

**MASTER DEED  
OF**

[\_\_\_\_\_]

(Pursuant to Act 59, Public Acts of 1978, as amended)

Allegan County Condominium Subdivision Plan No. \_\_\_\_\_ containing:

- (1) Master Deed establishing [\_\_\_\_\_].
- (2) Exhibit A to Master Deed: Condominium Bylaws.
- (3) Exhibit B to Master Deed: Condominium Subdivision Plan.
- (4) Exhibit C to Master Deed: Affidavit of Mailing as to Notices required by Section 71 of the Michigan Condominium Act.

This document is exempt from transfer tax under MCLA 207.505(a) and MCLA 207.526(a).

This Document Drafted by and  
After Recording Return To:

Peter A. Schmidt  
Varnum LLP  
333 Bridge Street, Suite 1700  
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<b>Exhibit C</b> – Affidavit of Mailing as to Notices required by Section 71 of the Michigan Condominium Act		

**MASTER DEED**  
**of**  
[\_\_\_\_\_]

This Master Deed is signed and delivered on \_\_\_\_\_, 2023, by Douglas Property Development, LLC, a Michigan limited liability company with offices 50 Crahen Avenue NE, Suite 200, Grand Rapids, Michigan 49525 (the "**Developer**"), upon the terms and conditions set forth below.

**Section 1. ESTABLISHMENT OF CONDOMINIUM**

**1.1 Project.** The Developer is engaged in the development of a condominium project to be known as [\_\_\_\_\_] (the "**Project**"), in the City of the Village of Douglas, Allegan County, Michigan on a parcel of land as referenced in Section 2.

**1.2 Establishment of Condominium.** The Developer desires, by recording this Master Deed together with the Condominium Bylaws attached as **Exhibit A** and the Condominium Subdivision Plan attached as **Exhibit B** to establish the real property referenced in Section 2 (the "**Property**"), together with the improvements located and to be located on the Property, as a condominium project (the "**Condominium**") under the provisions of the Michigan Condominium Act, as amended (the "**Act**"). The Developer does hereby declare that upon the recording of this Master Deed, the Condominium shall be a Project under the Act and the Project shall be held, conveyed, encumbered, leased, rented, occupied, improved or in any other manner used, subject to the provisions of the Act and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations contained in this Master Deed, all of which shall be deemed to run with the land and to be a burden upon and a benefit to the Developer, its successors and assigns, and to any persons who may acquire or own an interest in the Condominium, their grantees, successors, heirs, personal representatives, administrators and assigns.

**1.3 Project Description.** The Project is a residential condominium. The Condominium units which may be developed in the Project, including the number, boundaries, dimensions and area of each unit ("**Unit**"), are shown on the Condominium Subdivision Plan, subject to the reserved rights of the Developer for conversion, expansion and contraction, provided, that once a residence is constructed within the proposed unit building envelope, the "Unit" shall be deemed to be the constructed residence and areas outside of the walls of the residence shall be deemed to be Limited Common Elements or General Common Elements, as applicable. Each of the Units is capable of individual use by reason of having its own entrance from and exit to a public road or to a driveway and/or private road which is a common element of the Project which connects to a public road.

**1.4 Owner Rights.** Each owner of a Unit ("**Owner**") in the Project shall have an exclusive property right to the Owner's Unit and to the Limited Common Elements which are appurtenant to the Owner's Unit, and shall have an undivided right to share with other Owners in the ownership and use of the General Common Elements of the Project as described in this Master Deed.

## **Section 2. LEGAL DESCRIPTION OF THE PROPERTY**

**2.1 Condominium Property.** The land which is being submitted to Condominium ownership in accordance with the provisions of the Act, is described on the first page of the attached Subdivision Plan.

**2.2 Beneficial Easements.** Easements are hereby created and conveyed in this Master Deed to and for the benefit of the Project and the Units located in the Project, and the Project and the Units located in the Project are benefited and burdened by the ingress, egress, utility and other easements described in Section 9 and/or shown on Exhibit B of this Master Deed.

## **Section 3. DEFINITIONS**

**3.1 Definitions.** Certain terms used in this Master Deed are defined terms and have the meaning given them in the text where they are defined, and the same meaning shall be ascribed to the term in various other documents with regard to the Project such as, by way of example and not of limitation, the Articles of Incorporation, Association Bylaws and Rules and Regulations of the [ ] Association, a Michigan non-profit corporation, and various deeds, mortgages, land contracts, easements and other documents affecting the establishment or transfer of interests in the Project. As used in documents regarding the Project, unless the context otherwise requires:

(a) **Act.** "Act" or "**Condominium Act**" means the Michigan Condominium Act, which is Act 59 of the Public Acts of 1978, as amended.

(b) **Administrator.** "**Administrator**" means the Michigan Department of Licensing and Regulatory Affairs, which is designated to serve as administrator of the Act.

(c) **Association.** "**Association**" or "**Association of Owners**" means [ ] Association, the Michigan non-profit corporation of which all Owners shall be members, which shall administer, operate, manage and maintain the Project.

(d) **Association Bylaws.** "**Association Bylaws**" means the corporate Bylaws of the Association organized to manage, maintain and administer the Project.

(e) **Board.** "**Board**" means the board of directors of the Association.

(f) **Common Elements.** "**Common Elements**" means the portions of the Project other than the Condominium Units, including all general and limited common elements described in Section 4 of this Master Deed.

(g) **Condominium Bylaws.** "**Condominium Bylaws**" means Exhibit A to this Master Deed, which are the Bylaws which describe the substantive rights and obligations of the Owners.

(h) **Condominium Documents.** "**Condominium Documents**" means this Master Deed with its exhibits, the Sections and Bylaws of the Association, the Rules and Regulations adopted by the Board of the Association and any other document which affects the rights and obligations of an Owner in the Condominium.

(i) **Condominium Property.** "**Condominium Property**" or "**Property**" means the land referenced in Section 2, as the same may be amended, together with all structures, improvements, easements, rights and appurtenances located on or belonging to that Property.

(j) **Condominium Subdivision Plan.** "**Condominium Subdivision Plan**" or "**Subdivision Plan**" means Exhibit B to this Master Deed, which is the survey and other drawings depicting the real property and improvements to be included in the Project.

(k) **Condominium Unit.** "**Condominium Unit**" or "**Unit**" means that portion of the Project which is designed and intended for separate ownership and use, as described in this Master Deed.

(l) **Developer.** "**Developer**" means Douglas Property Development, LLC, a Michigan limited liability company, which has signed, delivered and recorded this Master Deed, and the successors and assigns of Developer.

(m) **Development and Sales Period.** "**Development and Sales Period**" means the period of time continuing for as long as the Developer or its successors continue to own and offer for sale any Unit in the Project, excepting any Unit which was previously conveyed by Developer and then repurchased by Developer.

(n) **General Common Elements.** "**General Common Elements**" means those Common Elements described in Section 4.1, which are for the use and enjoyment of all Owners in the Project.

(o) **Limited Common Elements.** "**Limited Common Elements**" means those Common Elements described in Section 4.2, which are reserved for the exclusive use of the Owners of a specified Unit or Units.

(p) **Master Deed.** "**Master Deed**" means this document, together with the exhibits attached to it and all amendments which may be adopted in the future, by which the Project is being submitted to condominium ownership.

(q) **Owner. "Owner"** means the person, firm, corporation, partnership, association, trust or other legal entity or any combination of the entities who or which own a Condominium Unit in the Project, including both the vendee(s) and vendor(s) of any land contract of purchase.

(r) **Percentage of Value. "Percentage of Value"** means the percentage assigned to each Unit by this Master Deed, which is determinative of the value of an Owner's vote at meetings of the Association and the proportionate share of each Owner in the Common Elements of the Project.

(s) **Project. "Project" or "Condominium"** means [\_\_\_\_], a residential site condominium development of up to [\_\_\_\_] Units established under the provisions of the Act.

(t) **Transitional Control Date. "Transitional Control Date"** means the date on which a Board for the Association takes office pursuant to an election in which the votes that may be cast by eligible Owners unaffiliated with the Developer exceed the votes which may be cast by the Developer.

**3.2 Applicability.** Whenever any reference is made to one gender, it will be assumed to include both genders where the reference is appropriate; similarly, whenever a reference is made to the singular, it will be assumed to include the plural where the reference is appropriate.

#### **Section 4. COMMON ELEMENTS**

**4.1 General Common Elements.** The General Common Elements are:

(a) **Real Estate.** The Property referenced in Section 2 of this Master Deed (except for that portion of the Property described in Section 5.1 constituting a part of a Unit, and any portion of the Property designated in Exhibit B as a Limited Common Element), including easement interests appurtenant to the Condominium, including, but not limited to easements for ingress, egress and utility installation over, across and through non-Condominium property and/or individual Units in the Project;

(b) **Improvements.** The improvements not located within the boundaries of a Unit or a Limited Common Element. All structures and improvements located within the boundaries of a Unit shall be owned in their entirety by the Owner of the Unit within which they are located and shall not, unless expressly provided in the Condominium Documents, constitute Common Elements;

(c) **Electrical.** The electrical transmission system throughout the Project up to, but not including, the point of lateral connection for service to each residence now located or subsequently constructed within Unit boundaries;

(d) **Gas.** The natural gas line network and distribution system throughout the Project, up to, but not including, the point of lateral connection for service to each residence now located or subsequently constructed within Unit boundaries;

(e) **Water.** The underground sprinkling system (if any) for the Common Elements;

(f) **Storm Drainage.** The storm drainage and/or water retention system throughout the Project to the point of connection to the public storm drainage system;

(g) **Telephone.** The telephone wiring system throughout the Project up to, but not including, the point of lateral connection for service to each residence now located or subsequently constructed within Unit boundaries;

(h) **Telecommunications.** The cable television and/or other telecommunications systems installed throughout the Project up to, but not including, the point of lateral connection for service to each residence now located or subsequently constructed within Unit boundaries;

(i) **Project Entrance Improvements.** Any entry signage, landscaping and other improvements located at or near the entrance to the Project;

(j) **Trails.** The trails as approximately designated on Exhibit B, including the trails over which easements are granted to the City of the Village of Douglas and which are open to the public and the non-public trails, to provide hiking, cross country skiing, and similar recreational uses;

(k) **Open Areas.** The open areas as approximately shown on Exhibit B, upon which trails and improvements which mark and enhance the use of the trails may be located, but no structures shall be built in such areas in order to maintain these areas as open space in perpetuity;

(l) **Pool and Clubhouse.** Any pool or clubhouse constructed by the Developer or Association for the use of Unit Owners. These amenities "need not be built";

(m) **Recreation Areas.** Any recreation areas constructed by the Developer or the Association for the use of Unit Owners within the Project. "These recreation areas need not be built";

(n) **Waterfront Recreation Area.** The Association may lease a shed or docking rights at a marina in proximity of the Project to maintain water recreation vehicles, such as boats, kayaks, or a motorized boat for use by Unit Owners. Any

such use and expense shall be leased and be a General Common Element for the term of the lease. This General Common Element "need not be built";

(o) **Miscellaneous Common Elements.** All other Common Elements of the Project not designated as Limited Common Elements and not enclosed within the boundaries of a Condominium Unit, which are intended for common use or are necessary to the existence, upkeep or safety of the Project, or are easements granted to the City of the Village of Douglas or Allegan County, or a subdivision of it, for which the Association has maintenance and repair obligations under the easement or for which it is subject to assessments by a public entity;

(p) **Excepted Utility Interests.** Except where otherwise designated, the water distribution system and sanitary sewer system are public utilities owned and maintained by the City of the Village of Douglas. Some of the other utility lines, equipment and systems (including mains and service leads), and the telecommunications systems described above may be owned by the local public authority or by the company that is providing the pertinent service. Accordingly, such utility and/or telecommunication lines, equipment and systems shall be General Common Elements only to the extent of the Owners' interest in them, and the Developer makes no warranty whatsoever with respect to the nature or extent of such interest.

