

ORION VILLAS

EXHIBIT A

BYLAWS

ARTICLE I

ASSOCIATION OF CO-OWNERS

Orion Villas, a residential Condominium Project located in the Village of Lake Orion and Township of Orion, Oakland County, Michigan, shall be administered by an Association of Co-owners which shall be a non-profit corporation, hereinafter called the "Association", organized under the applicable laws of the State of Michigan, and responsible for the management, maintenance, operation and administration of the Common Elements, easements and affairs of the Condominium Project in accordance with the Condominium Documents and the laws of the State of Michigan. These Bylaws shall constitute both the Condominium Bylaws referred to in the Master Deed and required by Section 3(9) of the Act and the Association Bylaws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers, mortgagees and prospective mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

ARTICLE II

ASSESSMENTS

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

Section 1. Assessments for Common Elements. All costs incurred by the Association in satisfaction of any liability arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute expenditures affecting the administration of the Project, and all sums received as the proceeds of, or pursuant to, any policy of insurance securing the interest of the Co-owners against liabilities or losses arising within, caused by, or connected with the Common Elements or the administration of the Condominium Project shall constitute receipts affecting the administration of the Condominium Project, within the meaning of Section 54(4) of the Act.

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

(a) **Budget.** The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those Common Elements that must be replaced on a periodic basis shall also be established in the budget and must be funded by regular monthly payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to 10% of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subsection may prove to be inadequate for this particular project, the Association of Co-owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although the failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time determine, in the sole discretion of the Board of Directors: (1) that the assessments levied are or may prove to be insufficient: (a) to pay the costs of operation and management of the Condominium, (b) to provide repairs and replacements to those existing Common Elements for which the Association has repair or replacement responsibilities, or (c) to provide additions to the Common Elements not exceeding \$25,000.00 annually for the entire Condominium Project, or (2) in the event of emergencies, the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without Co-owner consent, to levy assessments pursuant to the provisions of Article V, Section 4 hereof. The discretionary authority of the Board of Directors to levy assessments pursuant to this subsection shall rest solely with the Board of Directors for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or the members thereof.

(b) **Special Assessments.** Special assessments, in addition to those required in subsection (a) above, may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other needs or requirements of the Association, including, but not limited to: (1) assessments for additions to the Common Elements of a cost exceeding \$25,000.00 for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 4 hereof, (3) assessments to purchase a Unit for use as a resident manager's Unit, or (4) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subsection (b) (but not including those assessments referred to in subsection 2(a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of no less than 66 -2/3% of all Co-owners except as hereinafter provided. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or the members thereof.

Section 3. Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Co-owners to cover expenses of administration shall be equally apportioned among and paid by the Co-

owners, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners in 12 equal monthly installments, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. An automatic late charge not exceeding \$50 per installment per month may be added to each installment in default for five or more days until each installment together with all applicable late charges is paid in full. The Board of Directors shall also have the right to apply a discount for assessments received by the Association on or before the date on which any such assessment falls due. Each Co-owner (whether one or more persons) including a land contract vendee, shall be, and remain, personally liable for the payment of all assessments (including automatic late charges and other fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner including Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessments levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates. Co-owners delinquent in paying assessments shall be ineligible to vote and serve on committees or as a Director of the Association.

Section 4. Liens for Unpaid Assessments. Sums assessed by the Association which remain unpaid, including but not limited to regular assessments, special assessments, fines and late charges, shall constitute a lien upon the Unit or Units in the Project owned by the Owner at the time of the assessment and upon the proceeds of sale thereof. Any such unpaid sum shall constitute a lien against the Unit or Units as of the first day of the fiscal year to which the assessment, fine or late charge relates and shall be a lien prior to all claims except real property taxes and first mortgages of record. All charges which the Association may levy against any Owner shall be deemed to be assessments for purposes of this Section and Section 108 of the Act.

Section 5. Waiver of Use or Abandonment of Unit. No Co-owner may exempt himself from liability for his contribution toward the expenses of administration or for payment of assessments to the Association by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

Section 6. Enforcement.

(a) **Remedies.** In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments together with all applicable late charges, interest, fines, costs, advances paid by the Association to protect its lien, actual attorneys' fees (not limited to statutory fees) and other costs, by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against his Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of any

utilities or other services to a Co-owner in default upon seven days' written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to serve on committees or as a Director of the Association or to utilize any of the General Common Elements of the Project and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress or egress to and from his Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons claiming under him. The Association may assess additional fines for chronic late payment or non-payment of assessments in accordance with the provisions of Article XIX, Section 4 and Article XX of these Bylaws which fines may be in addition to automatic late charges previously established. All of these remedies shall be cumulative and not alternative.

(b) Foreclosure Proceedings. Each Co-owner, and every other person who from time to time has any interest in the Project, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions. Further, each Co-owner and every other person who from time to time has any interest in the Project shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-owner of a Unit in the Project acknowledges that at the time of acquiring title to such Unit, he was notified of the provisions of this subsection and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Unit.

(c) Notice of Action. Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of 10 days after mailing, by first class mail, postage prepaid, addressed to the delinquent Co-owner(s) at his or their last known address, of a written notice that one or more installments of the annual assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within 10 days after the date of mailing. Such written notice shall be accompanied by a written affidavit of an authorized representative of the Association that sets forth (i) the affiant's capacity to make the affidavit, (ii) the statutory and other authority for the lien, (iii) the amount outstanding (exclusive of interest, costs, attorney fees and future assessments), (iv) the legal description of the subject Unit(s), and (v) the name(s) of the Co-owner(s) of record. Such affidavit shall be recorded in the office of the Register of Deeds in the county in which the Project is located prior to commencement of any foreclosure proceeding, but it need not have been recorded as of the date of mailing as aforesaid. If the delinquency is not cured within the 10-day period, the Association may take such remedial action as may be available to it hereunder or under Michigan law. In the event the Association elects to foreclose the lien by advertisement, the Association shall so notify the delinquent Co-owner and shall inform him that he may request a judicial hearing by bringing suit against the Association.

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

Section 7. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Project which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder or purchaser acquires title to the Unit.

Section 8. Developer's Responsibility for Assessments. The Developer of the Condominium, even though a member of the Association, shall not be responsible at any time for payment of the monthly Association assessment, except with respect to occupied Units that it owns. The Developer, however, shall independently pay all direct costs of maintaining Units for which it is not required to pay monthly maintenance assessments. In no event shall the Developer be responsible for payment of any assessments for deferred maintenance, reserves for replacement, for capital improvements or other special assessments, except with respect to occupied Units owned by it. Developer shall not be responsible at any time for payment of said monthly assessment or payment of any expenses whatsoever with respect to Units not completed and occupied notwithstanding the fact that such incomplete Units may have been depicted in the Master Deed. Any assessments levied by the Association against the Developer for other purposes shall be void without the Developer's consent. Further, Developer shall in no event be liable for any assessment, general or special, levied in whole or in part to purchase any Unit from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating or preparing such litigation or claim or any similar or related costs. "Occupied Unit" shall mean a Unit used as a residence or as a sales office. "Completed Unit" shall mean a Unit with respect to which a certificate of occupancy has been issued by the Village of Lake Orion and Orion Township.

The Developer, or any successor developer from time to time during the Construction and Sales Period may (but shall have no obligation to) make loans and advances to the Association to enable the Association to fund the payment of its current expense, insofar as they are in excess of its current revenues because all Units in the Condominium are not yet "Completed Units" or "Occupied Units". In the event that the Developer, or a successor developer, does so, it may earn and receive a reasonable rate of interest upon the monies loaned and advanced (which rate of interest shall not exceed a market rate of interest). Promptly after the Transitional Control Date, the Developer, or any such successor developer, as applicable, shall furnish the Board of Directors of the Association an accounting for the moneys so loaned and advanced to the Association, the manner of their use and all amounts which the Association repaid prior the Transitional Control Date for principal or interest in respect of any such loan.

