

MASTER DEED

**SNUG HARBOR ORION CONDOMINIUM
OAKLAND COUNTY CONDOMINIUM SUBDIVISION PLAN NO. _____**

This Master Deed ("Master Deed") is made and effective June ____, 2025, by **ORION SNUG HARBOR LLC**, a Michigan domestic limited liability company (hereinafter referred to as "Developer"), whose address is 3005 University Drive, Suite 100, Auburn Hills, Michigan 48326.

WITNESSETH:

WHEREAS, Developer desires by recording this Master Deed, together with the Condominium Bylaws attached hereto as **Exhibit A** and the Condominium Subdivision Plan attached hereto as **Exhibit B** (both of which are hereby incorporated by reference and made a part hereof), to establish the real property described in Article 2 below, together with the improvements located thereon, and the appurtenances thereto, as a condominium under the provisions of the Act (as defined herein).

NOW, THEREFORE, upon the recording of this Master Deed, Developer establishes Snug Harbor Orion Condominium under the Act and declares that the Condominium shall be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved, or in any other manner used, subject to the provisions of said Act, and to the covenants, conditions, restrictions, uses, limitations, and affirmative obligations set forth in this Master Deed and the Exhibits A and B hereto, all of which shall be deemed to run with the land and shall be a burden and a benefit to Developer, its successors and assigns that is expressly designated as such in writing, and any persons acquiring or owning an interest in the said real property, their grantees, successors, heirs, executors, administrators, and assigns. In furtherance of the establishment of the Condominium, it is provided as follows:

**ARTICLE 1.
TITLE AND NATURE**

A. The Condominium shall be known as Snug Harbor Orion Condominium, Oakland County Condominium Subdivision Plan No. _____. The Condominium is established in accordance with the Act and shall contain 4 Units, numbered 1 through 4.

B. The Units contained in the Condominium, including the number, boundaries, dimensions, and volume of each Unit are set forth in the Condominium Subdivision Plan attached as **Exhibit B** hereto. Each Unit is capable of individual use, having its own access to a Common Element of the Condominium. Each Co-Owner in the Condominium shall have an exclusive right to the Unit owned and shall have undivided and inseparable rights to share with other Co-Owners of the Common Elements of the Condominium and certain

exclusive rights with respect to Limited Common Elements as designated by the Master Deed. Nothing in this Master Deed shall be construed to impose upon Developer any legal obligation to build, install or deliver any structure or improvement that is labeled "need not be built" on the Condominium Subdivision Plan.

C. Co-Owners shall automatically have voting rights in Snug Harbor Orion Condominium Association as set forth herein, in the Condominium Bylaws and Articles of Incorporation of such Association.

ARTICLE 2.
LEGAL DESCRIPTION

The land which comprises the Condominium established by this Master Deed is a parcel of land lying within the Village of Lake Orion, Oakland County, Michigan, described as follows:

LOT 22 AND LOT 23, EXCEPT THAT TAKEN FOR ROAD OFF THE SOUTHERLY SIDE, MEASURING 1.0 FEET WIDE ON THE EASTERLY SIDE AND 3.4 FEET ON THE WESTERLY SIDE OF SAID LOT 22, AND 1.0 FEET WIDE ON THE WESTERLY SIDE RUNNING TO THE SOUTHEAST CORNER OF SAID LOT 23, OF "THE CUTCHEON SUBDIVISION", ACCORDING TO THE PLAT THEREOF RECORDED IN LIBER 27, PAGE(S) 8 OF PLATS, OAKLAND COUNTY RECORDS; MORE PARTICULARLY DESCRIBED AS:

COMMENCING AT THE SOUTHEAST CORNER OF LOT 23 SAID POINT BEING ON THE NORTHERLY RIGHT OF WAY LINE OF HEIGHTS ROAD (VARIABLE WIDTH); THENCE THE FOLLOWING TWO (2) COURSES BEING ALONG THE NORTH LINE OF HEIGHTS ROAD; (1) SOUTH 63 DEGREES 49 MINUTES 02 SECONDS WEST, 35.57 FEET ; AND SOUTH 65 DEGREES 51 MINUTES 43 SECONDS WEST, 89.67 FEET TO A TRAVERSE POINT "A" FOR THE SOUTHEASTERLY WATERS EDGE OF LAKE ORION; THENCE CONTINUING SOUTH 65 DEGREES 51 MINUTES 43 SECONDS WEST, APPROXIMATELY 8 FEET TO THE WATER'S EDGE OF LAKE ORION; THENCE NORTHEASTERLY ALONG SAID WATER'S EDGE APPROXIMATELY 206 FEET TO A POINT ON THE EAST LINE OF LOT 23 AND APPROXIMATELY 6 FEET NORTH OF A TRAVERSE POINT "B"; SAID WATER'S EDGE BEING TRAVERSED BETWEEN POINT "A" AND "B" ALONG THE FOLLOWING THREE (3) COURSES: 1) NORTH 20 DEGREES 16 MINUTES 46 SECONDS EAST, 8.83 FEET; AND (2) NORTH 11 DEGREES 56 MINUTES 11 SECONDS WEST, 68.50 FEET; AND (3) NORTH 31 DEGREES 25 MINUTES 02 SECONDS EAST, 115.31 FEET; THENCE FROM TRAVERSE POINT "B" SOUTH 28 DEGREES 04 MINUTES 59 SECONDS EAST, 137.54 FEET ALONG THE EAST LINE OF SAID LOT 23 TO THE POINT OF BEGINNING AND CONTAINING 0.289 ACRE MORE OR LESS.