**4.2 Limited Common Elements.** The Limited Common Elements are:

(a) **Utility Service Lines.** The pipes, ducts, wiring and conduits supplying service to or from a Unit, for electricity, gas, water, sewage, telephone, television and/or other utility or telecommunication services, beyond the boundary of a Unit up to and including the point of lateral connection with a General Common Element of the Project or utility line or system owned by the local public authority or company providing the service; and to the extent any Units share any lateral utility connection lines, each such line shall be a Limited Common Element from the point of connection to a General Common Element or public utility line to the point of separation of the common line to service the different Units, and shall be an appurtenance to each such Unit;

(b) **Subterranean Land.** The subterranean land located within Unit boundaries, from and below a depth of 20 feet as shown on Exhibit B, including all utility and/or supporting lines located on or beneath that land shall be an appurtenance to that Unit;

(c) **Subsurface Improvements.** The portion of any footing or foundation extending more than 20 feet below surrounding grade level of a Unit shall be an appurtenance to that Unit;

(d) **Roads.** The private roads identified in Exhibit B within the Project are limited common elements appurtenant only to the Units in the Project which shall be maintained by the Association as provided in Section 4.3 below;

(e) **[Reserved.]**;

(f) **[Reserved.]**;

(g) **Mailboxes.** Each mailbox placed along the roads within the Project whether clustered together or as a single mailbox, are limited common elements appurtenant only to the Unit using the mailbox, which shall be maintained by the Association as provided in Section 4.3 below;

(h) **Parking Areas.** The parking areas along private roads within the Project as shown and designated on Exhibit B shall be limited common elements appurtenant to each such Unit which shall be maintained by the Association as provided in Section 4.3 below;

(i) **Driveways.** The driveways within the Project as shown and designated on Exhibit B shall be a limited common element appurtenant to each such Unit, which shall be maintained by the Association as provided in Section 4.3 below;

(j) **Landscaped Area.** The landscaped area surrounding Units is a limited common element appurtenant to those Units and shall be maintained by the Association as provided in Section 4.3 below<sup>1</sup>;

(k) **Miscellaneous.** Any other improvement designated as a Limited Common Element appurtenant to a particular Unit or Units in the Subdivision Plan or in any future amendment to the Master Deed made by the Developer or the Association; and

(l) **Subsequent Assignment.** In the event that no specific assignment of one or more of the Limited Common Elements described in this Section has been made in the Subdivision Plan, the Developer (during the Development and Sales Period) and the Association (after the Development and Sales Period has expired) reserve the right to designate each such space or improvement as a Limited Common Element appurtenant to a particular Unit, or Units, by subsequent amendment or amendments to this Master Deed.

**4.3 Maintenance Responsibilities.** Responsibility for the cleaning, decoration, maintenance, repair and replacement of the Common Elements will be as set forth below:

(a) **Limited Common Elements.**

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<sup>1</sup> Landscaping plan to be confirmed upon final completion and approval of the development plans.

(1) Each Owner shall be individually responsible for the routine cleaning, snow removal, maintenance, repair and replacement of all Limited Common Elements appurtenant solely to the Owner's Unit which are not maintained by the Association; and Limited Common Elements appurtenant solely to one Unit but maintained by the Association such as mailboxes shall have the cost of maintenance of that Limited Common Element assessed solely to the Unit.

(2) The driveways for their length shall be maintained by the Association with the costs of the snow removal, maintenance, repair and any resurfacing to be assessed equally to the Units to which that Limited Common Element is an appurtenance.

(3) The Association shall maintain the parking areas and roads in the Project with an equal portion of the cost of snow removal, maintenance, repair and any resurfacing to be assessed to each Unit.

(4) [Reserved.]

(5) [Reserved for landscaping provisions.]

(6) The road maintenance within the Project shall be performed by the Association in a reasonable manner so that the roads may be used by the inhabitants of the Condominium, and other persons using the roads, in normal seasonal weather conditions, and so that the roads provide emergency vehicle access to the Units and other improvements in the Project.

(b) **Unit Improvements and Other Owner Responsibilities.** Unless otherwise stated in this Master Deed, Unit Owners shall be responsible for the maintenance, repair and replacement of all structures and improvements and the maintenance and mowing of all yard areas situated within the boundaries of a Unit. If an Owner elects to construct or install any improvements within a Unit, or on the Common Elements with the prior written consent of the Association, which increase the costs of maintenance, repair or replacement for which the Association is responsible such increased costs or expenses may, at the option of the Association, be specially assessed against such Unit or Units.

(c) **Association Oversight.** The exterior appearance of all structures, improvements and yard areas (to the extent visible from any other Unit or from a Common Element), shall be subject at all times to the approval of the Association and to such reasonable aesthetic and maintenance standards as may be prescribed by the Association in duly adopted rules and regulations; provided, that the Association may not disapprove the appearance of an improvement so long as it is maintained as constructed by the Developer or constructed with the Developer's approval.

(d) **General Common Elements.** The cost of cleaning, decoration, maintenance, repair, and replacement of all General Common Elements shall be the responsibility of the Association, except to the extent of repair or replacement of a General Common Element due to the Act or neglect of an Owner or an Owner's agent, invitee, family member or pet.

(e) **Maintenance by Developer or Association.** In the event an Owner fails, as required by this Master Deed and the Bylaws, to properly and adequately decorate, repair replace or otherwise maintain the Owner's Unit, any structure or improvement located within the Unit or any appurtenant Limited Common Element, the Developer during the Development and Sales Period and after the Development and Sales Period, the Association shall have the right, but not the obligation, to undertake periodic exterior maintenance functions with respect to improvements constructed or installed within any Unit boundary as it may deem appropriate (including without limitation painting or other decoration, lawn mowing, snow removal, tree trimming and replacement of shrubbery and other plantings); provided, that following the Developer, the Association, will in no event be obligated to repair or maintain any such Common Element or improvement. Failure of the Developer, and following the Developer, the Association, to take any such action shall not be deemed a waiver of the Developer's, and following the Developer, the Association's right to take any such action at a future date; and

(f) **Assessment of Costs.** All costs incurred by the Developer, and following the Developer, the Association, in performing any maintenance functions which are the primary responsibility of an Owner shall be assessed to the Owner or Owners to whom the limited common element is an appurtenance as stated in this Section, on a reasonably uniform basis and collected in accordance with the assessment procedures established by the Condominium Bylaws. A lien for nonpayment shall attach to any such charges may be enforced by the use of all means available to the Developer, and following the Developer, the Association, under the Condominium Documents or by law for the collection of regular assessments, including without limitation, legal action, foreclosure of the lien securing payment and the imposition of fines.

(g) **Utility Service.** Each Owner shall be responsible for the cost of utilities separately metered to the Owner's Unit. Some utilities, such as certain water services, are not separately metered to individual Units, but are billed to the Association as common utilities. Each Owner shall be responsible for a proportionate share of the expenses of the common utilities, as described in the Condominium Bylaws.

**4.4 Assignment of Limited Common Elements.** A Limited Common Element may be assigned or re-assigned by written application to the Board of Directors of the Association by all Owners whose interest will be affected by the assignment. Upon receipt and approval of an

application, the Board shall promptly prepare and sign an amendment to this Master Deed assigning or reassigning all rights and obligations with respect to the Limited Common Elements involved, and shall deliver the amendment to the Owners of the Units affected upon payment by them of all reasonable costs for the preparation and recording of the amendment.

**4.5 Power of Attorney.** By acceptance of a deed, mortgage, land contract or other document of conveyance or encumbrance all Owners, mortgagees and other interested parties are deemed to have appointed the Developer (during the Development and Sales Period) and/or the Association (after the Development and Sales Period has expired), as their agent and attorney to act in connection with all matters concerning the Common Elements and their respective interests in the Common Elements. Without limiting the generality of this appointment, the Developer (or Association) will have full power and authority to grant easements over, to sever or lease mineral interests and/or to convey title to the land or improvements constituting the General Common Elements or any part of them, to dedicate as public streets any private streets which are General Common Elements, to amend the Condominium Documents for the purpose of assigning or reassigning the Limited Common Elements and in general to sign and deliver all documents and to do all things necessary or convenient to the exercise of these powers.

**4.6 Boundary Relocation.** The boundaries of two or more adjacent Units may be relocated by amendment of the Master Deed in accordance with the provisions of the Act, provided that the expense of preparing the amendment shall be paid in full by the Owner or Owners desiring to relocate the boundaries.

**4.7 Subdivision Prohibited.** Subdivision of a Unit within the Condominium is prohibited, except where specifically provided for in this Master Deed.

**4.8 Separability.** Except as provided in this Master Deed, Condominium Units shall not be separable from their appurtenant Common Elements, and neither shall be used in any manner inconsistent with the purposes of the Project, or in any other way which might interfere with or impair the rights of other Owners in the use and enjoyment of their Units or their appurtenant Common Elements.

## **Section 5. UNITS**

**5.1 Description of Units.** A complete description of each Unit in the Project, with elevations referenced to an official benchmark of the United States Geological Survey sufficient to accurately relocate the space enclosed by the description without reference to any structure, is contained in the Subdivision Plan as surveyed by the Project's consulting engineers and surveyors. Each such Unit shall include all the space within the Unit boundaries and extending upwards above the surface, and down beneath the surface together with all appurtenances to the Unit. The architectural plans for the Project are on file with the City of the Village of Douglas, Michigan.

**5.2 Percentage of Value.** The total percentage value of the Project is 100, and the Percentage of Value assigned to each of the Condominium Units in the Project shall be equal.<sup>2</sup>

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<sup>2</sup> Final percentage of value assignments to be confirmed upon completion and approval of

The determination that Percentages of Value for all Units will be equal was made after reviewing the comparative characteristics of each Unit and the General Common Elements, including those which may affect maintenance costs. The Percentage of Value assigned to each Unit shall be changed only in the manner permitted by Section 10, expressed in an Amendment to this Master Deed and recorded in the Register of Deeds office in the county in which the Project is located.

**5.3 Unit Modification.** The number, size, style, boundary, and/or location of Units or of any Limited Common Element appurtenant to a Unit may be modified from time to time by the Developer or its successors without the consent of any Owner, or other interested person, so long as the modifications do not unreasonably impair or diminish the appearance of the Project or the view, privacy or other significant attribute of any Unit which adjoins or is proximate to the modified Unit or Limited Common Element; provided, that no Unit which has been sold or which is subject to a binding Purchase Agreement shall be modified without the consent of the Owner or Purchaser. The Developer may also, in connection with any modification, readjust Percentages of Value for all Units in a manner which gives reasonable recognition to the changes based upon the method of original determination of Percentages of Value for the Project. All Owners of Units and other persons who acquire an interest in the Project from time to time shall be deemed to have granted a Power of Attorney to the Developer and its successors for such purpose, which is similar in nature and effect to that described in Section 4.5 of this Master Deed.

