of whom must be members in good standing of the Association or officers, partners, trustees, employees or agents of non-persons member of the Association (i.e. corporations, limited liability companies, and partnerships) except for the first Board of Directors designated in the Articles of Incorporation of the Association and any successors thereto appointed by the Developer. Good standing shall be deemed to include a member who is current in all financial obligations owing to the Association and who is not in default on any of the provisions of the Condominium Documents. Directors shall serve without compensation.

Section 2. Election of Directors.

(a.) First Board of Directors. The first Board of Directors shall be comprised of one (1) person and such first Board of Directors, or its successors as selected by the Developer, shall manage the affairs of the Association until the appointment of the first non-developer director to the board. Immediately prior to the appointment of the first non-developer Co-owner to the Board, the Board shall be increased in size to five (5) persons. Thereafter, the elections for non-developer Co-owner directors shall be held as provided in subsection (b) and (c) below. The directors shall hold office until their successors are elected and hold their first meeting.

(b.) Appointment of Non-developer Co-owners to Board Prior to First Annual Meeting. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 25% of the Units that may be created, one of the five directors shall be selected by non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 50% of the Units that may be created, one third of the directors shall be elected by non-developer Co-owners. When the required percentage of conveyances has been reached, the Developer shall notify the non-developer Co-owners and convene a meeting so that the Co-owners can elect the required director or directors, as the case may be. Upon certification by the Co-owners to the Developer of the director or directors so elected, the

Developer shall then immediately appoint such director or directors to the Board to serve until the First Annual Meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

(c.) Election of Directors at and After First Annual Meeting.

(i.) Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 75% of the Units that may be created, the non-developer Co-owners shall elect all directors on the Board, except that the Developer shall have the right to designate at least one director as long as the Units that remain to be created and conveyed equal at least 10% of all Units that may be created in the Project. Such Developer designee, if any, shall be one of the total number of directors referred to in Section 1 above and shall serve a one-year term pursuant to subsection (iv) below. Whenever the 75% conveyance level is achieved, a meeting of Co-owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

(ii.) Regardless of the percentage of Units which have been conveyed, upon the expiration of 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, the non-developer Co-owners have the right to elect a number of members of the Board of Directors equal to the percentage of Units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by the Developer and for which maintenance expenses are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (i). Application of this subsection does not require a change in the size of the Board of Directors.

(iii.) If the calculation of the percentage of members of the Board of Directors that the non-developer Co-owners have the right to elect under subsection (ii), or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-developer Co-owners under subsection (b) results in a right of non-developer Co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-developer Co-owners have the right to elect. After application of this formula, the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one director as provided in subsection (i).

(iv.) At the First Annual Meeting one director shall be elected for a term of three years, one director shall be elected for a term of two years and one director shall be elected for a term of one year. At such meeting all nominees shall stand for election as one slate and the persons receiving the highest number of votes shall be elected for a term of three years, the persons receiving the next highest number of votes shall be elected for a term of two years, and the person receiving the next highest number of votes shall be elected for a term of one year. At each annual meeting held thereafter, one or more

directors shall be elected depending upon the number of directors whose terms expire or positions need to be filled. After the First Annual Meeting, the term of office (except for two of the directors elected at the First Annual Meeting) of each director shall be three years. The directors shall hold office until their successors have been elected and hold their first meeting.

(v.) Once the Co-owners have acquired the right hereunder to elect a majority of the Board of Directors, annual meetings of Co-owners to elect directors and conduct other business shall be held in accordance with the provisions of Article X, Section 3 hereof.

Section 3. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and things as are not prohibited by the Condominium Documents or required thereby to be exercised and done by the Co-owners. Any action required by the Condominium Documents to be done by the Association shall be performed by action of the Board of Directors unless specifically required to be done by, or with the approval of, the Co-owners.