Commented [WS1]: See Ex B markup; "Beginning" may be correct term and label.

Commented [WS2]: Missing second leg label "(2)"

Tax Parcel No.: 09-11-403-006
Commonly known as: 160 Heights Road, Village of Lake Orion, MI 48362

ARTICLE 3.
DEFINITIONS

Certain terms are utilized not only in this Master Deed and Exhibits A and B, but are or may be used in various other instruments such as, by way of example and not limitation, the Articles of Incorporation and rules and regulations of Snug Harbor Orion Condominium

Association, and deeds, mortgages, liens, land contracts, easements and other instruments affecting the establishment or transfer of interests in the Condominium. Wherever used in such documents or any other pertinent instruments, the terms set forth below shall be defined as follows:

A. The "Act" or "Condominium Act" means Act 59 of the Public Acts of Michigan of 1978, as amended.

B. "Association" means the Michigan nonprofit corporation, Snug Harbor Orion Condominium Association, of which all Co-Owners shall be members, which Association shall administer, operate, manage, and maintain the Condominium as provided herein. The Association shall administer, operate, manage, and maintain the Condominium in accordance with all applicable laws and the Condominium Documents. Any action required of or permitted to the Association shall be exercisable by its Board of Directors, unless specifically reserved to the Co-owners by the Condominium Documents or Michigan law.

C. "Association Bylaws" or "Corporate Bylaws" refers to those portions of the Condominium Bylaws (defined below) of Snug Harbor Orion Homeowners Association pertaining to the operation of the Association as a Michigan nonprofit corporation.

D. "Common Elements" means the portions of the Condominium other than the Units as depicted on the Plan attached as **Exhibit B**, and does not refer to Units or improvements located within Units unless otherwise set forth in the Master Deed. Common Elements consist of two types, Limited and General, as defined herein and as designated on **Exhibit B**.

E. "Condominium" means "Snug Harbor Orion Condominium" as a condominium established pursuant to the provisions of the Act, and includes the land, building, and all improvements and structures thereon, and all easements, rights, and appurtenances included within the Condominium.

F. "Condominium Bylaws" means **Exhibit A** attached to this Master Deed, being the Bylaws setting forth the substantive rights and obligations of the Co-owners, as well as those provisions constituting the Association Bylaws defined above.

G. "Condominium Documents" means this Master Deed and the Exhibits hereto and the Articles of Incorporation and corporate bylaws of the Association.

H. "Condominium Subdivision Plan" or "Plan" means the Plan attached to this Master Deed as **Exhibit B**. The Plan assigns a number to each Condominium Unit and includes a description of the nature, location and approximate size of certain Common Elements and easements.

I. "Condominium Unit" or "Unit" means the enclosed space constituting a single complete Unit designed and intended for separate ownership and use in the Condominium as such space may be described on **Exhibit B** hereto and, more precisely, consists of the space between the inner sides of the studs of the outer and demising walls of each Unit, above the subfloor and below the underside of the drywall or other ceiling material hung from the floor/ceiling assembly.

J. "Co-Owner" or "Owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof who or which owns one or more Units in the Condominium. The term Co-Owner includes land contract vendees of Units. Developer is a Co-Owner so long as Developer owns one (1) or more Units.

K. "Developer" means Snug Harbor Orion LLC, a Michigan limited liability company, which has made and executed this Master Deed, and its successors and assigns that it expressly designates as such in writing. All development rights reserved to Developer in the Condominium Documents are assignable in writing; provided, however, that conveyances of Units by Developer, including the conveyance of Units to a "successor developer" pursuant to Section 135 of the Condominium Act, shall not serve to assign Developer's development rights unless the instrument of conveyance expressly so states.