## **Section 6. EXPANDABILITY OF CONDOMINIUM**

**6.1 Expandability.** The Project established by this Master Deed consists of [22] Condominium Units which may not be expanded.

## **Section 7. CONTRACTIBILITY OF CONDOMINIUM**

**7.1 Limit of Unit Contraction.** The Project established by this Master Deed consists of [22] Units and may, at the election of the Developer, be contracted to a minimum of [\_\_\_\_\_] Units.

**7.2 Withdrawal of Land.** The number of Units in the Project may, at the option of the Developer from time to time within a period ending not later than 6 years after the recording of this Master Deed, be decreased by the withdrawal of all or any portion of the lands described in Section 2.1 from the Condominium; provided, that no Unit which has been sold or which is the subject of a binding Purchase Agreement may be withdrawn without the consent of the Owner, purchaser and/or mortgagee of such Unit. The Developer may also, in connection with any such contraction, readjust the Percentages of Value for Units in the Project in a manner which gives reasonable recognition to the number of remaining Units, based upon the method of original determination of the Percentages of Value. Other than as provided in this Section 7, there are no restrictions or limitations on the right of the Developer to withdraw lands from the Project or as to the portion or portions of land which may be withdrawn, the time or order of such withdrawals or the number of Units and/or Common Elements which may be withdrawn; provided, however, that

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development plans.

the lands remaining shall not be reduced to less than that necessary to accommodate the remaining Units in the Project with reasonable access and utility service to such Units.

**7.3 Contraction not Mandatory.** There is no obligation on the part of the Developer to contract the Project nor is there any obligation to withdraw portions of the Project in any particular order nor to construct particular improvements on any withdrawn lands. The Developer may, in its discretion, establish all or a portion of the lands withdrawn from the Project as a separate condominium project (or projects) or as any other form of development. Any development on the withdrawn lands will not be detrimental to the adjoining condominium project.

**7.4 Amendment(s) to Master Deed.** A withdrawal of lands from this Project by the Developer will be given effect by an appropriate amendment(s) to the Master Deed, which amendment(s) will not require the consent or approval of any Owner, mortgagee or other interested person. Such amendment(s) will be prepared by and at the sole discretion of the Developer, and may adjust the Percentages of Value assigned by Section 5.2 in order to preserve a total value of 100% for the entire Project resulting from such amendment(s).

**7.5 Additional Provisions.** Any amendment(s) to the Master Deed made by the Developer to contract the Condominium may also contain such provisions as the Developer may determine necessary or desirable: (i) to create easements burdening or benefitting portions or all of the parcel or parcels being withdrawn from the Project; and (ii) to create or change restrictions or other terms and provisions, including designations and definition of Common Elements, affecting the parcel or parcels being withdrawn from the Project or affecting the balance of the Project, as reasonably necessary in the Developer's judgment to preserve or enhance the value or desirability of the parcel or parcels being withdrawn from the Project.

## **Section 8. CONVERTIBLE AREAS**

**8.1 Limits of Conversion.** The Project established by this Master Deed initially consists of [22] Condominium Units and may, at the election of the Developer, be increased by the creation of a maximum of [\_\_\_\_\_] additional Units within the Convertible Areas defined below.<sup>3</sup>

**8.2 Conversion Rights.** The number of Units in the Project may, at the option of the Developer from time to time within a period ending not later than 6 years after the initial recording of the Master Deed, be increased by the conversion of all or any part of the Common Elements designated as "**Convertible Areas**" on the Condominium Subdivision Plan into additional Condominium Units and/or Limited Common Elements appurtenant to Units. The Developer may also, in connection with the conversion, readjust Percentages of Value for all Units in the Project under a manner which gives reasonable recognition to the total number of Units, based upon the method of original determination of Percentages of Value.

**8.3 Conversion Not Mandatory.** There is no obligation on the part of the Developer to convert any part of the Convertible Area, to convert portions of such area in any particular order,

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<sup>3</sup> To be confirmed upon final completion and approval of development plans.

to construct particular improvements on any converted Unit. Other than as provided in this Section, there are no restrictions or limitations on the right of the Developer to create additional Units, the portion or portions of the Convertible Area that may be converted, the time or order of such conversions, or the number of Units and/or Common Elements that may be converted.

**8.4 Amendment(s) to Master Deed.** An increase in the number of Units by exercise of the Developer's conversion rights will be given effect by an appropriate amendment(s) to the Master Deed, which amendment(s) will not require the consent or approval of any Owner, mortgagee or other interested person. Such amendment(s) will be prepared by and at the sole discretion of the Developer, and may proportionately adjust the Percentages of Value assigned by Section 5.2 in order to preserve a total value of 100% for the entire Project.

**8.5 Redefinition of Common Elements.** The conversion amendment(s) to the Master Deed made by the Developer may contain such further definitions and redefinitions of General or Limited Common Elements as the Developer may determine to be necessary or desirable in order to adequately describe, serve and provide access to the additional Units being added to the Project. In connection with any such amendment(s), the Developer will have the right to change the nature of any Common Element previously included in the Project for any purpose reasonably necessary to achieve the intent of this Section.

**8.6 Additional Provisions.** Any amendment(s) to the Master Deed made by the Developer for conversion purposes may also contain such provisions as the Developer may determine necessary or desirable: (i) to create easements burdening or benefiting portions of the Unit(s) being added to the Project; and (ii) to create or change restrictions or other terms and provisions affecting the additional Unit(s) being added to the Project or affecting the balance of the Project as may be reasonably necessary in the Developer's judgment to enhance the value or desirability of such Units.

## **Section 9. EASEMENTS**

**9.1 Easements for Maintenance and Repair.** In the event that any portion of a Unit or Common Element encroaches upon another Unit or Common Element due to the shifting, settling or moving of a building, or due to survey errors or construction deviations, reciprocal easements shall exist for the maintenance of the encroachment for so long as the encroachment exists, and for the maintenance of the encroachment after rebuilding in the event of destruction. There shall also be permanent easements in favor of the Association (and/or the Developer during the Development and Sale Period) for the maintenance and repair of Common Elements for which the Association (or Developer) may from time to time be responsible or for which it may elect to assume responsibility, and there shall be easements to, through and over those portions of the land (including the Units) as may be reasonable for the installation, maintenance and repair of all utility services furnished to the Project. Public utilities shall have access to the Common Elements and to the Units at such times as may be reasonable for the installation, repair or maintenance of such services, and any costs incurred in the opening or repairing of any Common Element or other improvement to install, repair or maintain common utility services to the Project shall be an expense of administration assessed against all Owners in accordance with the Condominium Bylaws.

**9.2 Easements Reserved by Developer.** The Developer reserves non-exclusive easements for the benefit of itself its successors and assigns, which may be used at any time or times:

(a) to use, improve and/or extend all roadways in the Project for the purpose of ingress and egress to and from any Unit or real property owned by it and to and from all or any portion of the land described in Section 6; and

(b) to use, tap, tie into, extend and/or enlarge all utility lines and mains, public and private, located on the Property referenced in Section 2;

for the benefit of any real property in which Developer owns an interest which adjoins the Project. The easements described in this subsection 9.2 are subject to payment by the owners of the benefited property of a reasonable share of the cost of maintenance and repair of the easements.

**9.3 Easement for City Water, Sanitary Sewer, Utilities and a Public Trail.** The Property is burdened by easements granted to the City of the Village of Douglas for water and sanitary sewer utilities, sidewalks and a public trail, as shown on Exhibit B. The easements shall be maintained by the City, or municipal utility authority, or its successors and assigns, except for the public trail which shall be maintained by the Association.

**9.4 Easement for Storm Sewer.** The Property is burdened by easements for a storm sewer as shown on Exhibit B. The easements shall be maintained by the Association, or its successors and assigns. The easements dedicated to the County shall be maintained by the county drain commissioner. To the extent of any damage caused by any maintenance or repair it shall be restored by the party using and being benefited by the easement.

**9.5 Cross Use Easements for Roads and Utilities.** The Property is benefitted and burdened by cross use easements for private roads and utilities as shown on Exhibit B. The easements shall be maintained by the Association, or its successors and assigns. To the extent of any damage caused by any maintenance or repair it shall be restored by the party using and being benefited by the easement.

## **Section 10. AMENDMENT, TERMINATION AND WITHDRAWAL**

**10.1 Pre-Conveyance Amendments.** If there is no Owner other than the Developer, the Developer may unilaterally amend the Condominium Documents or, with the consent of any interested mortgagee, unilaterally terminate the Project. All documents reflecting an amendment to the Master Deed or the Condominium Bylaws or a termination of the Project shall be recorded in the Register of Deeds office in the county in which the Project is located.

**10.2 Post-Conveyance Amendments.** If there is an Owner other than the Developer, the recordable Condominium Documents may be amended for a proper purpose as follows:

(a) **Non-Material Changes.** The amendment may be made without the consent of any Owner or mortgagee if the amendment does not materially alter the rights of any Owner or mortgagee of a Unit in the Project, including, but not limited to: (i) amendments to modify the types and sizes of unsold Condominium Units and their appurtenant Limited Common Elements; (ii) amendments correcting survey or other errors in the Condominium Documents; or (iii) amendments for the purpose of facilitating conventional mortgage loan financing for existing or prospective Owners, and enabling the purchase of such mortgage loans on the secondary market.

(b) **Material Changes.** An amendment may be made, even if it will materially alter or change the rights of the Owners, with the consent of not less than two-thirds of the Owners and, to the extent required by law, mortgagees; provided, that an Owner's Unit dimensions or Limited Common Elements may not be modified without that Owner's consent, nor may the method or formula used to determine the percentage of value of Units in the Project for other than voting purposes be modified without the consent of each affected Owner. Notice of the requested material change to the Master Deed shall be sent by the Association to the mortgagee. Any mortgagee which has not responded to the Association's proposed material change within 60 days of the sending of the notice to the mortgagee's last address of record, or such other address as mortgagee may have provided to the Association, shall be deemed to have voted in favor of the material change. Rights reserved by the Developer, including without limitation rights to amend for purposes of contraction and/or modification of units, shall not be amended without the written consent of the Developer so long as the Developer or its successors continue to own and to offer for sale any Unit in the Project.

(c) **Compliance with Law.** Amendments may be made by the Developer without the consent of Owners and mortgagees, even if the amendment will materially alter or change the rights of Owners and mortgagees, to achieve compliance with the Act or rules, interpretations or orders adopted by the Administrator or by the Courts pursuant to the Act, or with other federal, state or local laws, ordinances or regulations affecting the Project.

(d) **Reserved Developer Rights.** A material amendment may also be made unilaterally by the Developer without the consent of any Owner or mortgagee for the specific purpose(s) reserved by the Developer in this Master Deed. During the Development and Sales Period, this Master Deed and Exhibits A and B shall not be amended nor shall provisions be modified in any way without the written consent of the Developer, its successors or assigns.