Section 4. Other Duties. In addition to the foregoing duties imposed by these Bylaws or any further duties that may be imposed by resolution of the members of the Association, the Board of Directors shall be responsible specifically for the following:

(a.) To manage and administer the affairs of and to maintain the Condominium Project and the Common Elements thereof.

(b.) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association.

(c.) To carry insurance and collect and allocate the proceeds thereof.

(d.) To rebuild improvements after casualty.

(e.) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project.

(f.) To acquire, maintain and improve; and to buy, operate manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.

(g.) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of 75% of all of the members of the Association.

(h.) To make rules and regulations in accordance with Article VI, Section 36 of these Bylaws.

(i.) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.

(j.) To enforce the provisions of the Condominium Documents.

(k.) To collect from each Co-owner the annual assessment levied against him by the Association and to pay over all such assessments to said Community Association.

Section 5. Management Agent. The Association may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three years, which is not terminable by the Association upon 90-day written notice thereof to the other party, or which provides for a termination fee and no such contract shall violate the provisions of Section 55 of the Act.

Section 6. Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a director by a vote of the members of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any director whom it is permitted in the first instance to designate. Each person so elected shall be a director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among non-developer Co-owner elected directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Co-owners and shall be filled in the manner specified in Section 2(b) of this Article.

Section 7. Removal. At any regular or special meeting of the Association duly called with due notice of the removal action proposed to be taken, any one or more of the directors may be removed with or without cause by the affirmative vote of more than 50% of all of the Co-owners and a successor may then and there be elected to fill any vacancy thus created. The quorum requirement for the purpose of filling such vacancy shall be the normal 35% requirement set forth in Article IX, Section 4. Any director whose removal has been proposed by the Co-owners shall be given an opportunity to be heard at the meeting. The Developer may remove and replace any or all of the directors selected by it at any time or from time to time in its sole discretion. Likewise, any director selected by the non-developer Co-owners to serve before the First Annual Meeting may be removed before the First Annual Meeting in the same manner set forth in this paragraph for removal of directors generally.

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within ten days of election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly

elected directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director personally, by mail, telephone, or telegraph, at least ten days prior to the date named for such meeting.

Section 10. Special Meetings. It shall be the duty of the president to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by 1/3 of the Co-owners presented to the secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof and must be sent with 14 days of the calling for a special meeting. No business shall be transacted at a special meeting except as stated in the notice. Any special meeting shall be held within 30 days following issuance of the notice.

Section 11. Notice of Meetings. It shall be the duty of the secretary (or other Association officer in the secretary's absence) to serve a notice of each regular or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each director.

Section 12. Waiver of Notice. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice. Before or at any meeting of the Board of Directors, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 13. Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, less than a quorum is present, the majority of those present may adjourn the meeting to a subsequent time upon 24-hour prior written notice delivered to all directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a director in the action of a meeting by signing and concurring in the minutes thereof, shall constitute the presence of such director for purposes of determining a quorum.

Section 14. First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the Transitional Control Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Condominium Documents.

Section 15. Fidelity Bonds. The Association shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be expenses of administration.

ARTICLE XIII OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, a Secretary and a Treasurer. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other officers as in their judgment may be necessary. One person may hold any two offices except that of President and Vice President.

(a.) **President.** The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board of Directors. He or she shall have all of the general powers and duties which are usually vested in the office of the President of an association, including, but not limited to, the power to appoint committees from among the members of the Association from time to time as he or she may in his or her discretion deem appropriate to assist in the conduct of the affairs of the Association.

(b.) **Vice President.** The Vice President shall take the place of the President and perform his or her duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to so do on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him or her by the Board of Directors.

(c.) **Secretary.** The Secretary shall keep minutes of all meetings of the Board of Directors and the minutes of all meetings of the members of the Association; he or she shall have charge of the corporate seal, if any, and of such books and papers as the Board of Directors may direct; and he or she shall, in general, perform all duties incident to the office of the Secretary.

(d.) **Treasurer.** The Treasurer shall have responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association, and in such depositories as may, from time to time, be designated by the Board of Directors.