Commented [WS3]: Verify name and match between Exhibit B and Master Deed. See first page ("Orion Snug Harbor")

L. "Development Rights" means Developer's rights to develop the Condominium as distinguished from Developer's rights as a Co-Owner of one or more Units. Development Rights include, by way of illustration but not limitation, all rights (i) arising from the Act, the Condominium Documents, or any other source to develop, expand and/or convert the Condominium, (iii) all rights to maintain offices and signs on the Condominium premises, (iv) all easements, and similar rights to use the Condominium for purposes related to its development and (v) all rights to amend the Condominium Documents.

M. "Easements" means all easements granted, reserved, provided for, declared, or created pursuant to or in accordance with the terms and provisions of this Master Deed.

N. "General Common Elements" means a portion of the Common Elements other than the Limited Common Elements as depicted on the Plan attached as **Exhibit B**.

O. "Limited Common Elements" means a portion of the Common Elements reserved in this Master Deed for the exclusive use of fewer than all of the Co-Owners as depicted on the Plan and/or as described herein, subject to the easements established by Article 7 of this Master Deed.

P. "Master Deed" means this document to which the Bylaws and the Plan are attached as Exhibits.

Q. "Mortgagee" means the named mortgagee or owner of any mortgage on all or any portion of the Condominium.

R. "Parking Garages" means the enclosed spaces within the Condominium designated for parking vehicles, which are identified in **Exhibit B**, and which are included within Units.

S. "Percentage of Value" means the percentage assigned to each Condominium Unit in this Master Deed. The Percentages of Value of all Units shall total one hundred percent (100%). Percentages of Value shall be determinative only with respect to those matters to which they are specifically deemed to relate either in the Condominium Documents or in the Act.

T. "Person" means an individual, firm, corporation, partnership, association, limited liability company or trust, the state or an agency of the state, other legal entity, or any combination thereof.

U. "Plan" means Condominium Subdivision Plan as defined above.

V. "Residence" means the residential dwelling and its appurtenances constructed within the confine of each Unit.

W. "Sales Period" means the period commencing with the recording of this Master Deed and continuing until the date that is one (1) year following the sale of the last Unit in the Condominium by the Developer, or the time at which the Developer no longer offers a Unit in the Condominium for sale, whichever happens sooner.

X. "Sanitary Sewer System Easement" means a perpetual and permanent easement in favor of the Sanitary Sewer System Easement Grantee for the purposes of developing, establishing, constructing, repairing, and maintaining the sanitary sewer system in the Condominium and any related appurtenances, in any size, form, shape or capacity.

Y. "Sanitary Sewer System Easement Grantee" means, with respect to the grant of the Sanitary Sewer System Easement, the Village, and the Village's successors, assigns, and transferees.

Z. "Telecommunications System" means any and all cable television, telecommunication, alarm/monitoring, internet, telephone or other lines, conduits, wires, amplifiers, towers, antennae, equipment, materials, installations and fixtures (including those based on, containing or serving future technological advances not now known), or any combination thereof, installed by or on behalf of Developer or pursuant to any grant of easement, or authority by Developer within the Condominium and serving more than one Unit.

AA. "Transitional Control Date" means the date on which the Board of Directors of the Association takes office pursuant to an election in which the votes which may be cast by eligible Co-Owners unaffiliated with the Developer exceed the votes which may be cast by the Developer:

BB. "Village" means the Village of Lake Orion, Michigan.

CC. "Water Supply System Easement" means a perpetual and permanent easement in favor of the Water Supply System Easement Grantee for the purposes of developing, establishing, constructing, repairing, and maintaining the water supply system in the Condominium, and any related appurtenances, in any size, form, shape, or capacity.

DD. "Water Supply System Easement Grantee" means, with respect to the grant of the Water Supply System Easement, the Village, and the Village's successors, assigns, and transferees.

ARTICLE 4.
COMMON ELEMENTS AND RESPONSIBILITIES

The Common Elements of the Condominium described in **Exhibit B** attached hereto and the respective responsibilities for maintenance, decoration, repair, replacement, restoration, or renovation thereof are as follows:

Section 1. **General Common Elements.** The General Common Elements are:

A. The land described in Article 2, all structural components of the Condominium building and other areas of the Condominium depicted as General Common Elements in the Plan attached hereto as **Exhibit B**, including, but not limited to, roof, foundations, supporting columns, Unit perimeter walls, up to and including the wall studs, floor/ceiling assemblies, including any column contained within any interior walls of a Unit, and all landscaped areas, except to the extent any of the foregoing are designated herein or in the Plan as Limited Common Elements or Units.