(e) **As-Built Plans.** A consolidating Master Deed or amendment to the Master Deed with as-built plans attached shall be prepared and recorded by the Developer within 1 year after construction of the Project has been completed.

(f) **Costs of Amendments.** A person causing or requesting an amendment to the Condominium Documents shall be responsible for costs and

expenses of the amendment, except for amendments based upon a vote of the Owners, the costs of which are expenses of administration. The Owners shall be notified of proposed amendments under this Section not less than 10 days before the amendment is recorded.

**10.3 Project Termination.** If there is an Owner other than the Developer, the Project may be terminated only with consent of the Developer and not less than 80% of the Owners and mortgagees, in the following manner:

(a) **Termination Agreement.** Agreement of the required number of Owners and mortgagees to termination of the Project shall be evidenced by the Owners' execution of a Termination Agreement. All mortgagees of record shall be given notice of the proposed agreement of termination by the Association. Any mortgagee which has not responded to the Association within 60 days after the sending of a notice to the mortgagee's last address of record, or such other address as mortgagee may have provided to the Association, shall be deemed to have voted in favor of the agreement to terminate. The termination shall become effective only when the Agreement has been recorded in the Register of Deeds office in the county in which the Project is located.

(b) **Real Property Ownership.** Upon recordation of a document terminating the Project, the property constituting the Condominium shall be owned by the Owners as tenants in common in proportion to their respective undivided interests in the Common Elements immediately before recordation. As long as the tenancy in common lasts, each Owner, their heirs, successors, or assigns shall have an exclusive right of occupancy of that portion of the property which formerly constituted their Condominium Unit.

(c) **Association Assets.** Upon recordation of a document terminating the Project, any rights the Owners may have to the net assets of the Association shall be in proportion to their respective undivided interests in the Common Elements immediately before recordation, except that common profits (if any) shall be distributed in accordance with the Condominium Documents and the Act.

(d) **Notice to Interested Parties.** Notification of termination by first class mail shall be made to all parties interested in the Project, including escrow agents, land contract vendors, creditors, lien holders, and prospective purchasers who deposited funds. Proof of dissolution must also be submitted to the Administrator.

**10.4 Withdrawal of Property.** Notwithstanding anything in this Master Deed to the contrary, if the Developer has not completed development and construction of Units or Improvements in the Project that are identified as "**need not be built**" during a period ending 10 years after the date of commencement of construction by Developer of the Project, the Developer has the right to withdraw from the Project, all undeveloped portions of the Project not identified as "**must be built**" without the prior consent of any Owners, mortgagees of Units in the Project, or any other person having an interest in the Project. The undeveloped portions of the Project

withdrawn shall also automatically be granted easements for utility and access purposes through the Project for the benefit of the undeveloped portions of the Project, subject to the payment of a reasonable pro rata share of the costs of maintaining the easements. If the Developer does not withdraw the undeveloped portions of the Project from the Project before expiration of the time periods, those undeveloped lands shall remain part of the Project as General Common Elements, and all rights to construct Units upon that land shall cease.

#### **Section 11. ASSIGNMENT OF DEVELOPER RIGHTS**

Any or all of the rights and powers granted to or reserved by the Developer in the Condominium Documents or by law, including without limitation the power to approve or to disapprove any act, use or proposed action, may be assigned by the Developer to any other entity or person, including the Association. Any such assignment or transfer shall be made by appropriate document in writing, and shall be duly recorded in the Register of Deeds office in the county in which the Project is located.

#### **Section 12. FACILITY DISCLOSURE<sup>4</sup>**

*[Signature appears on following page.]*

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<sup>4</sup> To be determined upon full environmental review of subject property.

This Master Deed has been signed by the Developer and shall be effective as of the date stated on page one.

Douglas Property Development, LLC,  
a Michigan limited liability company

By: BDR Management, LLC, its Manager

By: \_\_\_\_\_  
Kevin Einfeld, its Manager

STATE OF MICHIGAN     )  
  )  
COUNTY OF \_\_\_\_\_  )

This document was acknowledged before me the \_\_\_\_ day of \_\_\_\_\_, 2023,  
by Kevin Einfeld, the Manager of BDR Management, LLC, the Manager of Douglas Property  
Development, LLC, a Michigan limited liability company, on behalf of the company.

\_\_\_\_\_  
Name: \_\_\_\_\_  
Notary Public, \_\_\_\_\_ County, Michigan  
My commission expires: \_\_\_\_\_  
Acting in the County of \_\_\_\_\_

**EXHIBIT A**  
**CONDOMINIUM BYLAWS**

[\_\_\_\_\_]

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## EXHIBIT A

### CONDOMINIUM BYLAWS

#### Section 1. ASSOCIATION OF OWNERS

**1.1 Organization.** [\_\_\_\_], is a residential site condominium project located in the City of the Village of Douglas, Allegan County, Michigan being developed so as to comprise a maximum of \_\_\_\_\_ (\_\_\_\_) building sites. Upon the recording of the Master Deed, the management, maintenance, operation and administration of the Project shall be vested in an Association of Owners organized as a nonprofit corporation under the laws of the State of Michigan. The Association will keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Project available at reasonable hours for inspection by Owners, prospective purchasers, mortgagees and prospective mortgagees of Units in the Project.

**1.2 Compliance.** All present and future Owners, mortgagees, lessees or other persons who may use the facilities of the Condominium in any manner shall be subject to and comply with the provisions of the Act, the Master Deed and any amendments, the Condominium Bylaws, and the Articles of Incorporation, Association Bylaws, and other Condominium Documents which pertain to the use and operation of the Project. The acceptance of a deed of conveyance, the entering into of a lease or the act of occupying a Condominium Unit in the Project shall constitute an acceptance of the terms of the Condominium Documents and an agreement to comply with their provisions.

#### Section 2. MEMBERSHIP AND VOTING

**2.1 Membership.** Each Owner of a Unit in the Project, during the period of ownership, shall be a member of the Association and no other person or entity will be entitled to membership. The share of a member in the funds and assets of the Association may be assigned, pledged or transferred only as an appurtenance to a Unit.

**2.2 Voting Rights.** Each Co-owner will be entitled to one vote for each Unit owned when voting by number and one vote, the value of which shall equal the total of the percentages assigned to the Unit or Units owned when voting by value. Voting shall be by number, except in those instances where voting is specifically required in the Master Deed or Bylaws to be by number and value, and no cumulation of votes shall be permitted. Any Co-owner in default in payment of assessments shall not be entitled to vote so long as the default continues, as described in Section 5.5(c) of these Bylaws.

**2.3 Eligibility to Vote.** No Owner, other than the Developer, will be entitled to vote at any meeting of the Association until the Owner has presented written evidence of ownership of a Unit in the Project, nor shall the Owner be entitled to vote (except for elections pursuant to Section 3.4) prior to the Initial Meeting of Members. An Owner shall be permitted to vote only if the Owner is not in default in payment of assessments levied against the Owner's Unit.

**2.4 Designation of Voting Representative.** The person entitled to cast the vote for each Unit and to receive all notices and other communications from the Association shall be designated by a certificate signed by all the record owners of a Unit and filed with the Secretary of the Association. The certificate shall state the name and address of the individual representative designated, the number of the Unit owned, and the name and address of the person or persons, firm, corporation, partnership, association, trust or other legal entity who is the Unit owner. All certificates shall be valid until revoked, until superseded by a subsequent certificate or until a change has occurred in the ownership of the Unit.

**2.5 Proxies.** Votes may be cast in person or by proxy. Proxies may be made by any designated voting representative who is unable to attend the meeting in person. Proxies will be valid only for the particular meeting designated and any adjournment, and must be filed with the Association before the appointed time of the meeting.

**2.6 Majority.** At any meeting of members at which a quorum is present, 51% of the Owners entitled to vote and present in person or by proxy (or written vote, if applicable), shall constitute a majority for the approval of the matters presented to the meeting, except in those instances in which a majority exceeding a simple majority is required by these Bylaws, the Master Deed or by law.

### **Section 3. MEETINGS AND QUORUM**

**3.1 Initial Meeting of Members.** The initial meeting of the members of the Association may be convened only by the Developer, and may be called at any time after two or more of the Units have been sold and the purchasers qualified as members of the Association. In no event, however, shall the initial meeting be called later than: (i) 120 days after the conveyance of legal or equitable title to nondeveloper Owners of 75% of the total number of Units that may be created; or (ii) 54 months after the first conveyance of legal or equitable title to a nondeveloper Owner of a Unit, whichever first occurs, at which meeting the eligible Owners may vote for the election of directors of the Association. The maximum number of Units that may be added to the Project under Section 6 of the Master Deed shall be included in the calculation of the number of Units that may be created. The Developer may call meetings of members of the Association for informational or other appropriate purposes prior to the initial meeting, but no such informational meeting shall be construed as the initial meeting of members.

**3.2 Annual Meeting of Members.** After the initial meeting has occurred, annual meetings of the members shall be held in each year on a date and at a time and place selected by the Board. At least 20 days prior to the date of an annual meeting, written notice of the date, time, place and purpose of such meeting shall be mailed or delivered to each member entitled to vote at the meeting; provided, that not less than 30 days written notice shall be provided to each member of any proposed amendment to these Bylaws or to other recorded Condominium Documents.

**3.3 Advisory Committee.** Within one year after the initial conveyance by the Developer of legal or equitable title to an Owner of a Unit in the Project, or within 120 days after conveyance of one-third of the total number of Units that may be created, whichever first occurs, two or more persons shall be selected by the Developer from among the nondeveloper Owners to

serve as an Advisory Committee to the Board. The purpose of the Advisory Committee is to facilitate communication between the Developer-appointed Board and the nondeveloper Owners and to aid in the ultimate transition of control to the Owners. The members of the Advisory Committee shall serve for one year or until their successors are selected, and the Committee shall automatically cease to exist at the Transitional Control Date. The Board and the Advisory Committee shall meet with each other upon the request of the Advisory Committee; provided, however, that there shall be not more than two such meetings each year unless both parties agree.

**3.4 Board Composition.** Not later than 120 days after conveyance of legal or equitable title to nondeveloper Owners of 25% of the Units that may be created, at least 1 director and not less than one-fourth of the Board of the Association shall be elected by nondeveloper Owners. Not later than 120 days after conveyance of legal or equitable title to nondeveloper Owners of 50% of the Units that may be created, not less than one-third of the Board shall be elected by nondeveloper Owners. Not later than 120 days after conveyance of legal or equitable title to nondeveloper Owners of 75% of the Units that may be created, and before conveyance of 90% of such Units, the nondeveloper 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 Developer owns and offers for sale at least 10% of the Units in the Project or as long as 10% of the Units remain that may be created.

**3.5 Owner Control.** If 75% of the Units which may be created have not been conveyed within 54 months after the first conveyance of legal or equitable title to a nondeveloper Owner, the nondeveloper Owners shall have the right to elect the percentage of members of the Board of the Association equal to the percentage of Units they hold, and the Developer will have the right to elect the percentage of members of the Board equal to the percentage of Units which are owned by the Developer and for which assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights of Directors otherwise established in Section 3.4. Application of this provision does not require a change in the size of the Board as designated in the Association bylaws.