Section 9. Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 10. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration to the extent required by state or local law.

Section 11. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 12. Statement as to Unpaid Assessments. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments, interest, late charges, fines, costs and attorney fees thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall provide a written statement of such unpaid assessments, interest, late charges, fines, costs and other fees as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. Upon the payment of that sum within the period stated, the Association's lien for assessments as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least 5 days prior to the closing of the purchase of such Unit shall render any unpaid assessments against the Condominium Unit together with interest, costs, fines, late charges and attorney fees, and the lien securing the same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

Section 13. Road Improvements. At some time subsequent to the initial development, it may become necessary to pave or improve some or all of the road(s) within or adjacent to the Condominium. The improvement may be financed, in whole or in part, by the creation of a special assessment district or districts which may include Condominium. The acceptance of a conveyance or the execution of a land contract by any Owner or purchaser of a Condominium Unit shall constitute the agreement by such Owner or purchaser, his/her heirs, executors, administrators, or assigns, that the Board of Directors of the Association shall be vested with full power and authority to obligate all Co-owners to participate in a special assessment district, sign petitions requesting said special assessment, and consider and otherwise act on all assessment issues on behalf of the Association and all Co-owners; provided, that prior to signature by the Association on a petition for improvement of such public roads, the desirability of said improvement shall be approved by an affirmative vote of not less than 51% of all Co-owners. No consent of mortgagees shall be required for approval of said public road improvement.

All road improvement special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

ARTICLE III

ARBITRATION

Section 1. Scope and Election. Disputes, claims, or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between the Co-owners and the Association, upon the election and written consent of the parties to any such disputes, claims or grievances (which

consent shall include an agreement of the parties that the judgment of any circuit court of the State of Michigan may be rendered upon any award pursuant to such arbitration), and upon written notice to the Association, shall be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, provided that no question affecting the claim of title of any person to any fee or life estate in real estate is involved. The Commercial Arbitration Rules of the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration.

Section 2. Judicial Relief. In the absence of the election and written consent of the parties pursuant to Section 1 above, no Co-owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims or grievances.

Section 3. Election of Remedies. Such election and written consent by Co-owners or the Association to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

ARTICLE IV

INSURANCE

Section 1. Extent of Coverage. The Association shall carry fire and extended coverage, vandalism and malicious mischief and liability insurance (in a minimum amount of not less than \$1,000,000, per occurrence), and workmen's compensation insurance, if applicable, pertinent to the ownership, use and maintenance of the Common Elements and certain other portions of the Condominium Project, as set forth below and such insurance, other than title insurance, shall be carried and administered in accordance with the following provisions:

(a) Responsibilities of Co-owners and Association. All such insurance shall be purchased by the Association for the benefit of the Association, and the Co-owners and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Co-owners. Each Co-owner may obtain insurance coverage at his own expense upon his Unit. It shall be each Co-owner's responsibility to determine by personal investigation or from his own insurance advisors the nature and extent of insurance coverage adequate to his needs and thereafter to obtain insurance coverage for his personal property located within his Unit or elsewhere on the Condominium and for his personal liability for occurrences within his Unit or upon Limited Common Elements appurtenant to his Unit, for improvements to his Unit or Limited Common Elements appurtenant to his Unit, and also for alternative living expense in the event of fire or other catastrophe, and the Association shall have absolutely no responsibility for obtaining such coverages. The Association, as to all policies which it obtains, and all Co-owners, as to all policies which they obtain, shall use their best efforts to see that all property and liability insurance carried by the Association or any Co-owner contains appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-owner or the Association.

(b) Insurance of Common Elements and Fixtures. All Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the current insurable replacement value, including foundations to the extent insurance is available for same, sewers, roads and excavation costs, as determined annually by the Board of Directors of the Association in consultation with the Association's insurance carrier and/or its

representatives in light of commonly employed methods for the reasonable determination of replacement costs. Such coverage shall be effected upon an agreed-amount basis for the entire Condominium Project with appropriate inflation riders in order that no co-insurance provisions shall be invoked by the insurance carrier in a manner that will cause loss payments to be reduced below the actual amount of any loss (except in the unlikely event of total project destruction if the insurance proceeds failed, for some reason, to be equal to the total cost of replacement). Upon such annual re-evaluation and effectuation of coverage, the Association shall notify all Co-owners of the nature and extent of all changes in coverages. Such coverage shall also include unpainted surface of interior walls within any Unit and the pipes, wire, conduits and ducts contained therein and shall further include all fixtures and equipment within a Unit which were furnished with the Unit as standard items in accord with the plans and specifications thereof as are on file with the Association (or such replacements thereof as do not exceed the cost of such standard items). It shall be each Co-owner's responsibility to determine the necessity for and to obtain insurance coverage for all fixtures, equipment, trim and other items or attachments within the Unit or any Limited Common Elements appurtenant thereto which were installed in addition to said standard items (or as replacements for such standard items to the extent that replacement cost exceeded the original cost of such standard items) whether installed originally by the Developer or subsequently by the Co-owner, and the Association shall have no responsibility whatsoever for obtaining such coverage unless agreed specifically and separately between the Association and the Co-owner in writing.

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

(d) **Proceeds of Insurance Policies.** Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate bank account and distributed to the Association, and the Co-owners and their mortgagees, as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Article V of these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction.

(e) **Deductible.** When a claim is made on any of the insurance policies maintained by the Association which is subject to a deductible amount, the deductible amount shall be paid by the Association of the damaged General Common Element, Limited Common Element or Unit sustaining the damage, except if the claim arises out of the careless or negligent act of a Co-owner, then the Co-owner responsible for causing the damage shall pay the deductible amount.

Section 2. Authority of Association to Settle Insurance Claims. Each Co-owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of fire and extended coverage, vandalism and malicious mischief, liability insurance and workmen's compensation insurance, if applicable, pertinent to the Condominium Project, his Unit and the Common Elements appurtenant thereto, with such insurer as may, from time to time, provide such insurance for the Condominium Project. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums therefor, to collect proceeds and to distribute the same to the Association, the Co-owners and respective mortgagees, as their interests may appear (subject always to the Condominium Documents), to execute releases of

liability and to execute all documents and to do all things on behalf of such Co-owner and the Condominium as shall be necessary or convenient to the accomplishment of the foregoing.

ARTICLE V

RECONSTRUCTION AND REPAIR

Section 1. Determination to Reconstruct or Repair. If any part of the Condominium Premises shall be damaged, the determination of whether or not it shall be reconstructed or repaired shall be made in the following manner:

(a) **Partial Damage.** If the damaged property is a Common Element or a Unit, the property shall be rebuilt or repaired if any Unit in the Condominium is tenantable, unless it is determined by a unanimous vote of 80% of the Co-owners in the Condominium that the Condominium shall be terminated.

(b) **Total Destruction.** If the Condominium is so damaged that no Unit is tenantable, the damaged property shall not be rebuilt unless 80% or more of the Co-owners agree to reconstruction by vote or in writing within 90 days after the destruction.

Section 2. Repair in Accordance with Plans and Specifications. Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the Project to a condition as comparable as possible to the condition existing prior to damage unless the Co-owners shall unanimously decide otherwise.

Section 3. Co-owner Responsibility for Repair.