B. The electrical, gas, water lines up to the point where a water line services only one Unit, sanitary sewer system to the point of connection with facilities serving individual Units, including above and below ground systems and all sanitary plumbing stacks or lines from their point of connection to sinks and toilets within a Unit, throughout the Condominium (up to the point of lateral connection for service of a single Unit), and Telecommunications System, if any, throughout the Condominium, including that portion contained in the Unit walls up to the point of connection with outlets within the perimeter walls of a Unit. Some or all of the utility lines, systems, and mains described above may be owned by the local public authority or by the company that is providing the appurtenant service. Accordingly, such utility lines, systems, and mains shall be General Common Elements only to the extent of the Co-Owners' interest therein, if any, and Developer makes no warranty with respect to the nature or extent of such interest, if any.

C. Exterior Lighting. The exterior lighting throughout the Condominium, including all lighting fixtures and related equipment.

D. All easements that are appurtenant and benefit the Condominium pursuant to established easement agreements, declarations, reciprocal or otherwise, are General Common Elements, unless provided for otherwise therein.

E. If any meter, appliance, or fixture services the Condominium as a whole and not solely a single Unit, then such meter, appliance, or fixture shall be a General Common Element.

F. Such other elements of the Condominium not herein designated as Limited Common Elements and not within the boundaries of a Unit and which are intended for common use are necessary for the existence, upkeep, and safety of the Condominium.

Section 2. **Limited Common Elements.** The Limited Common Elements shall be subject to the exclusive use and enjoyment of the Co-Owner or Co-Owners of the Unit or Units to which the Limited Common Elements are appurtenant. The Limited Common Elements are as follows:

Commented [WS4]: Per approved site plan and discussion with Fire Marshal, the building is to be fire suppressed. Fire suppression system should be called out as a general common element.

A. Outside porches and/or patios, as the case may be, excluding structural components and framing thereof.

B. The window glass and window frames and the glass and frames of glass sliding doors, which are located at or on the perimeter of a Unit.

C. Driveway approaches that may be located outside of the Unit's boundaries they serve are Limited Common elements appurtenant to the Unit they serve.

D. Garage Area of a Residence intended for the use of the Unit Owner.

E. Unit 4's Deck Area, as depicted in Exhibit B, near the shoreline of Lake Orion.

F. Each furnace located within a Unit and the entire heating, ventilation, and air conditioning systems and their component parts serving each Unit to the point of connection with the outside walls of the Unit shall be appurtenant to and limited to the sole use of the Co-Owner of the Unit served by the system. Each air conditioning compressor and its pad, related cables, and other components are restricted in use to the Co-Owner of the Unit of such air conditioning compressor services.

G. Any other amenity or appurtenance, if any, outside of a Unit that is identified as a Limited Common Element on the Condominium Subdivision Plan attached as **Exhibit B**, unless otherwise described in this Master Deed.

Section 3. **Association Responsibilities.** The responsibility for the full cost of maintenance, decoration, repair, and replacement of the General Elements shall be the sole responsibility of the Association, except where specific exceptions are stated in the Condominium Documents, and such costs shall be assessed to the Co-Owners in proportion to their respective Percentages of Value as provided in the Condominium Documents.

A. The Association shall maintain, repair, and replace the General Common Elements of the Condominium in compliance with all applicable governmental laws, rules, regulations, orders, ordinances, and the provisions of the Condominium Documents and in a manner consistent with the standards of other first-class residential developments of comparable size in the Orion, Michigan area. The Association may retain the services of a property management company to supervise, operate, manage, repair, replace, and maintain the Common Elements.

B. The Association shall procure insurance as provided in the Bylaws. In the event of an insured casualty, the Association shall restore improvements to the extent of the insurance provided for such improvements as provided in the Bylaws.

C. The Association shall have the right to temporarily prevent access to any of the Common Elements for a reasonable period of time for repairs, maintenance, or replacement of the Common Elements, or as may be legally necessary, in the opinion of the Association's legal counsel, to prevent the acquisition of prescriptive rights by anyone. In no event shall access to a Unit be prevented, unless (and only to the extent) mandated by an emergency situation.

D. The amount of all common expenses not specially assessed in accordance with the foregoing shall be assessed against the Units in proportion to the assigned Percentage of Value appertaining to each Unit as provided in Section 69(3) of the Act.

E. The Association shall have specific responsibility to decorate, maintain, repair, and replace the following items, and the costs for these items shall be considered expenses of administration:

(1) All landscaped areas (excluding such landscaping as may be installed and maintained by a Co-Owner in an outdoor living area) in accordance with the Bylaws, including lawn mowing, edging, seasonal cleanup, mulching, fertilization, pest control, and weed control.

(2) All sidewalks, retaining walls, and boundary fences, if any, within the boundaries of the Condominium.

(3) Snow removal from the driveways and any sidewalks. The Condominium has no roads but has ingress and egress by means of driveways adjacent to Heights Road.