**3.6 Mathematical Calculations.** If the calculation of the percentage of members of the Board that the nondeveloper Owners have a right to elect, or the product of the number of members of the Board multiplied by the percentage of Units held by the nondeveloper Owners results in a right of nondeveloper Owners to elect a fractional number of members of the Board, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number. After application of this formula, the Developer shall have the right to elect the remaining members of the Board. Application of this provision shall not eliminate the right of the Developer to designate at least one member as provided in Section 3.4.

**3.7 Quorum of Members.** The presence in person or by proxy of 35% of the Owners entitled to vote shall constitute a quorum of members. The written vote of any Owner furnished at or prior to a meeting, at which meeting such owner 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 4. ADMINISTRATION

**4.1 Board of Directors.** The business, property and affairs of the Association shall be managed by a board of directors (the "**Board**") to be elected in the manner described in these Bylaws; provided, that the directors designated in the Articles of Incorporation shall serve until such time as their successors have been duly elected and qualified at the initial meeting of members. All actions of the first Board designated in the Articles of Incorporation or any successors to such directors selected by the Developer before the initial meeting of members shall be binding upon the Association in the same manner as though such actions had been authorized by a Board elected by the members of the Association, so long as such actions are within the scope of the powers and duties which may be exercised by a Board as provided in the Condominium Documents. A service contract or management agreement entered into between the Association and the Developer or affiliates of the Developer shall be voidable without cause by the Board on the Transitional Control Date or within 90 days after the initial meeting has been held, and on 30 days notice at any time for cause.

**4.2 Powers and Duties.** The Board shall have all powers and duties necessary for the administration of the affairs of the Association, and may take all actions in support of the administration as are not prohibited by the Condominium Documents or specifically reserved to the members, including the following:

- (a) Care, upkeep and maintenance of the Common Elements;
- (b) Development of an annual budget, and the determination, levy and collection of assessments required for the operation and affairs of the Condominium;
- (c) Employment and dismissal of contractors and personnel as necessary for the efficient management and operation of the Condominium Property;
- (d) Adoption and amendment of rules and regulations, not inconsistent with these Bylaws, governing the use of the Condominium Property;
- (e) Opening bank accounts, borrowing money and issuing evidences of indebtedness in furtherance of the purposes of the Association, and designating signatories required for such purpose;
- (f) Obtaining insurance for the Common Elements, the premiums of which shall be an expense of administration;
- (g) Granting licenses for the use of the Common Elements for purposes not inconsistent with the provisions of the Act or of the Condominium Documents;
- (h) Authorizing the execution of contracts, deeds of conveyance, easements and rights-of-way affecting any real or personal property of the Condominium on behalf of the Owners,

(i) Making repairs, additions and improvements to, or alterations of, the Common Elements, and repairs to and restoration of the Common Elements after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(j) Asserting, defending or settling claims on behalf of all Owners in connection with the Common Elements of the Project and, upon written notice to all Owners, instituting actions on behalf of and against the Owners in the name of the Association; and

(k) Such further duties as may be imposed by resolution of the members of the Association or which may be required by the Condominium Documents or the Act.

**4.3 Books of Account.** The Association shall keep books and records containing a detailed account of the expenditures and receipts of administration, which will specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and its members. Such accounts shall be open for inspection by the Owners and their mortgagees during reasonable hours. The Association shall also prepare and distribute a financial statement to each Owner at least once a year, the contents of which will be defined by the Association. The books and records shall be reviewed annually and audited at such times as required by the Board by qualified independent accountants (who need not be certified public accountants), and the cost of such review or audit shall be an expense of administration.

**4.4 Maintenance, Repair and Replacement.** The responsibility for maintenance, repair and replacement of Units and Common Elements (other than following casualty damage, which is described in Section 6.3 of the Bylaws) is as follows:

(a) All maintenance, repair and replacement of the structures and other improvements located within a Unit, or appurtenant Limited Common Elements which are the responsibility of the Owner of a Unit as set forth in the Master Deed, shall be made by the Owner of the Unit. Each Owner shall be responsible for all damages to the Common Elements resulting from such repairs or from any failure of the Owner to perform maintenance and repairs to a Unit.

(b) All maintenance, repair and replacement of the General Common Elements, whether located inside or outside the Units, and to Limited Common Elements to the extent required by the Master Deed, shall be made by the Association and shall be charged to the Owners as a common expense unless necessitated by the negligence, misuse or neglect of a particular Owner, in which case the expense shall be charged to the responsible Owner. The expenses incurred by the Association for the maintenance, repair and replacement of the General Common Elements shall be expenses which are assessed pro rata to all of the Unit Owners as a common expense. The expenses that are incurred by the Association for the maintenance, repair, and replacement of Limited Common Elements which are appurtenant only to a limited number of Units shall be assessed equally only to the Unit Owners of those Units to which the Limited Common Element is appurtenant. The Association or its agent shall have access to each Unit (but not to the interior of any

residence or garage within a Unit) from time to time during reasonable hours, upon notice to the occupant, for the purpose of maintenance, repair or replacement of any of the Common Elements which are the responsibility of the Association located within or accessible only from a Unit. The Association or its agents shall also have access to each Unit at all times without notice for making emergency repairs necessary to prevent damage to other Units and/or to the Common Elements.

**4.5 Reserve Fund.** The Association shall maintain a reserve fund, to be used for major repairs and replacement of the Common Elements, as provided by Section 105 of the Act. The fund shall be established in the minimum amount required on or before the Transitional Control Date, and shall, to the extent possible, be maintained at a level which is equal to or greater than 10% of the then current annual budget of the Association on a noncumulative basis. The minimum reserve standard required by this Section may prove to be inadequate, and the Board should carefully analyze the Project from time to time in order to determine if a greater amount should be set aside or if additional reserve funds shall be established for other purposes.

**4.6 Construction Liens.** A construction lien arising as a result of work performed on a Unit or on an appurtenant Limited Common Element shall attach only to the Unit upon which the work was performed, and a lien for work authorized by the Developer or principal contractor shall attach only to Condominium Units owned by the Developer at the time of recording the lien. A construction lien for work authorized by the Association shall attach to each Unit only to the proportionate extent that the Owner of such Unit is required to contribute to the expenses of administration. No construction lien shall arise or attach to a Condominium Unit for work performed on the General Common Elements not contracted for by the Association or the Developer.

**4.7 Managing Agent.** The Board may employ a management company or managing agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the powers and duties described in Section 4.2. The Developer or any person or entity related to the Developer may serve as managing agent if so appointed; provided, however, that any compensation so paid to the Developer shall be at competitive rates.

**4.8 Officers.** The Association Bylaws shall provide the designation, number, terms of office, qualifications, manner of election, duties, removal and replacement of officers of the Association and may contain any other provisions pertinent to officers of the Association not inconsistent with these Bylaws. Officers may be compensated, but only upon the affirmative vote of 67% percent or more of all Owners.

**4.9 Indemnification.** All directors and officers of the Association shall be entitled to indemnification against costs and expenses incurred as a result of actions (other than willful or wanton misconduct or gross negligence) taken or failed to be taken on behalf of the Association upon 10 days notice to all Owners, in the manner and to the extent provided by the Association Bylaws. In the event that no judicial determination as to indemnification has been made, an opinion of independent counsel as to the propriety of indemnification shall be obtained if a majority of Owners vote to procure such an opinion.

## Section 5. ASSESSMENTS

**5.1 Administrative Expenses.** The Association shall be assessed as the entity in possession of any tangible personal property of the Condominium owned or possessed in common, and personal property taxes levied on such property shall be treated as expenses of administration. 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 Project shall be expenses of administration, and all sums received as proceeds of; or pursuant to any policy of insurance covering the interests of the Owners against liabilities or losses arising within, caused by or connected with the Common Elements or the administration of such Common Elements shall be receipts of administration.

**5.2 Determination of Assessments.** Assessments will be determined in accordance with the following provisions:

(a) **Initial Budget.** The Board of the Association shall establish an initial budget in advance for each fiscal year, which budget will project all expenses for the coming year that may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. The annual assessment to be levied against each Unit in the Project shall then be determined on the basis of the budget. Copies of the budget will be delivered to each Owner, although the failure to deliver such a copy to each Owner will not affect or in any way diminish the liability of an Owner for any existing or future assessment.

(b) **Budget Adjustments.** Should the Board determine at any time, in its sole discretion, that the initial assessments levied are insufficient: (1) to pay the costs of operation and maintenance of the Common Elements; (2) to provide for the replacement of existing Common Elements; (3) to provide for additions to the Common Elements not exceeding \$5,000 annually; or (4) to respond to an emergency or unforeseen development; the Board is authorized to increase the initial assessment or to levy such additional assessments as it deems to be necessary for such purpose(s). The discretionary authority of the Board to levy additional assessments will rest solely with the Board for the benefit of the Association and its members, and may not be attached by or subject to specific performance by any creditors of the Association.

(c) **Special Assessments.** Special assessments, in excess of those permitted by subsections (a) and (b), may be made by the Board from time to time with the approval of the Owners as provided in this subsection to meet other needs or requirements of the Association, including but not limited to: (1) assessments for additions to the Common Elements costing more than \$5,000 in any year; (2) assessments to purchase a Unit upon foreclosure of the lien described in Section 5.5; or (3) assessments for any other appropriate purpose not specifically described. Special assessments referred to in this subsection (but not including those assessments referred to in subsections (a) and (b), which will be levied in the sole discretion of the Board) will not be levied without the prior approval of 67% or more of all Owners. The authority to levy assessments pursuant to this subsection is solely

for the benefit of the Association and its members and may not be attached by or subject to specific performance by ally creditors of the Association.

**5.3 Apportionment of Assessments.** All assessments levied against the Unit Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with the Percentage of Value allocated to each Unit in the Master Deed and any other assessment provisions in the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Unless the Board shall elect some other periodic payment schedule, annual assessments will be payable by Co-owners in four (4) equal quarterly installments, commencing with the acceptance of a deed to, or a land contract vendee's interest in a Unit, or with the acquisition of title to a Unit by any other means. The payment of an assessment will be in default if the assessment, or any part, is not received by the Association in full on or before the due date for such payment established by rule or regulation of the Association. Provided, however, that the Board, including the first Board appointed by the Developer, may relieve a Unit Owner who has not constructed a residence within a Unit from payment, for a limited period of time, of all or some portion of the assessment for the Unit's respective allocable share of the Association budget. The purpose of this provision is to provide fair and reasonable relief from Association assessments for non-resident owners until such Co-owners begin to use the Common Elements on a regular basis.

**5.4 Expenses of Administration.** The expenses of administration shall consist, among other things, of such amounts as the Board may deem proper for the operation and maintenance of the Condominium property under the powers and duties delegated to it and may include, without limitation, amounts to be set aside for working capital of the Condominium, for a general operating reserve, for a reserve for replacement and for meeting any deficit in the common expense for any prior year; provided, that any reserves established by the Board prior to the initial meeting of members shall be subject to approval by such members at the initial meeting. The Board shall advise each Owner in writing of the amount of common charges payable by the Owner and shall furnish copies of each budget containing common charges to all Owners.

**5.5 Collection of Assessments.** Each Owner shall be obligated for the payment of all assessments levied upon the Owner's Unit during the time that person is the Owner of the Unit, and no Owner may become exempt from liability for the Owner's contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements, or by the abandonment of a Unit.