Section 2. Election. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

Section 3. Removal. Upon affirmative vote of a majority of the members of the Board of Directors, any officer may be removed either with or without cause, and his or her successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. No such removal action may be taken, however, unless the matter shall have been included in the notice of such meeting. The officer who is proposed to be removed shall be given an opportunity to be heard at the meeting.

Section 4. Duties. The officers shall have such other duties, powers, and responsibilities, as shall, from time to time, be authorized by the Board of Directors.

ARTICLE XIV SEAL

The Association may (but need not) have a seal. If the Board determines that the Association shall have a seal, then it shall have inscribed thereon the name of the Association, the words "corporate seal," and "Michigan."

ARTICLE XV FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration, and which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and all other Association records shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Co-owner at least once a year a financial statement, the contents of which shall be defined by the Association. The books of account shall be audited at least annually by qualified independent auditors; provided, however, that such auditors need not be certified public accountants nor does such audit need to be a certified audit. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration.

Section 2. Fiscal Year. The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Directors. The commencement date of the fiscal year shall be subject to change by the Directors for accounting reasons or other good cause.

Section 3. Bank. Funds of the Association shall be initially deposited in such bank or savings association as may be designated by the Directors and shall be withdrawn only upon the check or order of such officers, employees, or agents as are designated by resolution of the Board of Directors from time to time. The funds may be invested from time to time in accounts or deposit certificates of such bank or savings association as are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation and may also be invested in interest-bearing obligations of the United States Government.

ARTICLE XVI INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. Third Party Actions. To the fullest extent permitted by the Michigan Non-profit Corporation Act, the Association shall, subject to Section 5 below, indemnify any person who was or is a party defendant or is threatened to be made a party defendant to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a Director or officer of the Association, or is or was serving at the request of the Association as a Director, officer, member of the Architectural Review Committee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including actual and reasonable attorney fees), judgments, fines and amounts reasonably paid in settlement actually and reasonably incurred by him in connection

with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association or its members, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption (a) that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association or its members, and, (b) with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his conduct was unlawful.

Section 2. Actions in the Right of the Association. To the fullest extent permitted by the Michigan Non-profit Corporation Act, the Association shall, subject to Section 5 below, indemnify any person who was or is a party defendant to or is threatened to be made a party defendant of any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a Director or officer of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including actual and reasonable attorney fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit and amounts reasonably paid in settlement if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association or its members, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Association unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 3. Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a Director, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, employee or agent against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have power to indemnify him against such liability under Sections 1 and 2. In addition, the Association may purchase and maintain insurance for its own benefit to indemnify it against any liabilities it may have as a result of its obligations of indemnification made under Sections 1 and 2.

Section 4. Expenses of Successful Defense. To the extent that a person has been successful on the merits or otherwise in defense of any action, suit, or proceeding referred to in Sections 1 and 2, or in defense of any claim, issue, or matter therein, or to the extent such person incurs expenses (including actual and reasonable attorney fees) in successfully enforcing the provisions of this Article, he shall be indemnified against expenses (including reasonable attorney fees) actually and reasonably incurred by him in connection therewith.

Section 5. Determination that Indemnification is Proper. Any indemnification under Sections 1 and 2 (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the person is proper under the circumstances, because he has met the applicable standard of conduct set forth in Section 1 or 2, whichever is applicable. Notwithstanding anything to the contrary contained in this Article, in no event shall any person be entitled to any indemnification under the provisions of this Article if he is adjudged guilty of willful or wanton misconduct or gross negligence in the

performance of his duties. The determination to extend such indemnification shall be made in any one (1) of the following ways:

- (a.) By a majority vote of quorum of the Board of Directors consisting of Directors who were not parties to such action, suit or proceeding;
- (b.) If such quorum described in (a) is not obtainable, then by a majority vote of a committee of Directors who are not parties to the action, suit or proceeding. The committee shall consist of not less than two (2) disinterested Directors; or
- (c.) If such quorum described in (a) is not obtainable (or, even if obtainable), a quorum of disinterested Directors so directs upon the written opinion of independent legal counsel.