(4) The structural components of the Condominium building, the exterior façade, and siding, including garage doors, roof decking, shingles, flashing and venting, downspouts, and trim of the building, railings, the foundation and basement walls, patio/porch supports, and the concrete pads upon which air-conditioning compressors are situated, if any.

(5) The mailboxes and/or mailbox stands, as the case may be, if any, assigned to each Unit shall initially be installed by the Developer and may not be changed without prior written approval of the Developer before the Transitional Control Date and thereafter by the Association; provided that no change shall be made to any mailbox or mailbox stand in the absence of such approval as may be required by the United States Postal Service.

(6) Exterior lights, including ground lights along the exterior walkways and other on-site lighting, including light bulbs, ballasts, and low-voltage transformers.

(7) Electricity, gas, water, sanitary sewer, and telecommunication services used in the operation of the Condominium building and land as a whole.

(8) Electric, gas, water, plumbing, and telecommunication lines and equipment up to the point of connection with individual Units.

(9) Management charges assessed by governmental authority against the Condominium land and building, if any, unless such charges are contained in Unit water bills or otherwise charged against individual Units, in which case the charge shall be paid by each Co-Owner.

(10) The area located between the driveways for Unit 3 and Unit 4.

(11) All other items identified above in Section 1 of this Article 4 as General Common Elements.

F. The Association shall not be obligated to reimburse any Co-owner for repairs made or contracted for by the Co-owner. The Association shall only be responsible for payments to contractors for work authorized by the Board of Directors or by a management company hired by the Association.

G. Any other unusual common expenses benefiting less than all of the Units or any expenses incurred as a result of the conduct of less than all of those entitled to occupy the Condominium, or by their licensees or invitees, shall be specifically assessed against the Unit or Units involved in accordance with Section 69 of the Condominium Act.

H. Utility companies and governmental units furnishing services such as water, electricity, gas, oil, telephone, internet, cable television, or services upon the sanitary waste system shall have access to the Common Elements and the Units as may be reasonably necessary for the installation, repair, or maintenance of such services. Any costs, including damage to any Common Element, incurred in the installation, repair, or maintenance of the portion of utility systems or driveways designated as Limited Common Elements shall be the responsibility of the Co-owner(s) of the Unit(s) to which said Limited Common Elements are appurtenant.

Notwithstanding the foregoing and notwithstanding the provisions of Section 4 below, in the case of a major fire and other casualty covered by the Association's insurance for which the Association is responsible as described in Article 5 of the Bylaws, the Association shall be responsible for the restoration.

Section 4. **Co-Owner Responsibilities.** Each Co-Owner of a Unit shall have the responsibility to decorate, maintain, repair, and replace the following items:

A. All appliances within a Unit and supporting hardware, including, but not limited to, furnaces, garbage disposals, dishwashers, ranges and ovens, vent fans, duct work, vent covers and filters, hot water heaters, humidifiers, air cleaners, air conditioners, thermostats, alarm systems, the intercom equipment within a Unit, if any (whether located within or outside of a Unit).

B. The Unit entry doors, windows, door-wall frames and glass, screens, and related hardware within or leading to the individual Unit or to an appurtenant outdoor living area, and all drywall attached to vertical wall studs of the Unit's perimeter walls, all interior walls and doorways, drop ceilings, and floor coverings.

C. All electrical fixtures or appliances within an individual Unit, including, but not limited to, lighting fixtures, switches, outlets, antenna outlets, circuit breakers, and the wiring from the circuit breaker to the Unit's electrical outlets.

D. Any electrical outlets connected to an individual Unit's electrical meter located on the exterior of the Unit, including, without limitation, any outlets in the outdoor living areas.

E. All plumbing fixtures, including shut-off valves, rings, traps, and washers, located within a Co-Owner's Unit.

F. All cabinets, counters, interior doors, closet doors, vanities, sinks and related hardware, all tile and/or wood floors or walks, and walls.

G. All improvements or decorations, including, but not limited to, paint, wallpaper, wood floors, carpeting, carpet pads, trim, and millwork.

H. Individual Unit water and sanitary drain lines located within Unit perimeter walls, excluding vertical plumbing stacks servicing more than one (1) Unit.

I. The interior of a Parking Garage shall be maintained by the Co-Owner of the Unit to which the garage has been designated. The Parking Garage's floor shall be maintained, repaired, or replaced by the Co-Owner of the Unit to which the garage has been designated.

J. The repair and/or replacement of the driveway shall be the responsibility of the Co-Owner whose Unit is served by the driveway.

K. The exterior patio and porches of a Unit are to be kept in a clean manner, free of debris. The Co-Owner of Unit 4 shall maintain the Deck Area.