**(a) Legal Remedies.** In the event of default by any Owner in paying the assessed common charges, the Board may declare all unpaid installments of the annual assessment for the pertinent fiscal year to be immediately due and payable. In addition, the Board may impose reasonable fines or charge interest at the legal rate on such assessments from and after the due date. Unpaid assessments, together with interest on the unpaid assessments, collection and late charges, advances made by the Association for taxes or other liens to protect its lien, attorney fees and fines in accordance with the Condominium Documents shall constitute a lien on the Unit prior to all other liens except tax liens in favor of any state or federal taxing authority and sums unpaid upon a mortgage of record recorded prior to the recording of any notice of lien by the Association, and the

Association may enforce the collection of all sums due by suit at law for a money judgment or by foreclosure of the liens securing payment in the manner provided by Section 108 of the Act. In a foreclosure proceeding, whether by advertisement or by judicial action, the Owner or anyone claiming under the Owner shall be liable for assessments charged against the Unit that become due before the redemption period expires, together with interest, advances made by the Association for taxes or other liens to protect its lien, costs and reasonable attorney fees incurred in their collection.

**(b) Sale of Unit.** Upon the sale or conveyance of a Unit, all unpaid assessments against the Unit shall be paid out of the sale price or by the purchaser in preference over any other assessment or charge except as otherwise provided by the Condominium Documents or by the Act. A purchaser or grantee may request a written statement from the Association as to the amount of unpaid assessments levied against the Unit being sold or conveyed and such purchaser or grantee shall not be liable for, nor shall the Unit sold or conveyed be subject to a lien for any unpaid assessments in excess of the amount stated in a written response from the Association. Unless the purchaser or grantee requests a written statement from the Association at least 5 days before sale as provided in the Act, however, the purchaser or grantee shall be liable for any unpaid assessments against the Unit together with interest, late charges, fines, costs and attorney fees.

**(c) Self-Help.** The Association may enter upon the Common Elements, Limited or General, to remove and abate any condition constituting a violation, or may discontinue the furnishing of services to an Owner in default under any of the provisions of the Condominium Documents upon 7 days written notice to such Owner of the Association's intent to do so. An 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 the default continues; provided, that this provision shall not operate to deprive any Owner of ingress and egress to and from the Owner's Unit.

**(d) Application of Payments.** Money received by the Association in payment of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such assessments; and third, to installments of assessments in default in order of their due dates.

**5.6 Financial Responsibility of the Developer.** The responsibility of the Developer for assessments is as follows:

**(a) Pre-Turnover Expenses.** Prior to the Transitional Control Date, it will be the Developer's responsibility to keep the books of the Association balanced, but the Developer, and its affiliates should any Units owned by the Developer be conveyed to an affiliate for development and construction purposes, shall not be responsible for the payment of general or special assessments. At the time of the initial meeting, the Developer will be liable for the funding of any existing deficit of the Association which is incurred prior to the Transitional Control Date.

**(b) Post-Turnover Expenses.** After the Transitional Control Date has occurred, and continuing for any remaining Development and Sales Period, the Developer, and its affiliates should any Units owned by the Developer be conveyed to an affiliate for development and construction purposes, shall not be responsible for the payment of either general or special assessments levied by the Association on Units owned by the Developer or an affiliated entity.

## **Section 6. TAXES, INSURANCE AND REPAIR**

**6.1 Real Property Taxes.** Real property taxes and assessments shall be levied against the individual Units and not against the Property of the Project, except for the calendar year in which the Project was established. Taxes and assessments which become a lien against the Property in the year in which the Project was established shall be expenses of administration and shall be assessed against the Units located on the land with respect to which the tax or assessment was levied in proportion to the Percentage of Value assigned to each Unit. Real property taxes and assessments levied in any year in which a vacation of the Project occurs shall be assessed only against the individual Units. For tax and special assessment purposes no Unit shall be combined with any other Unit or Units, and no assessment of any fraction of a Unit or combination of any Unit with other whole or partial Units shall be made, nor shall any division or split of the assessment or taxes of a single Unit be made, whether the Unit is owned by an individual or multiple Owners. Taxes for real property improvements made to or within a specific Unit shall be assessed against that Unit only, and each Unit shall be treated as a separate, single parcel of real property for purposes of property taxes and special assessments.

**6.2 Insurance Coverage.** The Association shall be appointed as Attorney-in-Fact for each Owner to act on insurance matters and shall be required to obtain and maintain, to the extent applicable: casualty insurance with extended coverage, vandalism and malicious mischief endorsements; liability insurance (including director's and officer's liability coverage if deemed advisable); and worker's compensation insurance pertinent to the ownership, use and maintenance of the Common Elements of the Project. All insurance shall be purchased by the Board for the benefit of the Association, the Owners, the mortgagees and the Developer, as their interests may appear. Such insurance, other than title insurance, shall be carried and administered according to the following provisions:

**(a) Owner Responsibilities.** Each Owner will be responsible for obtaining casualty insurance coverage at the Owner's expense with respect to the residence and all other improvements constructed or located within the perimeters of the Owner's Unit (including kitchen cabinets), and for the Limited Common Elements appurtenant to the Owner's Unit. It shall also be each Owner's responsibility to obtain insurance coverage for the Owner's personal property located within the Owner's Unit or elsewhere on the Condominium, for personal liability for occurrences within the Owner's Unit or on the Limited Common Elements appurtenant to the Owner's Unit, and for alternative living expenses in the event of fire or other casualty causing temporary loss of the Owner's residence. All insurance carried by the Association or any Owner shall contain provisions permitting the waiver of the right of subrogation as to any claims against any Owner or the Association for insured losses.

(b) **Common Element Insurance.** The General Common Elements of the Project shall be insured by the Association against casualties covered by a standard extended coverage endorsement, to the extent deemed applicable and appropriate, in an amount to be determined annually by the Board. The Association shall not be responsible in any way for maintaining insurance with respect to the Limited Common Elements, the Units themselves or any improvements located within the Units.

(c) **Fidelity Insurance.** The Association may obtain, if desired, fidelity coverage to protect against dishonest acts by its officers, directors, employees and all others who are responsible for handling funds of the Association.

(d) **Power of Attorney.** The Board is irrevocably appointed as the agent for each Owner, each mortgagee, other named insureds and their beneficiaries and any other holder of a lien or other interest in the Condominium or the Property, to adjust and settle all claims arising under insurance policies purchased by the Board and to execute and deliver releases upon the payment of claims.

(e) **Indemnification.** Each individual Owner shall indemnify and hold harmless every other Owner, the Developer and the Association for all damages, costs and judgments, including actual attorneys' fees, which any indemnified party may suffer as a result of defending claims arising out of an occurrence on or within an individual Owner's Unit or appurtenant Limited Common Elements. This provision shall not be construed to give an insurer any subrogation right or other right or claim against an individual Owner, the Developer or the Association, which rights are waived.

(f) **Premium Expenses.** Except as otherwise provided, all premiums upon insurance purchased by the Association pursuant to these Bylaws shall be expenses of administration.

**6.3 Reconstruction and Repair.** If any part of the Condominium Property is damaged or destroyed by fire or other casualty, the decision as to whether or not it will be reconstructed or repaired will be made in the following manner:

(a) **General Common Elements.** If the damaged property is a General Common Element, the damaged property shall be repaired or rebuilt unless 80% or more of the Owners and the institutional holders of mortgages on any Unit in the Project agree to the contrary. Provided, that if the damaged property is common roadway and is the sole means of ingress and egress to one or more Units in the project, it will be repaired or rebuilt unless the 80% or more of the Owners agreeing not to repair or rebuild includes the Owners of all such Units.

(b) **Limited Common Elements and Improvements.** If the damaged property is a Limited Common Element or an improvement located within the boundaries of a Unit, the Owner of the affected Unit alone shall determine whether to rebuild or repair the damaged property, subject to the rights of any mortgagee or other person having an

interest in the property, and the Owner shall be responsible for the cost of any reconstruction or repair that the Owner elects to make. The Owner shall in any event remove all debris and restore the Unit and its improvements to a clean and sightly condition satisfactory to the Association within a reasonable period of time following the occurrence of the damage.

**(c) Reconstruction Standards.** Any reconstruction or repair shall be substantially in accordance with the Master Deed and the original plans and specifications for the improvements located within the Unit, unless prior written approval for changes is obtained from the Architectural Review Committee.

**(d) Procedure and Timing.** Immediately after the occurrence of a casualty causing damage which is to be reconstructed or repaired by the Association, 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 cover the estimated cost of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair the funds for the payment of such costs by the Association are insufficient, assessment shall be levied against all Owners in sufficient amounts to provide funds to pay the estimated or actual costs of reconstruction or repair. This provision shall not be construed to require the replacement of mature trees and vegetation with equivalent trees or vegetation.

**6.4 Eminent Domain.** The following provisions will control upon any taking by eminent domain:

**(a) Condominium Units.** In the event of the taking of all or any portion of a Condominium Unit or any improvements located within the perimeters of a Unit, the award for such taking shall be paid to the Owner of the Unit and any mortgagee, as their interests may appear. If an Owner's entire Unit is taken by eminent domain, such Owner and any mortgagee shall, after acceptance of the condemnation award, be divested of all interest in the Project.

**(b) Common Elements.** In the event of the taking of all or any portion of the General Common Elements, the condemnation proceeds relative to the taking shall be paid to the Association for use and/or distribution to its members. The affirmative vote of 80% or more of the Owners in number and in value shall determine whether to rebuild, repair or replace the portion so taken or to take such other action as the Owners deem appropriate.

**(c) Amendment to Master Deed.** In the event the Project continues after the taking by eminent domain, the remaining portion of the Project shall be resurveyed and the Master Deed amended accordingly and, if any Unit shall have been taken, Section 5 of the Master Deed shall also be amended to reflect the taking and to proportionately readjust the Percentages of Value of the remaining Owners based upon the continuing total value of the Condominium of 100%. The amendment may be completed by an officer of the Association duly authorized by the Board without the necessity of execution or specific approval by any Owner.

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

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

## **Section 7. CONSTRUCTION REQUIREMENTS**

**7.1 Design Standards.** Design standards for Units in the Project are set forth in this Section. Design standards promote quality, value and stability, for Unit Owners. The standards in this Section are intended to promote consistency of architecture and landscape design and to enhance and preserve real estate values.

**7.2 Developer Approvals.** During the Development and Sales Period, no residences, buildings, fences, walls, drives, walks or other improvements shall be commenced, erected or maintained, nor shall any addition to, or external change in the appearance of any structure be made (including color and design), nor shall any hedges, trees, plantings or landscaping modifications be made, until building plans or specifications and a landscaping plan acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme, location and approximate cost of such structure or improvement and the grading and landscaping plan of the area to be affected, shall have been submitted to and approved in writing by Developer. The Developer shall have the right to refuse to approve any plans or specifications, including the grading and landscaping plans, which are not suitable or desirable in its opinion for aesthetic or other reasons. In passing upon such specifications, grading or landscaping plans, the Developer 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 erect the same, and the degree of harmony with the Condominium as a whole.