(a) **Definition of Co-owner Responsibility.** If the damage is only to a part of the contents of a Unit which are the responsibility of a Co-owner to maintain, repair and replace, it shall be the responsibility of the Co-owner to maintain, repair and replace such damage in accordance with subsection (b) hereof. In all other cases, the responsibility for maintenance, repair and replacement shall be that of the Association.

(b) **Damage to Unit.** Each Co-owner shall be responsible for the maintenance, repair and replacement of the contents of his Unit, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls (but not any Common Elements therein), interior trim, furniture, light fixtures, all appliances, whether free-standing or built-in and all upgrades (above Developer's standards) installed by Co-owners. In the event damage to interior walls within a Co-owner's Unit, or to pipes, wires, conduits, ducts or other Common Elements therein, or to ceilings in which utilities that benefit another Unit are located, or to any fixtures and equipment which are standard items within a Unit is covered by insurance held by the Association, then the replacement or repair shall be the responsibility of the Association in accordance with Section 4 of this Article V; provided, however, any and all insurance deductible amount shall be paid by the Co-owner of the Unit and/or appurtenant Limited Common Element sustaining the damage, except as otherwise provided in Article IV, Section 1(e) of these Bylaws. If any other items located within a Unit are covered by insurance held by the Association for the benefit of the Co-owner, the Co-owner shall be entitled to receive the proceeds of insurance relative thereto, and if there is a mortgagee endorsement, the proceeds shall be payable to the Co-owner and the mortgagee jointly. In the event of substantial damage

to or destruction of any Unit or any part of the Common Elements, the Association promptly shall so notify each institutional holder of a first mortgage lien on any of the Units in the Condominium.

Section 4. Association Responsibility for Repair. Except as otherwise provided in the Master Deed and in Article IV, Section 1(e) and Article V, Section 3 hereof, the Association shall be responsible for the reconstruction, repair and maintenance of the Common Elements. Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance, repair and reconstruction, the Association shall obtain reliable and detailed estimates of the cost to replace the damaged property in a condition as good as that existing before the damage. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction or repair required to be performed by the Association, or if at any time during such reconstruction or repair, or upon completion of such reconstruction or repair, the funds for the payment of the cost thereof are insufficient, assessment shall be made against all Co-owners for the cost of reconstruction or repair of the damaged property in sufficient amounts to provide funds to pay the estimated or actual cost of repair. This provision shall not be construed to require replacement of mature trees and vegetation with equivalent trees or vegetation.

Section 5. Timely Reconstruction and Repair. If damage to Common Elements or a Unit adversely affects the appearance of the Project, the Association or Co-owner responsible for the reconstruction, repair and maintenance thereof shall proceed with replacement of the damaged property without delay, and shall complete such replacement within a reasonable time thereafter using its or his best efforts, after the date of the occurrence which caused damage to the property.

Section 6. Eminent Domain. Section 133 of the Act and the following provisions shall control upon any taking by eminent domain:

(a) **Taking of Unit.** In the event of any taking of an entire Unit by eminent domain, the award for such taking shall be paid to the Co-owner of such Unit and the mortgagee thereof, as their interests may appear. After acceptance of such award by the Co-owner and his mortgagee, they shall be divested of all interest in the Condominium Project. In the event that any condemnation award shall become payable to any Co-owner whose Unit is not wholly taken by eminent domain, then such award shall be paid by the condemning authority to the Co-owner and his mortgagee, as their interests may appear.

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

(c) **Continuation of Condominium After Taking.** In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be re-surveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article V of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Co-owners based upon the continuing value of the Condominium of 100%. Such amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval

thereof by any Co-owner. Costs incurred to accomplish matters required by this subsection shall be borne by the Association.

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

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

Section 7. Notification of Holders, Insurers and Guarantors of First Mortgages. In the event any first mortgage in the Condominium is held, guaranteed or insured and such holder, guarantor or insurer so requests in writing (stating its name, address and applicable mortgaged Unit number) to the Association, the Association shall give timely written notice to such requesting party of the following: (a) any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit and dwelling securing such mortgage; (b) any 60-day delinquency in the payment of assessments or charges owed to the Association with respect to the Unit and dwelling securing such mortgage; (c) a lapse, cancellation, or material modification of any insurance policy maintained by the Association; and (d) any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

Section 8. Priority of Mortgagee Interests. Nothing contained in the Condominium Documents shall be construed to give a Condominium Unit Owner, or any other party, priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Condominium Unit Owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

ARTICLE VI

RESTRICTIONS

All of the Units in the Condominium shall be held, used and enjoyed subject to the following limitations and restrictions:

Section 1. Residential Use. No Unit in the Condominium shall be used for other than single-family residential purpose and the Common Elements shall be used only for purposes consistent with the use of single-family residential purpose.

Section 2. Leasing and Rental.

(a) **Right to Lease.** A Co-owner may lease his Unit for the same purposes set forth in Section 1 of this Article VI; provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection (b) below and further provided that no more than 45% of the Units in the Project may be leased at any given time. With the exception of a lender in possession of a Unit following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease, the initial

term of which is at least twelve (12) months unless the tenant is the Developer marketing a nearby community. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer, or its assigns, may lease any number of Units in the Condominium in its discretion and shall not be subject to the foregoing, or the leasing procedures set forth in subsection (b) below, when leasing to individuals that hold a binding Purchase Agreement for a Unit in the Condominium and are waiting to close and move into the Unit. Developer may also lease a Unit from a Co-owner to market nearby communities.

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

(1) A Co-owner, including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least 10 days before presenting a lease or otherwise agreeing to grant possession of a Condominium Unit to potential lessees or occupants of the Unit and at the same time shall supply the Association with a copy of the exact lease for its review for its compliance with the Condominium Documents. The Co-owner or Developer shall also provide the Association of Co-owners with a copy of the executed lease. If no lease is to be used, then the Co-owner or Developer shall supply the Association with the name and address of the lessees or occupants, along with the rental amount and due dates of any rental or compensation payable to a Co-owner or Developer, the due dates of that rental and compensation, and the term of the proposed arrangement.

(2) Tenants and non-owner occupants shall comply with all of the conditions of the Condominium Documents of the Condominium Project and all leases and rental agreements shall so state.

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

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

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

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

(4) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions do not constitute a breach of the rental agreement or lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association, then the Association may do the following:

- (i) Issue a statutory notice to quit for non-payment of rent to the tenant and shall have the right to enforce that notice by summary proceeding.
- (ii) Initiate proceedings pursuant to subsection (3)(iii).

Section 3. Alterations and Modifications. No Co-owner shall make alterations in exterior appearance or make structural modifications to his Unit (including interior walls through or in which there exist easements for support or utilities) or make changes in any of the Common Elements, Limited or General, without the express written approval of the Board of Directors, including, without limitation, exterior painting or the erection of lights, antennas, flags, political signs, awnings, doors, shutters, newspaper holders, mailboxes, basketball backboards, home video monitoring equipment, or other exterior attachments or modifications. No Co-owner shall in any way disturb or restrict access to any plumbing, water line, water line valves, water meter, sprinkler system valves, or any other element that must be accessible to service the Common Elements or any element which affects an Association responsibility in any way. Should access to any facilities of any sort be required, the Association may remove any coverings or attachments of any nature that restrict such access and will have no responsibility for repairing, replacing or reinstalling any materials, whether or not installation thereof has been approved hereunder, that are damaged in the course of gaining such access, nor shall the Association be responsible for monetary damages of any sort arising out of actions taken to gain necessary access.