L. All other items not specifically enumerated above but which are located within an individual Unit's perimeter walls.

M. Co-Owner's may renovate their Unit provided the proposed renovations do not in any way affect the Common Elements, weight-bearing walls, mechanical systems, utility services, easements, exterior walls, or structural integrity of the Condominium and they submit to Developer or the Association's Board of Directors, as the case maybe, Co-Owner's renovation plans for written approval. A Co-Owner is responsible for all expenses incurred in renovating a Unit, including the Association's expenses incurred by its review, construction costs, building permits, and amending the Condominium Documents, if necessary. All Co-Owner renovations and other improvements shall be conducted in accordance with the Bylaws and the Rules and Regulations of the Condominium.

N. The costs of decorating, maintaining, repairing, or replacing all of the interior surfaces designated as Limited Common Elements in Article 4, Section 4, shall be borne by the Co-Owner of each Unit to which such Limited Common Elements are appurtenant. In the event a Co-Owner does not maintain its Limited Common Elements for which it is responsible to maintain or decorate in a manner which is aesthetically acceptable and in accordance with the maintenance standards of the Association, the Association has the right to take action it deems necessary to bring such Limited Common Elements to the standard of the Condominium and to charge all costs incurred to the Co-Owner responsible for maintenance and decoration.

O. Notwithstanding anything herein to the contrary, the costs of repair and replacement of any drywall damaged from the inside of a Unit as a result of impact or penetration resulting from occurrences within a Unit shall be borne by the Co-Owner of that Unit.

P. Each Co-Owner shall bear the cost of water, sanitary sewer, electricity, gas, telecommunications services, and all real estate taxes and special assessments assessed against a Co-Owner's Unit.

Section 5. **Appearance of Building Exterior.** The exteriors of each Unit in the Condominium will be maintained and kept in good order by the Association. The Association may designate one or more persons to act as an Architectural Control Committee, which shall

have the right to grant or withhold consents and promote a slightly appearance of the Condominium.

ARTICLE 5.
USE OF UNITS AND COMMON ELEMENTS

Every Co-Owner and, as applicable, its guests, invitees, and tenants, shall use its Unit and the Common Elements in any manner consistent with the purpose of the Condominium, Master Deed, Bylaws, Rules and Regulations adopted from time to time pursuant to the Bylaws, zoning and other ordinance of the Village, State and Federal laws and regulations, or in any manner which interferes with or impair the rights of any other Co-Owner(s) in the use and enjoyment of their Unit and Common Elements

ARTICLE 6.
CONDOMINIUM UNIT DESCRIPTION AND PERCENTAGE OF VALUE

The Condominium consists of four (4) residential Units. Each Unit is delineated on the Condominium Subdivision Plan with heavy outlines and is otherwise described in the Definitions of this Master Deed. For all purposes, individual Units may hereafter be defined and described by reference to this Master Deed and the individual number assigned to the Unit in the Plan. The Percentage of Value assigned to each Unit is set forth below and shall be determinative of the proportionate share of each respective Co-Owner in the proceeds and expenses of the Association. The Percentage of Value shall also be determinative of the portion of each Co-Owner's vote at meetings of the Association and the undivided interest of the Co-Owner in the Common Elements. Each Co-Owner's Unit's Percentage of Value shall be equal to that of each other Co-Owner, subject to the following. Units may be combined (subject to the limitations on alterations and modifications of Units in the Condominium Documents), but shall not be subdivided. Upon any combination of two (2) or more Units, the resulting Unit shall have a Percentage of Value which is the sum of the Percentages of Value of the original Units.

ARTICLE 7.
EASEMENTS, RESTRICTIONS, AND AGREEMENTS

The Condominium is subject to the following easements, restrictions, and agreements:

A. **Developer hereby reserves and declares permanent and perpetual non-exclusive easements to the Village, Oakland County and all utility companies providing, operating and/or maintaining utility services and their respective successors, assigns and transferees for ingress and egress in, over, under and through all roads, walks and the other General Common Elements and the Limited Common Elements identified in Article 4 in the Condominium for the operation, maintenance, repair and replacement of the water supply system, sanitary sewer system, gas and electrical lines and all other utility lines or systems, and permanent easements to use, tap into, enlarge or extend all roads, walks, boardwalks and utility lines in the Condominium, including, without limitation, the Telecommunications System, all water, gas, electric and sanitary sewer lines, all of which easements shall be for the benefit of the Condominium (including Mortgagees of any Unit). These easements shall run with the land in perpetuity. Developer has no financial obligation to support such easements.**