**7.3 Review Committee.** An architectural review committee (the "**Review Committee**") shall be appointed by the Developer. After the Development and Sales Period it shall be appointed by the Board of Directors. The mission of the Review Committee is to ensure that all plans submitted for review, and all subsequent exterior changes or modifications, meet the criteria established in the design standards. The design standards for the Project are intended to provide a compatible neighborhood image. The Review Committee shall charge a fee for its work of \$500 during the Development and Sales Period and thereafter, such amount as shall be set by the Board of Directors.

**7.4 Architectural Review.** Following the Development and Sales period, no residence, structure or other improvements shall be constructed within a Unit or elsewhere on the Property, nor shall any exterior modification be made to any existing residence, structure or improvement unless plans and specifications, containing such detail as the Review Committee may reasonably require, have first been approved in writing by the Review Committee. The Review

Committee shall have the right to refuse to approve any plans and specifications, color or material applications, grading or landscaping plans, or building location plans which are not suitable or desirable in its opinion for aesthetic or other reasons. In passing on such plans and specifications the Review Committee shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site on which it is proposed to be constructed, the proposed location of any improvement within the Unit, the location of structures within adjoining Units and the degree of harmony with the Condominium as a whole.

**7.5 Approval of Contractor.** All residences and other structures shall be constructed only by residential home builders licensed by the State of Michigan and approved in writing by the Developer, or following the Development and Sales Period, by the Review Committee. If building construction is intended to commence within 3 months after the date of plan approval, the name of the proposed residential builder must be submitted at the time the plans and specifications are submitted. If construction is to be delayed beyond 3 months, the name of the proposed residential builder must be submitted for approval at least 30 days prior to the commencement of construction. In its approval process, the Review Committee may take into consideration the qualifications of the proposed builder along with its reputation in the community before deciding whether or not that builder will be approved for participation in the Project. Construction of all other improvements, including swimming pools and landscaping, must also be done by contractors approved in writing by the Review Committee.

**7.6 Specific Requirements.** All approvals required by this Section shall comply with the following requirements:

**(a) Construction Materials.**

**(1)** Each residence shall be finished with wood, masonry (brick) or fiber cement board exterior. Exposed chimneys shall be constructed of brick, stone or fiber cement board exterior.

**(2)** Any children's play areas shall be constructed of wood. Fencing shall be constructed of wood or metal as approved by the Developer during the Development and Sales Period and the Review Committee thereafter.

**(3)** All exterior paints, stains and material colors must be shown as part of the plan submitted for approval, and samples shall be furnished to the Review Committee upon request.

**(b) Size and Space Requirements.<sup>1</sup>**

**(1)** No residence shall be constructed on any Unit with less than the following sizes of finished living areas (as calculated on exterior dimensions), exclusive of decks, porches, patios, garages and basements (whether full basements, daylight basements or walkout basements):

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<sup>1</sup> To be finalized upon final review and approval of development plans.

One-story home -	[ ] sq. ft.
Multi-story home -	[ ] sq. ft.

(c) **Detached Structures.** A detached structure of a size as determined by the Review Committee will be permitted for storage or accessory garage space. No such accessory structure shall have any kitchen installed in it.

(d) **Mail and Delivery Boxes.** The Review Committee will determine the location, design and permitted lettering of all mail and/or paper delivery boxes. The Developer will install a mail and delivery box for each Unit for which the initial Unit Owner shall pay the Developer a fee of \$500.00.

(e) **Prohibition of Wells.** No wells are permitted to be drilled within the Project.

(f) **Due Care Summary.** A summation of environmental due care analysis for the real property in which the Project is located is attached to these Condominium Bylaws. No construction, improvements or other actions shall be undertaken within a Unit or the Project which is contrary to the due care analysis.

(g) **[Vapor Extraction Systems.<sup>2</sup> Reserved.]**

(h) **Living Quarters Above Garages.** Subject to Section 8.4 below, sleeping quarters and bathroom facilities may be constructed on the upper level of attached or detached garages, however, these quarters shall not be provided with stoves or ovens.

(i) **Unit 22 Sanitary Sewer.** The sanitary sewer for Unit 22 shall be by private grinder pump and force main back to the gravity sanitary sewer within the private drive connected to Unit 22.

**7.7 Codes and Ordinances.** In addition to the construction requirements contained in this Section, all buildings and other structures must comply with applicable building, mechanical, electrical and plumbing codes of the applicable jurisdictions in effect at the time the building or structure is erected.

**7.8 Time for Construction.** At the time of submitting the name of a proposed residential builder for approval, a date for commencement of construction (which shall not be more than 3 years after the date of approval) must be agreed upon and approved by the Review Committee. Once construction has started, work on the building must be diligently pursued and completed within a maximum of 12 months from the date of commencement; provided, that the Committee may extend the time for either commencement and/or completion when, in its opinion, conditions warrant an extension.

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<sup>2</sup> To be confirmed upon full environmental review of the subject property.

**7.9 Reserved Developer Rights.** The purpose of Section 7 is to assure the continued maintenance of the Condominium as an attractive and harmonious residential development, and its provisions shall be binding upon both the Association and upon all Owners in the Project. The Developer (or any residential builder to whom the Developer has assigned such rights) shall have the right to maintain a model unit, sales office, advertising display signs, storage areas and reasonable parking incident to its sales efforts and such access to, from and over the Property as may be reasonable to enable development and sale of the entire Project.

**7.10 Review Committee Appointment.** Following the Development and Sale Periods, if rights of appointment have not previously been assigned to the Association, the Developer representatives shall resign from the Review Committee and the Board of the Association shall appoint 3 new members to the Review Committee. In each succeeding year, or at such other intervals as the Board may decide, the Board shall appoint or re-appoint the 3 members to serve on the Review Committee.

**7.11 Permitted Variance.** The Review Committee may, upon a showing of practical difficulty or other good cause, grant variances from the requirements of this Section, but only to the extent and in such a manner as do not violate the spirit and intent of the requirements.

## **Section 8. USE AND OCCUPANCY RESTRICTIONS**

### **8.1 Residential Use.**

**(a)** Condominium Units shall be used exclusively for residential occupancy, and no Unit or appurtenant Common Element shall be used for any purpose other than that of a single family residence and purposes incidental to residential use, home occupations conducted entirely within the residence and participated in solely by members of the immediate family residing in the residence, which do not generate unreasonable traffic by members of the general public and do not change the residential character of the Unit or neighborhood, are permitted as incidental to primary residential use. No building intended for other business uses, and no apartment house, rooming house, day care facility, foster care residence or other commercial and/or multiple-family dwelling of any kind shall be erected, placed or permitted on any Unit.

**(b)** To be permitted as a "**home occupation**", there must be: (i) no sign or display which indicates from the exterior that the residence is being utilized for any purpose other than that of a single family dwelling; (ii) no goods or commodities shall be kept for viewing and/or sale upon the Unit or within the Project; and (iii) no mechanical or electrical equipment is used, other than personal computers and other office type equipment. In no event shall any barber shop, styling salon, beauty parlor, tea room, day care center, animal hospital, or any other form of animal care and/or treatment such as dog trimming, be considered as a home occupation.

**8.2 Common Areas.** The Common Elements shall be used only by the Owners of Units in the Condominium and by their agents, tenants, family members, invitees and licensees for access, ingress to and egress from the respective Units and for other purposes incidental to use of the Units; provided, that any parking areas or other Common Elements designed for a specific purpose shall be used only for those purposes or other uses approved by the Board. The use,

maintenance and operation of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Owner, and shall be subject to any lease or easement presently in existence or entered into by the Board at some future date which affects all or any part of the Common Elements.

**8.3 Use and Occupancy Restrictions.** In addition to the general requirements of Sections 8.1 and 8.2, the use of the Project and its Common Elements by any Owner shall be subject to the following specific restrictions:

**(a) Exterior Changes.** No Owner shall make any additions, alterations, or modifications to any of the Common Elements, nor make any changes to the exterior appearance of the building or other improvements located within the perimeters of the Owner's Unit without prior approval of the Developer or the Review Committee. A change in the color of a residence or a significant landscaping change are included within the meaning of a change in exterior appearance.

**(b) Unit Rental.** No portion of a Unit may be rented and no transient tenants may be accommodated in any building; provided, that this restriction shall not prevent the Lease of an entire Unit together with its appurtenant Limited Common Elements for residential purposes in the manner permitted by Section 10.

**(c) Nuisances.** No nuisances shall be permitted on the Property nor shall any use or practice be permitted which is a source or annoyance to, or which unreasonably interferes with the peaceful possession or proper use of the Project by its residents. No Unit shall be used in whole or in part for the storage of rubbish or trash, nor for the storage of any property or thing that may cause the Unit to appear in an unclean or untidy condition. No substance or material shall be kept on a Unit that will emit foul or obnoxious odors, or that will cause excessive noise which will or might disturb the peace, quiet, comfort or serenity of the occupants of surrounding Units.

**(d) Prohibited Uses.**

**(1)** No unlawful use shall be conducted on the Property, and nothing shall be done or kept in any Unit or on the Common Elements which will increase the rate of insurance for the Project without the prior written consent of the Association. No Owner shall permit anything to be done or kept in the Owner's Unit or elsewhere on the Common Elements which will result in the cancellation of insurance on any Unit or any part of the Common Elements, or which will be in violation of any law.

**(2)** No wells are permitted within the Project. All water usage must be drawn from the municipal water system of the City of the Village of Douglas.

**(e) Signs.** No signs or other advertising devices, including "For Sale" signs, shall be displayed from any residence or on any Unit which are visible from the exterior of

the Unit or from the Common Elements without written permission from the Association or its managing agent.

**(f) Personal Property.** No Owner shall display, hang or store any clothing, sheets, blankets, laundry or other articles of personal property outside a residence or ancillary building. This restriction shall not be construed to prohibit an Owner from placing and maintaining outdoor furniture and accoutrements and decorative foliage of a customary nature and appearance on a patio, deck or balcony of a Unit; provided, that no such furniture or other personal property shall be stored on any open patio, deck or balcony which is visible from another Unit or from the Common Elements of the Project.

**(g) Firearms and Weapons.** No Owner shall use, or permit the use by any occupant, agent, tenant, invitee, guest or member of the Owner's family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, illegal fireworks or other dangerous weapons, projectiles or devices anywhere on or about the Property.

**(h) Pets and Animals.** No animals, or birds or fowl may be kept or maintained on any unit except for domestic dog(s) and domestic cat(s) not to exceed a combination of 2 in total, and two caged birds, without the prior written consent of the Association, which consent, if given, may be revoked at any time by the Association. No exotic, savage or dangerous animal shall be kept on the Property and no animal may be kept or bred for commercial purposes. Common household pets permitted under the provisions of this subsection shall be kept only in compliance with the rules and regulations promulgated by the Board from time to time, and must at all times be kept under care and restraint so as not to be obnoxious on account of noise, odor or unsanitary conditions. No animal shall be permitted to run loose upon the Common Elements, nor upon any Unit except the Unit owned by the owner of such animal, and the owner of each pet shall be responsible for cleaning up after it.

**(i) Recreational Vehicles.** All recreational vehicles, boats, trailers and golf carts shall be stored in the Unit's garage at night with full closure of the garage door. No snowmobile, all-terrain vehicle or other motorized recreational vehicle, except for golf carts, shall be operated on the Property roads, except for ingress and egress. No maintenance or repair shall be performed on any boat or recreational vehicle except within a garage or residence where totally isolated from public view.