If the Association determines that the full indemnification is not proper under Sections 1 or 2, it may nonetheless determine to make whatever partial indemnification it deems proper. At least ten (10) days prior to the payment of any indemnification claim which is approved, the Board of Directors shall provide all Co-owners with written notice thereof.

Section 6. Expense Advance. Expenses incurred in defending a civil or criminal action, suit or proceeding described in Section 1 and 2 may be paid by the Association in advance of the final disposition of such action, suit, or proceeding as provided in Section 4 upon receipt of an undertaking by or on behalf of the person involved to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association. At least ten (10) days prior to advancing any expenses to any person under this Section 6, the Board of Directors shall provide all Co-owners with written notice thereof.

Section 7. Former Representatives, Officers, Employees or Agents. The indemnification provided in this Article shall continue as to a person who has ceased to be a Director, officer, employee or agent of the Association and shall inure the benefit of the heirs, executors and administrators of such person.

Section 8. Changes in Michigan Law. In the event of any change of the Michigan statutory provisions applicable to the Association relating to the subject matter of this Article, the indemnification to which any person shall be entitled hereunder arising out of acts or omissions, occurring after the effective date of such amendment shall be determined by such changed provisions. No amendment to or repeal of Michigan law with respect to indemnification shall restrict the Association's indemnification undertaking herein with respect to acts or omissions occurring prior to such amendment or repeal. The Board of Directors are authorized to amend this Article to conform any such changed statutory provisions.

ARTICLE XVII AMENDMENTS

Section 1. Proposal. Amendments to these Bylaws may be proposed by the Board of Directors of the Association acting upon the vote of the majority of the Directors or may be proposed by 1/3 or more of the Co-owners by instrument in writing signed by them.

Section 2. Meeting. Upon any such amendment being proposed, a meeting for consideration of the same shall be duly called in accordance with the provisions of these Bylaws.

Section 3. Voting. These Bylaws may be amended by the Co-owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than 2/3 vote of all Co-owners. No consent of mortgagees shall be required to amend these Bylaws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of 2/3 vote of the mortgagees shall be required, with each mortgagee to have one vote for each first mortgage held. Mortgagees need not appear at any meeting of Co-owner's, except that their approval shall be solicited through written ballots. To the extent that a vote of mortgagees of Units is required for the amendment of these Bylaws, the procedure described in Section 90a of the Act, MCL 559.190a shall be followed.

Section 4. By Developer. Prior to the Transitional Control Date, these Bylaws may be amended by the Developer without approval from any other person so long as any such amendment does not materially alter or change the right of a Co-owner or mortgagee.

Section 5. When Effective. Any amendment to these Bylaws shall become effective upon recording of such amendment in the office of the Washtenaw County Register of Deeds.

Section 6. Binding. A copy of each amendment to the Bylaws shall be furnished to every member of the Association after adoption; provided, however, that any amendment to these Bylaws that is adopted in accordance with this Article shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the amendment.

ARTICLE XVIII COMPLIANCE

The Association and all present or future Co-owners, tenants, future tenants, or any other persons acquiring an interest in or using the Project in any manner are subject to and shall comply with the Act, as amended, and the mere acquisition, occupancy or rental of any Unit or an interest therein or the utilization of or entry upon the Condominium Premises shall signify that the Condominium Documents are accepted and ratified. In the event the Condominium Documents conflict with the provisions of the Act, the Act shall govern.

ARTICLE XIX DEFINITIONS

All terms used herein shall have the same meaning as set forth in the Master Deed to which these Bylaws are attached as an Exhibit or as set forth in the Act.

ARTICLE XX REMEDIES FOR DEFAULT

Any default by a Co-owner shall entitle the Association or another Co-owner or Co-owners to the following relief:

Section 1. Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien

(if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-owner or Co-owners.