B. Developer hereby reserves and declares a perpetual and permanent Water Supply System Easement in favor of the Water Supply System Easement Grantee, in,

over, under and through the Common Elements of the Condominium, as shown on the Condominium Subdivision Plan. To the extent necessary the Water Supply System Easement may not be amended or revoked except with the written approval of the Water Supply System Easement Grantee. The Water Supply System Easement Grantee shall have the right to sell, assign, transfer or convey the Water Supply System Easement to any other governmental unit. Developer and Co-Owners shall not build or convey to others any permission to build any permanent structures on the Water Supply System Easement. Co-Owners shall not build or place any type of structure, fixture, or object, or engage in any activity or take any action, or convey any property interest or right, that would in any way either impair or threaten to impair, obstruct, or adversely affect the rights of the Water Supply System Easement Grantee under the Water Supply herein reserved and declared. The Water Supply System Easement Grantee shall have the right of entry on, and to gain access to, the Water Supply System Easement and all persons acquiring any interest in the Condominium, including without limitation all Co-Owners and Mortgagees, release the Water Supply System Easement Grantee from any and all claims to damages in any way arising or incident to the construction and maintenance of the water supply system or otherwise arising from or incident to the exercise by the Water Supply System Easement Grantee of its rights under the Water Supply System Easement, and all Co-Owners covenant not to sue the Water Supply System Easement.

C. Developer hereby reserves and declares a perpetual and permanent Sanitary Sewer System Easement in favor of the Sanitary Sewer System Easement Grantee, in, over, under and through the Common Elements of the Condominium as shown on the Condominium Subdivision Plan to the extent located in the Condominium. The Sanitary Sewer System Easement may not be amended or revoked except with the written approval of the Sanitary Sewer System Easement Grantee. The Sanitary Sewer System Easement Grantee shall have the right to sell, assign, transfer or convey the Sanitary Sewer System Easement to any governmental unit. Developer and Co-Owners shall not build or convey to others any permission to build any permanent structures on the Sanitary Sewer System Easement. Co-Owners shall not build or place any type of structure, fixture, or object, or engage in any activity or take any action, or convey any property interest or right, that would in any way either impair or threaten to impair, obstruct, or adversely affect the rights of the Sanitary Sewer System Easement Grantee under the Sanitary Sewer Easement herein reserved and declared. The Sanitary Sewer System Easement Grantee shall have the right of entry on, and to gain access to, the Sanitary Sewer System Easement and all persons acquiring any interest in the Condominium, including, without limitation, all Co-Owners and Mortgagees, release the Sanitary Sewer System Easement Grantee from any and all claims to damages in any way arising or incident to the construction and maintenance of the sanitary sewer system or otherwise arising from or incident to the exercise by the Sanitary Sewer System Easement Grantee of its rights under the Sanitary Sewer System Easement, and all Co-Owners covenant not to sue the Sanitary Sewer System Easement Grantee for any such damages.

The rights granted to the Water Supply System Easement Grantee and the Sanitary Sewer System Easement Grantee under this Article 7, Sections A, B, and C above may not be amended without the express written consent of the Water Supply System Easement Grantee, with respect to the Water Supply System Easement, and without the express written consent of the Sanitary Sewer System Easement Grantee, with respect to the Sanitary Sewer System Easement. Any purported amendment or modification of the rights granted under this section shall be void and without legal effect unless agreed to in writing by the Water Supply System Easement Grantee or the Sanitary Sewer System Easement Grantee, as the case may be.

Commented [W55]: Note: All sanitary and water service to the site is via leads only, not main lines. Therefore, there is no easement to the Village for either sanitary service or water service. These related paragraphs may be moot.

D. Developer reserves the right and power to enter into agreements concerning, grant easements over, or dedicate, portions of any of the General Common Elements as may be necessary or desirable: (i) to meet governmental requirements, (ii) in furtherance of the coordinated maintenance and operation of the entire development within which the Condominium is located, (iii) for utility, drainage, conservation, street, safety or construction purposes, (iv) for road and road rights of way purposes, (v) for any purposes consistent with the development of the Condominium or of benefit to the Condominium or its Co-Owners in the judgment of the Developer, and (vi) for the establishment of a Telecommunications System, and all persons acquiring any interest in the Condominium, including, without limitation, all Co-Owners and Mortgagees, shall be deemed irrevocably to have appointed Developer and its successors as agent and attorney-in-fact to make such agreements, easements and dedications. Developer shall have the right, but not the obligation, to convey, transfer, sell, lease, or assign all or any portion of the Telecommunications Systems (if any) located within the Condominium, or all or any portion of the rights, duties, or obligations thereto to the Association or any other person or entity.