**(j) Lawn Care and Landscaping.** Each Unit owner may leave portions of the Unit in a natural state. Each Owner shall mow all grass outside of natural areas at least 2 times each month during the growing season.

**(k) Recreational Facilities.** No above-ground pools and other recreational facilities or dog runs will be permitted on any Unit without Review Committee approval. All exterior hot tubs and spas must be approved by the Review Committee prior to installation.

**(l) Trash Containers and Pick Up.** All trash shall be placed in containers approved by the Review Committee and kept inside the garage or other fully enclosed area except for short periods of time reasonably necessary to permit collection. All trash will be picked up by a common person or company selected by the Association.

**(m) Exterior Lighting.** No vapor lights, dusk-to-dawn lights or other lights which are regularly left on during the night may be installed or maintained on any Unit without the prior consent of the Review Committee.

**(n) Solar Panels and Satellite Dishes.** No solar panel may be installed on any Unit until the type, design, and location of the solar panel has been approved in writing by the Review Committee. An Owner may install a satellite dish on the Owner's Unit, subject to reasonable prior approval by the Review Committee as to size, location, color and screening. To the extent required by applicable federal law, the Review Committee's regulations shall not unreasonably impair an Owner's installation, maintenance or use of the satellite dish.

**(o) Use of Common Elements.** The General Common Elements shall not be used for the storage of supplies or personal property (except for such short periods of time as may be reasonably necessary to permit the placement of trash for collection the next day). No vehicles shall be parked on or along the roadway(s) (except in the event of approved parties or receptions generating a need for off-site parking), and Owners shall not personally use or obstruct any guest parking areas which may be located on the Common Elements of the Project without the prior consent of the Association. No Owner shall in any way restrict access to any utility line or other area that must be accessible to service the Common Elements or which affects an Association responsibility in any way. In general, no activity shall be carried on nor condition maintained by any Owner either in the Owner's Unit or upon the Common Elements which despoils the appearance of the Condominium.

**(p) Application of Restrictions.** Unless arbitration is elected pursuant to these Bylaws, a dispute or question as to whether a violation of any specific regulation or restriction contained in this Section has occurred shall be submitted to the Board of the Association which shall conduct a hearing and render a decision in writing, which decision shall be binding upon all owners and other parties having an interest in the Project.

**8.4 Zoning Compliance.** In addition to the restrictions contained in Section 8, the use of any Unit or structure located on the Property must satisfy the requirements of the zoning ordinances of the municipality in which the Project is located in effect at the time of the contemplated use, unless a variance for such use is obtained from any unit of government with jurisdiction over the use of the Unit and Property.

**8.5 Rules of Conduct.** Additional rules and regulations consistent with the Act, the Master Deed and these Bylaws concerning the use of Units and Common Elements, may be promulgated and amended by the Board. Copies of such rules and regulations must be furnished

by the Board to each Owner at least 10 days prior to their effective date, and may be revoked at any time by the affirmative vote of 60% or more of all Owners.

**8.6 Enforcement by Developer.** The Project shall at all times be maintained in a manner consistent with the highest standards of a private residential community, used and occupied for the benefit of the Owners and all other persons interested in the Condominium. If at any time the Association fails or refuses to carry out its obligations to maintain, repair, replace and landscape in a manner consistent with the maintenance of such standards, the Developer, or any person to whom it may assign this right may, at its option, elect to maintain, repair and/or replace any Common Elements or to do any landscaping required by these Bylaws and to charge the cost to the Association as an expense of administration. 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 Owner from any prohibited activity.

**8.7 Owner Enforcement.** An aggrieved Owner will also be entitled to compel enforcement of the Condominium Documents by action for injunctive relief and/or damages against the Association, its officers or another Owner in the Project.

**8.8 Remedies on Breach.** In addition to the remedies granted by Section 5.5 for the collection of assessments, the Association shall have the right, in the event of a violation of the restrictions on use and occupancy imposed by this Section 8, to enter the Unit and to remove or correct the cause of the violation. Such entry will not constitute a trespass, and the Owner of the Unit will reimburse the Association for all costs of the removal or correction. Failure to enforce any of the restrictions contained in this Section will not constitute a waiver of the right of the Association to enforce restrictions in the future.

**8.9 Reserved Rights of Developer.** The restrictions contained in this Section shall not apply to the commercial activities of the Developer during the Development and Sale Period. The Developer shall also have the right to maintain a sales office, advertising display sign, storage areas and reasonable parking incident to its sales efforts and such access to, from and over the Property as may be reasonable to enable development and sale of the entire Project.

**8.10 Assignment and Succession.** Any or all of the rights granted to or reserved by the Developer in the Condominium Documents or by law, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by an appropriate document in writing, signed by the Developer and recorded in the Register of Deeds Office for the county in which the Project is located. Upon such qualification, the assignee will have the same rights and powers as those granted to or reserved by the Developer in the Condominium Documents.

## **Section 9. MORTGAGES**

**9.1 Notice to Association.** Any Owner who mortgages a Unit shall notify the Association of the name and address of the mortgagee (referenced in this Section as the "Mortgagees"). The information relating to Mortgagees will be made available to the Association

as needed for the purpose of obtaining consent from, or giving notice to Mortgagees concerning actions requiring consent or notice to Mortgagees under the Condominium Documents or the Act.

**9.2 Insurance.** Upon request of any Mortgagee, the Association shall notify that Mortgagee of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief, with the amounts of the coverage.

**9.3 Rights of Mortgagees.** Except as otherwise required by applicable law or regulations, a Mortgagee of a Unit shall upon written request to the Association be entitled to: (i) inspect the books and records relating to the Project upon reasonable notice; (ii) receive a copy of the annual financial statement which is distributed to Owners; (iii) notice of any default under the Condominium Documents by its mortgagor in the performance of the mortgagor's obligations which is not cured within 30 days; and (iv) notice of all meetings of the Association and its right to designate a representative to attend the meetings.

## **Section 10. LEASES**

**10.1 Notice of Lease.** An Owner intending to lease a Unit, shall disclose that fact in writing to the Association and supply the Association with a copy of the lease form for Association approval, before presenting a lease form to the prospective tenant. No Unit shall be leased for a period of less than [30]<sup>3</sup> days.

**10.2 Terms of Lease.** All occupants of a Unit shall comply with all the conditions of the Condominium Documents of the Project, and all lease and rental agreements must require such compliance.

**10.3 Remedies of Association.** If the Association determines that any occupant other than an Owner has failed to comply with any conditions of the Condominium Documents, the Association may take the following action:

(a) **Notice.** The Association shall notify the Owner by certified mail advising of the alleged violation by the occupant.

(b) **Investigation.** The Owner will have 15 days after receipt of the notice to investigate and correct the alleged breach by the occupant or to advise the Association that a violation has not occurred.

(c) **Legal Action.** If, after 15 days the Association believes that the alleged breach has not been cured or may be repeated, it may institute an action for eviction against the occupant and a simultaneous action for money damages (in the same or in a separate action) against the Owner and occupant for breach of the conditions of the Condominium Documents. The relief provided for in this Section may be by summary proceeding. The Association may hold both the tenant and the Owner liable for any damages to the Common Elements caused by the Owner or occupant in connection with the Unit or the Project.

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<sup>3</sup> To be confirmed.

**10.4 Liability for Assessments.** If an Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to an occupant occupying the Owner's Unit under a lease or rental agreement and the occupant, after receiving such notice, shall deduct from rental payments due the Owner the full arrearage and future assessments as they fall due and pay them to the Association. Such deductions shall not be a breach of the lease agreement by the occupant.

## **Section 11. TRANSFER OF UNITS**

**11.1 Unrestricted Transfers.** An individual Owner may, without restriction under these Bylaws, sell, give, devise or otherwise transfer the Owner's Unit, or any interest in the Unit.

**11.2 Notice to Association.** Whenever an Owner shall sell, give, devise or otherwise transfer the Owner's Unit, or any interest in the Unit, the Owner shall give written notice to the Association within 5 days after consummating the transfer. Such notice shall be accompanied by documents evidencing the title or interest transferred.

## **Section 12. ARBITRATION**

**12.1 Submission to Arbitration.** Any dispute, claim or grievance arising out of or relating to the interpretation or application of the Master Deed, Bylaws or other Condominium Documents, and any disputes, claims or grievances arising among or between Owners or between such Owners and the Association may, upon the election and written consent of the parties to the dispute, claim or grievance, and written notice to the Association, be submitted to arbitration and the parties shall accept the arbitrator's decision and/or award as final and binding. The Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time, shall be applicable to all such arbitrations.

**12.2 Disputes Involving the Developer.** A contract to settle by arbitration may also be entered into by the Developer and any claimant with respect to any claim against the Developer that might be the subject of a civil action, provided that:

(a) **Purchaser's Option.** At the exclusive option of a purchaser or Owner in the Project, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim involves an amount less than \$2,500.00 and arises out of or relates to a purchase agreement, Unit or the Project.

(b) **Association's Option.** At the exclusive option of the Association of Owners, a contract to settle by arbitration shall be entered into with the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim arises out of or relates to the Common Elements of the Project, if the amount of the claim is \$10,000.00 or less.

**12.3 Preservation of Rights.** Election by any Owner or by the Association to submit any dispute, claim or grievance to arbitration shall preclude such party from litigating the dispute,

claim or grievance in the courts. Except as provided in this Section, however, all interested parties shall be entitled to petition the courts to resolve any dispute, claim or grievance in the absence of an election to arbitrate.

### **Section 13. OTHER PROVISIONS**

**13.1 Definitions.** All terms used in these Bylaws shall have the same meaning assigned by the Master Deed to which the Bylaws are attached, or as defined in the Act.

**13.2 Severability.** In the event that any of the terms, provisions, or covenants of these Bylaws or of any Condominium Document are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair 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.

**13.3 Notices.** Notices provided for in the Act, Master Deed or Bylaws shall be in writing, and shall be addressed to the Association at its registered office in the State of Michigan, and to any Owner at the address contained in the deed of conveyance, or at such other address as may subsequently be provided. The Association may designate a different address for notices to it by giving written notice of such change of address to all Owners. Any Owner may designate a different address for notices by giving written notice to the Association. Notices addressed as above shall be deemed delivered when mailed by United States mail with postage prepaid, or when delivered in person.

**13.4 Amendment.** These Bylaws may be amended, altered, changed, added to or repealed only in the manner prescribed by Section 10 of the Master Deed.

**13.5 Conflicting Provisions.** In the event of a conflict between the Act (or other laws of the State of Michigan) and any Condominium Document, the Act (or other laws of the State of Michigan) shall govern. In the event of a conflict between the provisions of any one or more of the Condominium Documents themselves, the following order of priority shall be applied and the provisions of the document having the highest priority shall govern:

- (1) the Master Deed, including the Condominium Subdivision Plan (but excluding these Bylaws);
- (2) these Condominium Bylaws;
- (3) the Articles of Incorporation of the Association;
- (4) the Association Bylaws;
- (5) the Rules and Regulations of the Association; and
- (6) the Disclosure Statement.