Co-owners shall be responsible for the maintenance and repair of any modification or improvements permitted pursuant to this Section 3. In the event that the Co-owner fails to maintain and/or repair said modification or improvement to the satisfaction of the Association, the Association may undertake to maintain and/or repair same and assess the Co-owner the costs thereof and collect same from the Co-owner in the same manner as provided for the collection of assessments in Article II hereof. The Co-owner shall indemnify and hold the Association harmless from and against any and all costs, damages, and liabilities incurred in regard to said modification and/or improvement and (except with respect to antennas referred to above) shall be obligated to execute a "Modification Agreement", if requested by the Association, as a condition for approval of such modification and/or improvement.

In order to prevent undue sound transmission between adjoining Units, the following special restrictions shall apply: (a) no loudspeakers are to be affixed on or placed adjacent to common walls, (b) all ceiling fans and insulation installed therewith must be of equal or greater quality to that originally installed by the Developer, (c) no stereos are to be affixed and placed adjacent to common walls, and (d) any other sound condition measures that may be adopted by the Association from time to time.

Satellite dish and antennae may not be mounted or placed on any General Common Element. Notwithstanding the foregoing restriction, the following three (3) types and sizes of antennas may be installed in the Unit or on Limited Common Element area for which the Co-owner has direct or indirect ownership and exclusive use or control, subject to the provisions of this Section and any written rules and regulations promulgated by the Board of Directors of the Association: (1) Direct broadcast satellite antennas ("Satellite Dishes") one meter or less in diameter; (2) Television broadcast antennas of any size; and (3) Multi-point distribution service antennas (sometimes called wireless cable or MDS antennas) one meter or less in diameter. The rules and regulations promulgated by the Board of Directors governing installation, maintenance or use of antennas shall not impair reception of an acceptable quality signal, unreasonably prevent or delay installation, maintenance or use of an antenna, or unreasonably increase the cost of installing, maintaining or using an antenna. Such rules and regulations may provide for, among other things, placement preferences, screening and camouflaging or painting of antenna. Such rules and regulations may contain exceptions or provisions related to safety, provided that the safety rationale is clearly articulated therein. Antenna masts, if any, may be no higher than necessary to receive acceptable quality signals, and may not extend more than twelve (12) feet above the roofline without pre-approval, due to safety concerns. A Co-owner desiring to install an antenna must notify the Association prior to installation by submitting a notice in the form prescribed by the Association. If the proposed installation complies with this Section 3 and all rules and regulations regarding installation and placement of antennas, installation may begin immediately. If the installation will not comply, or is in any way not routine in accordance with this Section 3 and the rules and regulations, then the Board of Directors and Co-owner shall meet promptly and within seven (7) days, if possible, after receipt of the notice by the Board of Directors to discuss the installation. This Section is intended to comply with the rules governing antennas adopted by the Federal Communications Commission ("FCC") effective October 14, 1996, as amended, and is subject to review and revision to conform to any changes in the FCC rules.

Section 4. Activities. No unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements, Limited or General, nor shall anything be done which may be or become an annoyance or a nuisance to the Co-owners of the Condominium. No unreasonably noisy activity shall occur in or on the Common Elements or in any Unit at any time and disputes among Co-owners, arising as a result of this provision which cannot be amicably resolved, shall be arbitrated by the Association. Barbecues and grills shall be used in a manner so that the smoke is not offensive to, or otherwise creates a nuisance for, any other Co-owner and must be used in compliance with the 2012 National Fire Code (and any future amendment of the National Fire Code) which, among other things, prohibits the operation of a grill on combustible balconies or within 10 feet of combustible construction. No Co-owner shall do or permit anything to be done or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved. Activities which are deemed offensive and are expressly prohibited include, but are not limited to, the following: Any activity involving the use of (but not the maintenance of) firearms, air rifles, pellet guns, B-B guns, bows and arrows, or other similar dangerous weapons, projectiles or devices.

Section 5. Pets. No animal may be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No animal may be permitted to run loose at any time upon the Common Elements, Limited or General, and any animal shall at all times be leashed and attended by some responsible person while on the Common Elements, Limited or General, including without limitation on the balconies. No savage or dangerous animal shall be kept and any Co-owner who

causes any animal to be brought or kept upon the premises of the Condominium shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as the result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Each Co-owner shall be responsible for collection and disposition of all fecal matter deposited by any pet maintained by such Co-owner. No pet shall be permitted to be tethered on the Common Elements. No dog whose bark can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements, Limited or General. The Association may charge all Co-owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article II of these Bylaws in the event that the Association determines such assessment necessary to defray the maintenance cost to the Association of accommodating animals within the Condominium. The Association may, without liability to the owner thereof, remove or cause to be removed any animal from the Condominium which it determines to be in violation of the restrictions imposed by this Section. The Association shall have the right to require that any pets be registered with it and may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper. In the event of any violation of this Section, the Board of Directors of the Association may assess fines for such violation in accordance with these Bylaws and in accordance with duly adopted rules and regulations.

Section 6. Aesthetics. The Common Elements, Limited or General, shall not be used for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in the Architectural Policies and Procedures or other duly adopted rules and regulations of the Association. Garage doors shall be kept closed at all times except as may be reasonably necessary to gain access to or from any garage. No unsightly condition shall be maintained on any patio, porch, balcony or deck and only furniture and equipment consistent with the normal and reasonable use of such areas shall be permitted to remain there during seasons when such areas are reasonably in use and no furniture or equipment of any kind shall be stored thereon during seasons when such areas are not reasonably in use. Trash and recycling receptacles shall be maintained in garages at all times and shall not be permitted to remain elsewhere on the Common Elements except in designated areas for such short periods of time as may be reasonably necessary to permit periodic collection of trash and recyclables, and shall be returned to garages no later than 12 hours after the scheduled trash collection. The Common Elements shall not be used in any way for the drying, shaking or airing of clothing or other fabrics. All portions of window treatments, including, but not limited to, blinds, drapes, curtains, shutters, wood window treatments, etc., visible from the exterior of any Unit shall have a backing with material which is white, off-white, black or dark in nature excluding all patterns. Clear leaded glass window treatments shall be allowed. "Sun catchers" are excluded. Reflective or colored film on windows is prohibited except as provided in duly adopted rules and regulations of the Association. In general, no activity shall be carried on nor condition maintained by a Co-owner, either in his Unit or upon the Common Elements, which is detrimental to the appearance of the Condominium.

Notwithstanding anything herein to the contrary, each Co-owner may store personal property owned by that Co-owner or those residing with that Co-owner in the Limited Common Element parking spaces in each garage appurtenant to that Co-owner's Unit, provided that (i) storage of any items of personalty for commercial or industrial purposes or business uses is prohibited; (ii) storage of any item of personalty which would violate any building, health, safety or fire code or ordinance, or cause the insurance premiums for the Unit or the Condominium to increase is prohibited; and (iii) such storage shall remain subject to all other restrictions contained herein, including the garage door closure provision hereof.