Section 2. Recovery of Costs. In any proceeding arising because of an alleged default by any Co-owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Co-owner be entitled to recover such attorney's fees.

Section 3. Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements or into any Unit (but not into any dwelling or related garage), where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

Section 4. Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless in accordance with the provisions of Article XXI hereof.

Section 5. Non-waiver of Right. The failure of the Association or of any Co-owner to enforce any right, provision, covenant, or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Association or of any such Co-owner to enforce such right, provision, covenant, or condition in the future.

Section 6. Cumulative Rights, Remedies and Privileges. All rights, remedies and privileges granted to the Association or any Co-owner or Co-owners pursuant to any terms, provisions, covenants, or conditions of the aforesaid Condominium Documents shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies, or privileges as may be available to such party at law or in equity.

Section 7. Enforcement of Provisions of Condominium Documents. A Co-owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A Co-owner may maintain an action against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act. In any proceeding brought by a Co-owner against the Association, or its officers and directors under this Section, the Association, or its officers and directors, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees (not limited to statutory fees) as may be determined by the court, but in no event shall any Co-owner be entitled to recover such attorney's fees.

ARTICLE XXI ASSESSMENT OF FINES

Section 1. General. The violation by any Co-owner, occupant, or guest of any provisions of the Condominium Documents including any duly adopted rules and regulations shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines against the involved Co-owner. Such Co-owner shall be deemed responsible for such violations whether they occur as a result of his or her personal actions or the actions of his or her family, guests, tenants or any other person admitted through such Co-owner to the Condominium Premises.

Section 2. Procedures. Upon any such violation being alleged by the Board, the following procedures will be followed:

(a.) **Notice.** Notice of the violation, including the Condominium Document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Co-owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Co-owner at the address as shown in the notice required to be filed with the Association pursuant to Article IX, Section 3 of these Bylaws.

(b.) **Opportunity to Defend.** The offending Co-owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting but in no event shall the Co-owner be required to appear less than 10 days from the date of the Notice.

(c.) **Default.** Failure to respond to the Notice of Violation constitutes a default.

(d.) **Hearing and Decision.** Upon appearance by the Co-owner before the Board and presentation of evidence of defense, or, in the event of the Co-owner's default, the Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Board's decision is final.

Section 3. Amounts. Upon violation of any of the provisions of the Condominium Documents and after default of the offending Co-owner or upon the decision of the Board as recited above, the following fines shall be levied:

(a.) **First Violation.** No fine shall be levied.

(b.) **Second Violation.** Twenty Five Dollar (\$25.00)

(c.) **Third Violation.** Fifty Dollar (\$50.00) fine.

(d.) **Fourth Violation and Subsequent Violations.** One Hundred Dollar (\$100.00) fine.

The Board of Directors may change this schedule of fines by a resolution of the Board. Notwithstanding anything stated in these Bylaws to the contrary, a change in this schedule of fines may be made by Board resolution and will not require that an amendment to these Bylaws

be adopted or recorded. Furthermore, should the Board of Directors adopt an appropriate resolution, this schedule of fines may escalate to keep pace with adjustments to the Consumer Price Index as announced by the Bureau of Labor Statistics which Index shall be the Index published to the metropolitan statistical area in which the Project is located.

Section 4. Collection. The fines levied pursuant to Section 3 above shall be assessed against the Co-owner and shall be due and payable together with the regular Condominium assessment on the first of the next following month. Failure to pay the fine will subject the Co-owner to all liabilities set forth in the Condominium Documents including, without limitation, those described in Article II and this Article XXI of these Bylaws.

ARTICLE XXII RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors concerning the administration of the Condominium shall terminate, if not sooner, shall be assigned to the Association, at the conclusion of the Development and Sales Period as defined in Article III of the Master Deed. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other easements created and reserved in such documents which shall not be terminable in any manner hereunder and which shall be governed only in accordance with the terms of their creation or reservation and not hereby).