Section 7. Vehicles. No house trailers, commercial vehicles, boat trailers, boats, personal watercrafts, camping vehicles, camping trailers, motorcycles, all-terrain vehicles, snowmobiles, snowmobile trailers or vehicles, other than automobiles or vehicles used primarily for general personal transportation use, may be parked or stored upon the premises of the Condominium, unless parked in the garage with the door closed. No inoperable vehicles of any type may be brought or stored upon the Condominium Premises either temporarily or permanently. Commercial vehicles and trucks, which shall include without limitation pick-up trucks with snow blades affixed or with a company name on the outside of the truck, shall not be parked in or about the Condominium (except as above provided) unless while making deliveries or pickups in the normal course of business. Each Co-owner shall park his car(s) in the garage space provided therefor and shall park any additional car which he owns in the Limited Common Element driveway apron immediately adjacent to the Co-owner's garage space, to the extent a driveway apron is provided for use by the Co-owner's Unit and the driveway apron is large enough for parking of a car without the car extending over a General Common Element and/or the street. Co-owners shall, if the Association shall require, register with the Association all cars maintained on the Condominium Premises. Use of motorized vehicles anywhere on the Condominium Premises, other than on the drives or streets, is absolutely prohibited; provided, however, the Developer shall have the right to maintain and use a golf cart anywhere on the Premises during the Construction and Sales Period. Overnight parking on any of the streets in the Condominium is prohibited except as the Association may make reasonable exceptions thereto from time to time or, with respect to the dedicated rights-of-way, as may be permitted by village and/or township ordinance. Notwithstanding the foregoing, Co-owners shall be entitled occasionally, but not more frequent than once per month, to park a motor home or trailer in the Co-owner's Limited Common Element driveway apron 24 hours before and after its use, for loading and unloading only, without obtaining the prior approval of the Association provided there is adequate space to park the motor home or trailer without extending over a General Common Element and/or the street. General Common Element guest parking spaces, if any, are not for the use of Co-owners, and over-night parking in the guest parking spaces is limited to guest use for no more than three (3) nights in a given month. The Association shall have the right to place or cause to be placed adhesive windshield stickers on cars improperly parked and may also enable private towing of improperly parked vehicles to off-premises locations, all without any liability on the part of the Association to the owners or user of any such improperly parked vehicles.

Section 8. Advertising. No signs or other advertising devices, including without limitation balloons and banners, of any kind shall be displayed at any of the entrances to the Project, adjacent to Units, or be visible from the exterior of a Unit or on the Common Elements, including "For Sale" signs and political signs, without the written permission from the Association and, during the Construction and Sales Period, from the Developer.

Section 9. Rules and Regulations. It is intended that the Architectural Policies and Procedures or other rules and regulations as may be adopted by the Board of Directors of the Association from time to time will reflect the needs and desires of the majority of the Co-owners in the Condominium. Reasonable regulations consistent with the Act, the Master Deed and these Bylaws and other applicable laws concerning the use of the Common Elements may be made and amended from time to time by any Board of Directors of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners after adoption; provided, however, that any rules and regulations, and amendments thereto duly adopted shall be binding upon all persons who have an interest in the Project irrespective of whether such persons actually receive a copy of the rules and regulations.

Section 10. Right of Access of Association. The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements appurtenant thereto from time to time, during reasonable working hours, upon notice to the Co-owner thereof, as may be necessary for the maintenance, repair or replacement of any of the Common Elements and for the purpose of turning on and off the irrigation system. The Association or its agents shall also have access to each Unit and any Limited Common Elements appurtenant thereto at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Unit, which shall include the right to repair utilities and provide heat, water and/or storm water drainage for the benefit of another Unit. It shall be the responsibility of each Co-owner to provide the Association means of access to his Unit and any Limited Common Elements appurtenant thereto during all periods of absence, and in the event of the failure of such Co-owner to provide means of access, the Association may gain access in such manner as may be reasonable under the circumstances and shall not be liable to such Co-owner for any necessary damage to his Unit and any Limited Common Elements appurtenant thereto caused thereby or for repair or replacement of any doors or windows damaged in gaining such access.

Section 11. Landscaping. No Co-owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials upon the Common Elements without the prior written approval of the Association. Any landscaping installed by the Co-owner pursuant to this Section 11 shall be maintained by the Co-owner or removed if requested by the Association, and the Association shall have no responsibility for its maintenance.

Section 12. Common Element Maintenance. Sidewalks, yards, landscaped areas, driveways, roads, and parking areas shall not be obstructed nor shall they be used for purposes other than for which they are reasonably and obviously intended. No bicycles, vehicles, chairs or other obstructions may be left unattended on or about the Common Elements. Use of recreational facilities, if any, in the Condominium may be limited to such times and in such manner as the Association shall determine by duly adopted rules and regulations.

Section 13. Co-owner Maintenance. Each Co-owner shall maintain his Unit and any Limited Common Elements appurtenant thereto for which he has maintenance responsibility in a safe, clean and sanitary condition. Each Co-owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, the telephone, water, gas, plumbing, electrical, satellite and cable connections, or other utility conduits and systems and any other elements in any Unit which are appurtenant to or which may affect any other Unit. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by him, or his family, guests, agents or invitees. To the extent any such damages or costs are covered by insurance carried by the Association, the responsible Co-owner shall bear the expense of the deductible amount. Any costs or damages to the Association may be assessed to and collected from the responsible Co-owner in the manner provided in Article II hereof.

Section 14. Reserved Rights of Developer.

(a) Prior Approval by Developer. During the Construction and Sales Period, no buildings, fences, walls, retaining walls, drives, walks or other structures or improvements shall be commenced, erected, maintained, nor shall any addition to, or change or alteration to any structure be made (including in color or design), except interior alterations which do not affect structural elements of any Unit, nor shall any hedges, trees or substantial plantings or landscaping modifications be made, until plans and

specifications, acceptable to the Developer, showing the nature, kind, shape, height, materials, color scheme, location and approximate cost of such structure or improvement and the grading or landscaping plan of the area to be affected shall have been submitted to and approved in writing by Developer, its successors or assigns, and a copy of said plans and specifications, as finally approved, lodged permanently with Developer. Developer shall have the right to refuse to approve any such plan or specifications, or grading or landscaping plans which are not suitable or desirable in its opinion for aesthetic or other reasons; and in passing upon such plans, specifications, grading or landscaping, it shall have the right to take into consideration the suitability of the proposed structure, improvement or modification, the site upon which it is proposed to effect the same, and the degree of harmony thereof with the Condominium as a whole and any adjoining properties under development or proposed to be developed by Developer. The purpose of this Section is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon both the Association and upon all Co-owners.

(b) Developer's Rights in Furtherance of Construction and Sales. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Construction and Sales Period or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Incorporation, as the same may be amended from time to time. Notwithstanding anything to the contrary contained in the Condominium Documents or elsewhere, Developer shall have the right to maintain a sales office, sales trailer, a business office, two (2) sales trailers for marketing and/or construction purposes, model units, storage areas and reasonable parking incident to the foregoing and such access to, from and over the Project as may be reasonable to enable development and sale of the entire Project by Developer. It may continue to do so during the entire Construction and Sales Period and may continue to do so even after the conclusion of the Construction and Sales Period and for so long as Developer continues to construct or owns or holds title or an option or other enforceable interest in land for development as condominiums within five miles from the perimeter of the Condominium Project. Developer shall also have the right to maintain or conduct on the Condominium Premises any type of promotional activity it desires, including the erection of any and all kinds of temporary facilities relative to the marketing, promotion of the Project.

(c) Enforcement of Condominium Documents. The Condominium Project shall at all times be maintained in a manner consistent with the highest standards of a beautiful, serene, private, residential and recreational community for the benefit of the Co-owners and all persons interested in the Condominium. If at any time the Association or any Co-owner fails or refuses to carry out its obligation to maintain, repair, replace and landscape in a manner consistent with the maintenance of such high standards, then Developer, or any entity to which it may assign this right, at its option, may elect to maintain, repair and/or replace any Common Elements and/or to do any landscaping required by these Bylaws and to charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws and the other Condominium Documents throughout the Construction and Sales Period notwithstanding that it may no longer own a Unit in the Condominium which right of enforcement shall include (without limitation) an action to restrain the Association or any Co-owner from any activity prohibited by these Bylaws or the other Condominium Documents.

(d) **Developer's Right to Maintain Signs.** The Developer reserves the right, until the termination of the Project, to maintain a sign(s) on the Condominium Premises that reflects the name of the Project and identifies the involvement of the Developer, and/or any one of the Developer's affiliates, in the development of the Project.

Section 15. No Warranty on Existing Trees and Vegetation. THE DEVELOPER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY NATIVE TREES OR VEGETATION WITHIN THE CONDOMINIUM PROJECT. ALSO, VEGETATION AND TREES NATIVE TO THE SITE ARE BEING DELIVERED TO THE CO-OWNERS IN AN "AS IS" AND "WHERE IS" CONDITION. THE DEVELOPER SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO ANY CO-OWNER, THE ASSOCIATION, OR ANY OF THEIR SUCCESSORS OR ASSIGNS, WITH RESPECT TO ANY NATIVE TREES OR NATIVE VEGETATION WITHIN THE CONDOMINIUM PROJECT WHICH DIES OR SUFFERS DAMAGE DURING THE CONSTRUCTION AND SALES PERIOD. THE COST OF REMOVAL AND REPLACEMENT (IF DESIRABLE OR NECESSARY) SHALL BE: (A) THE RESPONSIBILITY OF THE CO-OWNER IF THE TREE OR VEGETATION IS WITHIN LIMITED COMMON ELEMENTS OR (B) THE RESPONSIBILITY OF THE ASSOCIATION IF IT IS LOCATED ON A GENERAL COMMON ELEMENT. THE DEVELOPER SHALL NOT BE RESPONSIBLE FOR THE DEATH, DAMAGE TO OR THE DESTRUCTION OF ANY TREE, SHRUB OR PLANT GROWTH WHICH IS NATIVE TO THE CONDOMINIUM PROJECT SITE DUE TO THE DEVELOPER'S ACTIVITIES RELATED TO THE CONSTRUCTION AND DEVELOPMENT OF THE CONDOMINIUM PROJECT. THE DEVELOPER MAKES NO WARRANTIES WITH RESPECT TO EXISTING TREES, SHRUBS AND PLANT GROWTH.

Section 16. Disposition of Interest in Unit by Sale or Lease. No Co-owner may dispose of a Unit in the Condominium, or any interest therein, by a sale or lease without complying with the following terms or conditions:

(a) **Notice to Association: Co-owner to Provide Condominium Documents to Purchaser or Tenant.** A Co-owner intending to make a sale or lease of a Unit in the Condominium, or any interest therein, shall give written notice of such intention delivered to the Association at its registered office and shall furnish the name and address of the intended purchaser or lessee and such other information as the Association may reasonably require. Prior to the sale or lease of a Unit, the selling or leasing Co-owner shall provide a copy of the Condominium Master Deed (including Exhibits "A" and "B" thereto) and any amendments to the Master Deed, the Articles of Incorporation and any amendment thereto, and the rules and regulations, as amended, if any, to the proposed purchaser or lessee. In the event a Co-owner shall fail to notify the Association of the proposed sale or lease or in the event a Co-owner shall fail to provide the prospective purchaser or lessee with a copy of the Master Deed and other documents referred to above, such Co-owner shall be liable for all costs and expenses, including attorney fees, that may be incurred by the Association as a result thereof or by reason of any noncompliance of such purchaser or lessee with the terms, provisions and restrictions set forth in the Master Deed; provided, however, that this provision shall not be construed so as to relieve the purchaser or lessee of his obligations to comply with the provisions of the Condominium Documents.

(b) **Developer and Mortgagees not Subject to Section.** The Developer shall not be subject to this Section in the sale or, except to the extent provided in the Article VI, Section 2(b), the lease of any Unit in the Condominium which it owns, nor shall the holder of any mortgage which comes into possession of a Unit pursuant to the remedies provided

in the mortgage, or foreclosure of the mortgage, or deed in lieu of foreclosure, be subject to the provisions of this Section 16.

Section 17. General. The purpose of this Article VI is to assure the continued maintenance of the Condominium as a beautiful and harmonious residential development, and shall be binding upon all Co-owners. The Developer may, in its sole discretion, waive any part of the restrictions set forth in this Article VI due to natural or aesthetic considerations or other circumstances which the Developer deems compelling. Any such waiver must be in writing and shall be limited to the Unit to which it pertains and shall not constitute a waiver as to enforcement of the restrictions as to any other Unit. Developer's rights under this Article VI may, in Developer's discretion, be assigned to the Association or other successor to Developer. Developer may construct any improvements upon the Condominium Premises that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association or any other person or entity, subject only to the express limitations contained in the Condominium Documents.

Section 18. Department of Veterans Affairs Financing. To the extent that any provision set forth in the Master Deed or these Bylaws regarding leasing or a right of first refusal is inconsistent with the requirement(s) of guaranteed or direct loan programs of the United States Department of Veterans Affairs, as set forth in chapter 37 of title 38, United States Code, or part 36 of title 38, Code of Federal Regulations ("DVA Financing"), such provision shall not apply to any Unit that is:

- (i) encumbered by DVA Financing or,
- (ii) owned by the Department of Veterans Affairs.

ARTICLE VII

MORTGAGES

Section 1. Notice to Association. Any Co-owner who mortgages his Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Units". The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Co-owner of such Unit. The Association shall give to the holder of any first mortgage covering any Unit in the Project written notification of any default in the performance of the obligations of the Co-owner of such Unit that is not cured within 60 days.

Section 2. Insurance. The Association, if required by the mortgagee, shall notify each mortgagee appearing in the book entitled "Mortgages of Units" of the name of each company insuring the Condominium against fire, perils covered by extended coverage, and vandalism and malicious mischief and the amounts of such coverage. In addition, the Association shall give each mortgagee, mortgage insurer and the guarantor of any mortgage on any Unit in the Condominium a timely written notice of any lapse, cancellation or material modification of any insurance policy maintained by the Association.

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

Section 4. Notification of Foreclosure. The mortgagee of a first mortgage on a Unit shall give notice of foreclosure to the Association pursuant to Section 108(9) of the Act.

ARTICLE VIII

VOTING

Section 1. Vote. Except as limited in these Bylaws, each Co-owner shall be entitled to one vote for each Condominium Unit owned equal to the value set forth in Article V of the Master Deed. In the event of a tie vote, the President of the Association shall be entitled to cast the tie breaking vote.

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

Section 3. Designation of Voting Representative. Each Co-owner shall file a written notice with the Association designating the individual representative who shall vote at meetings of the Association and receive all notices and other communications from the Association on behalf of such Co-owner. Such notice shall state the name and address of the individual representative designated, the number or numbers of the Condominium Unit or Units owned by the Co-owner, and the name and address of each person, firm, corporation, partnership, association, trust or other entity who is the Co-owner. Such notice shall be signed and dated by the Co-owner. The individual representative designated may be changed by the Co-owner at any time by filing a new notice in the manner herein provided. The Association shall maintain a certified list of all designated voting representatives listed by Unit numbers. Further, the Association shall produce the list of designated voting representatives at all meetings; post the list during meetings, including posting by electronic means if the meeting is conducted solely by remote communication.

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

Section 5. Voting. Votes may be cast only in person or by a writing duly signed by the designated voting representative not present at a given meeting in person or by proxy. Proxies and any written votes must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association. Cumulative voting shall not be permitted. Proxies must be in writing signed by the designated voting representative and any written votes and any Co-owners intending to participate remotely, must file such vote or intention with the secretary of the Association at or before the appointed time of each meeting of the members of the Association.