Section 1. Right to Receive Minutes. After the Transitional Control Date and for so long as the developer owns any Unit in the Project, the Developer, or its successors and assigns, upon written request to the Board of Directors of the Association, shall have the right to be provided with copies of all minutes of annual, special or regular meetings of the Board of Directors and of the members of the Association.

Section 2. Developer's Rights in Furtherance of Sales. None of the restrictions contained in these Bylaws concerning or relating to the use of Units shall apply to the commercial activities or signs or billboards, if any, of the Developer or any entity that acquires title to one or more Units from the Developer for the purpose of residential construction on those Units and subsequent resale of the Units, during the Development and Sales Period.

Section 3. Sales – Business Office. During the Development and Sales Period and for so long as the Developer owns any Unit in the Project, the Developer or any entity that acquires title to one or more Units from the Developer for the purpose of residential construction on those Units and subsequent resale shall have the right to maintain a sales office, a business

office, a construction office, model units, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to facilitate the construction and sale of the entire Project. During the Development and Sales Period the Developer or other entity shall be responsible for all costs related to sales and business offices as provided under this Section, including all costs related to Units and Common Elements used by the Developer or other entity in furtherance of the construction and sale of the Project. Developer may assign these rights during the Development and Sales Period. Developer shall restore the areas so utilized under this Section, whether used by the Developer or by its assignee(s), to habitable status upon termination of use, or such costs required to restore same shall be chargeable to the Developer by the Association.

Section 4. Commercial Use of Project. During the Development and Sale Period and for so long as the Developer owns any Unit in the Project, the Developer shall have the exclusive right to grant permission for the Common Elements and exteriors of the structures of the Project which can be viewed from the Common Elements, streets, alleys, or the air, to be used as a motion picture set, background, stage, sound stage, studio, painting, photograph, image, or location for any commercial media production or use, without the consent of, or payment to, the Co-owners or the Association. The Developer may collect a fee for its consent to use such images or for providing support services to photographers or others. The exercise of this right shall not interfere with normal and customary rights of architects and design professionals who designed the Project. The consent of the Developer shall not be required for the use of the Project as set forth above in connection with any news or feature coverage, for educational purposes, for individual non-commercial use, or for any governmental agency purposes. The Developer reserves the right to use, and assign the right to use, the Project's name, images and other features unique to the Project. None of the above rights are intended to prevent a Unit Co-owner from granting independent permission for use of his individual Unit for such purposes provided such use is permitted elsewhere under these Bylaws.

Section 5. Prior Approval by Developer. Unless otherwise provided by the Developer, during the Development and Sales Period, no building, fences, walls, retaining walls, drives, walks, or other structures or improvements shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any structure be made (including color or design), except interior alterations which do not affect structural elements of any Unit, nor shall any hedges, trees or substantial plantings or landscaping modifications be made, until plans and specifications acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme, locations, and approximate cost of such structure or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by the Developer, its successors or assign. Developer shall have the right to refuse to approve any such plan or specifications, or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing on such plans, specifications, grading or landscaping, it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to effect, and the degree of harmony with the Condominium as a whole and any adjoining properties, existing or proposed. The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development and shall be binding upon both the Association and upon all Co-owners.

Section 6. Enforcement of Bylaws. After the Transitional Control Date and for so long as the Developer owns any Unit in the Project, the Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential community for the benefit of the Co-owners and all persons interested in the

Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace, and landscape in a manner consistent with the maintenance of such high standards, then Developer, or any entity to which it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws throughout the Development and Sales Period notwithstanding that it may no longer own a Unit in the Condominium, which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws.

ARTICLE XXIII SEVERABILITY

In the event that any of the terms, provisions or covenants of these Bylaws or the Condominium Documents are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify, or impair in any manner whatsoever any of the other terms, provisions, or covenants of such documents or the remaining portions of any terms, provisions, or covenants held to be partially invalid or unenforceable.