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

ARTICLE IX

MEETINGS

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

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

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

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by not less than 1/3 of the Co-owners presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

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

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

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

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

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

minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

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

Section 11. Remote Communications. Co-owners may participate in meetings of members of the Association by telephone conferencing or other remote communication provided that all members present at the meeting are advised of the means of remote communication and the following are met:

- (a) the identity of the person communicating remotely can be verified.
- (b) measures are in place so that the remote caller is able to participate in and hear the proceedings.
- (c) votes or action by means of remote communication are recorded.

If the person participating remotely could have voted at the original meeting, then voting remotely at any adjourned meeting is also possible.

Section 12. Electronic Voting. Electronic voting is permitted.

ARTICLE X

ADVISORY COMMITTEE

Within one year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within 120 days after conveyance to purchasers of 1/3 of the total number of Units that may be created, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least two non-developer Co-owners. The Committee shall be established and perpetuated in any manner the Developer deems advisable, except that, if more than 50% of the non-developer Co-owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the non-developer Co-owners and to aid the transition of control of the Association from the Developer to purchaser Co-owners. A chairperson for the Committee shall be selected by the members of the Committee. The Advisory Committee shall cease to exist automatically when the non-developer Co-owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected thereto by the Co-owners.

ARTICLE XI

BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall be comprised of three members and all Directors must be members of the Association or officers, partners, trustees, employees or agents of members of the Association, except for the first Board of Directors. Directors shall serve without compensation.

Section 2. Election of Directors.

(a) First Board of Directors. The first Board of Directors or its successors as selected by the Developer shall manage the affairs of the Association until the appointment of the first non-developer Co-owners to the Board. Thereafter, elections for non-developer Co-owner Directors shall be held as provided in subsections (b) and (c) below. The Directors shall hold office until their successors are elected and hold their first meeting.

(b) Appointment of Non-developer Co-owners to Board Prior to First Annual Meeting. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 25% of the Units that may be created, one of the Directors shall be selected by non-developer Co-owners. Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 50% in number of the Units that may be created, two of the Directors shall be elected by non-developer Co-owners. When the required percentage level of conveyance has been reached, the Developer shall notify the non-developer Co-owners so that Co-owners may elect the required Director. Upon certification by the Co-owners to the Developer of the Director so selected, the Developer shall then immediately appoint such Director to the Board to serve until the First Annual Meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated. Additional non-developer Co-owners may also be elected to the Board or removed therefrom at the Developer's pleasure.

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

(i) Not later than 120 days after conveyance of legal or equitable title to non-developer Co-owners of 75% of the Units that may be created, the non-developer Co-owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least 1 Director as long as the Units that remain to be created and conveyed equal at least 10% of all Units that may be created in the Project. Whenever the 75% conveyance level is achieved, a meeting of Co-owners shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

(ii) Regardless of the percentage of Units which have been conveyed, upon the elapse of 54 months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Project, the non-developer Co-owners have the right to elect a number of members of the Board of Directors equal to the percentage of Units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are

owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (i). Application of this subsection does not require a change in the size of the Board of Directors.

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

(iv) At the First Annual Meeting two Directors shall be elected for a term of two years and one Director shall be elected for a term of one year. At such meeting all nominees shall stand for election as one slate and the two persons receiving the highest number of votes shall be elected for a term of two years and the one person receiving the next highest number of votes shall be elected for a term of one year. At each annual meeting held thereafter, one or two Directors shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office (except for one of the Directors elected at the First Annual Meeting) of each Director shall be two years. The Directors shall hold office until their successors have been elected and hold their first meeting.

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

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

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

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

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

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

- (d) To rebuild improvements after casualty.
- (e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project.
- (f) To acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association.
- (g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the business of the Association, and to secure the same by mortgage, pledge, or other lien, on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of 75% of all of the members of the Association qualified to vote.
- (h) To make rules and regulations in accordance with Article VI, Section 9 of these Bylaws.
- (i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.
- (j) To enforce the provisions of the Condominium Documents.

Section 5. Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than 3 years or which is not terminable by the Association upon 90 days' written notice thereof to the other party and no such contract shall violate the provisions of Section 55 of the Act. THE DEVELOPER HAS THE RIGHT TO DISAPPROVE ANY DECISION BY THE BOARD OF DIRECTORS TO SELF-MANAGE THE PROJECT WITHOUT THE BENEFIT OF A PROFESSIONAL MANAGEMENT SERVICE. THE DISAPPROVAL RIGHT SHALL END WHEN THE CONSTRUCTION AND SALES PERIOD EXPIRES.

Section 6. Vacancies. Vacancies in the Board of Directors which occur after the Transitional Control Date caused by any reason other than the removal of a Director by a vote of the members of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, except that the Developer shall be solely entitled to fill the vacancy of any Director whom it is permitted in the first instance to designate.

Each person so elected shall be a Director until a successor is elected at the next annual meeting of the members of the Association. Vacancies among non-developer Co-owner elected Directors which occur prior to the Transitional Control Date may be filled only through election by non-developer Co-owners and shall be filled in the manner specified in Section 2(b) of this Article.

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

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within 20 days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no further notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail, telephone or telegraph at least 10 days prior to the date named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on 3 days' notice to each Director, given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two Directors.

Section 11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meetings of the Board shall be deemed a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12. Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting to a subsequent time upon 24 hours' prior written notice delivered to all Directors not present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in

the minutes thereof, shall constitute the presence of such Director for purposes of determining a quorum. All Directors participating by remote communication shall be counted towards quorum.

Section 13. First Board of Directors. The actions of the first Board of Directors of the Association or any successors thereto selected or elected before the Transitional Control Date shall be binding upon the Association so long as such actions are within the scope of the powers and duties which may be exercised generally by the Board of Directors as provided in the Condominium Documents.

Section 14. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds, if applicable. The premiums on such bonds shall be expenses of administration.

Section 15. Civil Actions. The Association has the authority to commence civil actions on behalf of the Co-owners subject to the prior approval of no less than sixty percent (60%) of the Co-owners; provided, however, the Board of Directors of the Association shall be permitted, acting upon a majority vote of the Board, to bring a civil action to enforce the following: (i) provisions of the Condominium Master Deed and Bylaws and (ii) payment of assessments against and from the Co-owners. All civil actions requiring the approval of the Co-owners shall first be reviewed by the Board of Directors to evaluate its merit. A special meeting of the Co-owners shall be held for the purpose of voting on whether or not to proceed with the litigation. A special assessment to fund any such litigation will also require the approval of no less than sixty percent (60%) of the Co-owners. Each member of the Association shall have the right to enforce the provisions of this Section 15.

Section 16. Remote Communications. Board of directors may participate in meetings of directors by telephone conferencing or other remote communication provided that all directors present at the meeting are advised of the means of remote communication and the following are met:

- (1) the identity of the person communicating remotely can be verified.
- (2) measures are in place so that the remote caller is able to participate in and hear the proceedings.
- (3) votes or action by means of remote communication are recorded.

If the person participating remotely could have voted at the original meeting, then voting remotely at any adjourned meeting is also possible.

Section 17. Electronic Voting. Electronic voting is permitted.

ARTICLE XII

OFFICERS

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

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

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

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

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

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

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

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

ARTICLE XIII

SEAL

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

ARTICLE XIV

FINANCE

Section 1. Records. The Association shall keep detailed books of account showing all expenditures and receipts of administration which shall specify the maintenance and repair expenses of the General Common Elements and any other expenses incurred by or on behalf of the Association and the Co-owners. Such accounts and all other Association records shall be open for inspection by the Co-owners and their mortgagees during reasonable working hours. The Association shall prepare and distribute to each Co-owner at least once a year a financial statement, the contents of which shall be defined by the Association. Except if opted out, as permitted by the Act, by a majority of the Co-owners on an annual basis by vote conducted in the manner provided in Article VIII above, the books, records, and financial statements shall be independently audited or reviewed by a certified public accountant, as defined in Section 720 of the Occupational Code, 1980 PA 299, as amended from time to time. Any institutional holder of a first mortgage lien on any Unit in the Condominium shall be entitled to receive a copy of such annual audited financial statement within 90 days following the end of the Association's fiscal year upon request therefor. The costs of any such audit and any accounting expenses shall be expenses of administration.

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

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

ARTICLE XV

LIMITATION AND ASSUMPTION OF LIABILITY OF VOLUNTEERS; INDEMNIFICATION

Section 1. Limitation of Liability of Volunteers. No Director or officer of the Association who is a volunteer Director or volunteer officer (as these terms are defined in the Michigan Non-Profit Corporation Act) of the Association shall be personally liable to the Association or its members for monetary damages for any action taken or any failure to take any action as a volunteer Director or volunteer officer except for liability arising from: (a) The amount of a financial benefit received by a director or volunteer officer to which he or she is not entitled; (b) Intentional infliction of harm on the corporation, its shareholders, or members; (c) A violation of section 551 of the Michigan Non-Profit Corporation Act; (d) An intentional criminal act; and, (e) A liability imposed under section 497(a) of the Michigan Non-Profit Corporation Act. If the Michigan Non-Profit Corporation Act hereafter is amended to authorize the further elimination or limitation of the liability of directors or officers, then the liability of a director or officer of the corporation, in addition to the limitation on personal liability contained herein, shall be limited to the fullest extent permitted by the amended Michigan Non-Profit Corporation Act. No amendment

or repeal of this Section 1 shall apply to or have any effect on the liability of any director or officer of the corporation for or with respect to any acts or omissions of such director or officer occurring prior to such amendment or repeal.

Section 2. Assumption of Liability of Volunteers. The Association further assumes liability for all acts or omissions of a volunteer Director, volunteer officer or other volunteer if all of the following are met: (a) the volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority; (b) the volunteer was acting in good faith; (c) the volunteer's conduct did not amount to gross negligence or willful and wanton misconduct; (d) the volunteer's conduct was not an intentional tort; and (e) the volunteer's conduct was not a tort arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed as provided in Section 3135 of the Insurance Code of 1956, Act No. 218 of Michigan Public Acts of 1956.

Section 3. Indemnification of Volunteers. The Association shall also indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, other than an action by or in the right of the Association, by reason of the fact that the person is or was a volunteer Director, volunteer officer, or nondirector volunteer of the Association, against all expenses including attorney's fees, judgments, penalties, fines, and amounts paid in settlement actually and reasonably incurred by the person in connection with the action, suit, or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Association or its members, and with respect to any criminal action or proceeding, if the person had no reasonable cause to believe that the conduct was unlawful. In the event of any claim for indemnification hereunder based upon a settlement by the volunteer Director, volunteer officer, or nondirector volunteer seeking such indemnification, the indemnification herein shall apply only if the Board of Directors (with any Director seeking indemnification abstaining) approves such settlement and indemnification as being in the best interest of the corporation. The indemnification and advancement of expenses provided by or granted pursuant to this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement or expenses may be entitled under the Articles of Incorporation, the Bylaws, contractual agreement, or otherwise by law and shall continue as to a person who has ceased to be a volunteer Director or volunteer officer or nondirector volunteer of the corporation and shall inure to the benefit of the heirs, executors, and administrators of such person. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all members thereof. The Association shall maintain insurance coverage to cover indemnification payments made pursuant to this Article XV.

ARTICLE XVI

AMENDMENTS

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

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

Section 3. Voting. These Bylaws may be amended by the Co-owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than 66-2/3% of all Unit Co-owners. No consent of mortgagees shall be required to amend these Bylaws unless as otherwise provided in Section 90a of the Act. No amendment to these Bylaws prior to the expiration of the Construction and Sales Period may be adopted or implemented without the written consent of the Developer.

Section 4. By Developer. Prior to the expiration of the Construction and Sales Period, these Bylaws may be unilaterally amended by the Developer without approval from any other person so long as any such amendment does not materially and adversely alter or change the right of a Co-owner or mortgagee.

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

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

ARTICLE XVII

COMPLIANCE

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

ARTICLE XVIII

DEFINITIONS

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

ARTICLE XIX

REMEDIES FOR DEFAULT

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

Section 1. Legal Action. Failure to comply with any of the terms or provisions of the Condominium Documents shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien (if default in payment of assessment) or any combination thereof, and such relief may be sought by the Association or, if appropriate, by an aggrieved Co-owner or Co-owners.

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

Section 3. Removal and Abatement. The violation of any of the provisions of the Condominium Documents shall also give the Association or its duly authorized agents the right, in addition to the rights set forth above, to enter upon the Common Elements, Limited or General, or into any Unit, where reasonably necessary, and summarily remove and abate, at the expense of the Co-owner in violation, any structure, thing or condition existing or maintained contrary to the provisions of the Condominium Documents. The Association shall have no liability to any Co-owner arising out of the exercise of its removal and abatement power authorized herein.

Section 4. Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violation in accordance with the provisions of Article XX of these Bylaws.

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

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

Section 7. Enforcement of Provisions of Condominium Documents. A Co-owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. In such a proceeding, the Association, if successful, shall recover the cost of the proceeding and reasonable attorney fees as determined by the court. A Co-owner may maintain an action against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act.

ARTICLE XX

ASSESSMENT OF FINES

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

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

(a) **Notice.** Notice of the violation, including the Condominium Document provision violated, together with a description of the factual nature of the alleged offense set forth with such reasonable specificity as will place the Co-owner on notice as to the violation, shall be sent by first class mail, postage prepaid, or personally delivered to the representative of said Co-owner at the address as shown in the Notice required to be filed with the Association pursuant to Article VIII, Section 3 of these Bylaws. The Co-owner shall have fourteen (14) days from delivery of the notice to correct the violation.

(b) **Opportunity to Defend.** The offending Co-owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The appearance before the Board shall be at its next scheduled meeting, but in no event shall the Co-owner be required to appear less than 10 days from the date of the Notice. The offending Co-owner may, at his option, elect to forego the appearance as provided herein by delivery of a written response to the Board.

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

(d) **Hearing and Decision.** Upon appearance by the Co-owner before the Board and presentation of evidence of defense, or, in the event of the Co-owner's default, the Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred and shall notify the Co-owner within ten (10) days of its decision. The Board's decision is final.

(e) **Subsequent Notices.** If a violation exists fourteen (14) days following the prior notice, then an additional notice requesting compliance within fourteen (14) days shall be delivered to the Co-owner in the same manner set forth in sub-paragraph (a) above.

Section 3. Amounts. Upon violation of any of the provisions of the Condominium Documents or after occurrence of the same violation within three (3) months of notice of the same violation, the following fines shall be levied:

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

(b) **Second Violation.** Fifty Dollars (\$50.00) fine.

(c) **Third Violation.** One Hundred Fifty Dollars (\$150.00) fine.

(d) **Fourth Violation and Subsequent Violations.** Two Hundred Fifty Dollars (\$250.00) fine.

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

Section 5. Developer Exempt From Fines. The Association shall not be entitled to assess fines against the Developer during the Construction and Sales Period for any alleged violations of the Condominium Documents but shall be remitted solely to its other legal remedies for redress of such alleged violations.

ARTICLE XXI

RIGHTS RESERVED TO DEVELOPER

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

ARTICLE XXII

SEVERABILITY

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