E. In the event any portion of a Unit or Common Element encroaches upon another Unit or Common Element due to shifting, settling, or moving of a building, or due to survey errors or construction deviations, reconstruction, or repair, reciprocal easements shall automatically exist for the maintenance of such encroachment for as long as such encroachment exists, and for maintenance thereof after rebuilding in the event of any destruction, and all persons acquiring any interest in the Condominium, including, without limitation, all Co-Owners and Mortgagees shall be deemed to have consented to such easements. There shall be permanent, nonexclusive easements to, through, and over those portions of the land, structures, buildings, improvements, and walls contained therein for the installation, maintenance, and servicing of all utilities in the Condominium, including, but not limited to, lighting, heating, power, sewer, water, the Telecommunications System, and telephone and cable television lines. There shall exist easements of support with respect to any Unit interiors that support a Common Element.

F. The Developer, the Association and all public and private utility companies shall have such easements over, under, across, and through the Condominium, including all Units and Common Elements, as may be necessary to develop, construct, market, and operate any Units within the land described in Article 2 hereof, and also to fulfill any responsibilities of maintenance, repair, decoration or replacement which they or any of them are required or permitted to perform under the Condominium Documents or by law or to respond to any emergency or common need of the Condominium.

G. An easement shall exist for the benefit of the Co-Owners, the Village, any emergency service agency, and other governmental units, over the roads and land described in Article 2 in the Condominium for use by the Village, the United States Postal Service and emergency or other governmental service vehicles. Said easement shall be for purposes of ingress and egress to provide, without limitation, mail delivery, fire and police protection, ambulance and rescue services, and all other lawful governmental and private emergency services to the Condominium and all Co-Owners. This grant of easement shall in no way be construed as a dedication of any streets, roads, or driveways to the public.

H. Easements for the construction, installation, and maintenance of public utilities and for drainage facilities are reserved as shown on the Plan. Within all of the foregoing easements, unless the necessary approvals are obtained from the Village or governmental agency with control thereof, no structure, planting, or other material shall be placed or permitted

to remain which may damage or interfere with the installation and maintenance of such service facilities and utilities, including underground electrical and telephone local distribution systems, or which may change, obstruct or retard the flow or direction of water in and through drainage in the easements, nor shall any change, which may obstruct or retard the flow of surface water or be detrimental to the property of others.

I. A Co-Owner shall be prohibited from transferring the Parking Garage designated to its Unit to another Unit or a third party that does not own a Unit in the Condominium.

ARTICLE 8.
CONVERTIBLE AREAS

Section 1. **Convertible Areas.** The General Common Elements and all unsold Units have been designated on the Condominium Subdivision Plan as Convertible Areas within which the Units and Common Elements may be modified and within which Units may be expanded, moved, deleted, combined, and created. The Developer reserves the right, but not an obligation, to convert the Convertible Areas. The Developer reserves the right, in its sole discretion, during a period ending six (6) years from the date of recording the original Master Deed, to modify the number, type, size, location, and configuration of any Unit that it owns in the Condominium, and to make corresponding changes to the Common Elements, subject to the requirements of local ordinances and building authorities. The changes could include (by way of illustration and not limitation) the deletion of Units from the Condominium and the substitution of General and Limited Common Elements thereof. The maximum number of Units in the Condominium may not exceed 4 Units.

Section 2. **Amendment of Master Deed.** All modifications to the Condominium resulting from or allowed by this Article shall be made by the Developer through amendment(s) to this Master Deed, which amendments may include unilateral adjustments by the Developer in formulas used to determine percentages of value within the Condominium to reflect such changes in the overall makeup of the Unit mix. Any such amendment(s) shall be made solely by the Developer without the necessity of the consent of or execution by any other person now or hereafter interested in the Condominium, whether as owner, mortgagee, or otherwise. All of the Co-owners and mortgagees of Units and other persons interested in the Condominium from time to time shall be deemed to have irrevocably and unanimously consented to such amendment(s) of this Master Deed as may be necessary to effectuate the foregoing. All such interested persons irrevocably appoint the Developer or its successors or assigns as agent or attorney for the purpose of the execution of such amendment(s). Any amendment to the Master Deed that alters the number or type of Units in the Condominium shall, if necessary, readjust the existing percentages of value of Units and the formulas used to determine them, to preserve a total value of one hundred (100%) percent for the entire Condominium.

ARTICLE 9
CONTRACTION OF CONDOMINIUM

Section 1. **Right to Contract.** The Condominium is a "Contractible Condominium" under the Condominium Act. The Developer reserves the right, but not an obligation, to contract the Condominium to as few as two (2) Units. There are no restrictions or limitations on the Developer's right to contract the Condominium except as stated in this Article. The consent of any Co-owner shall not be required to contract the Condominium. All of the Co-owners and mortgagees of Units and persons otherwise interested or that become interested in the

Condominium from time to time shall be deemed to have irrevocably and unanimously consented to such contraction of the Condominium and any amendment or amendments to this Master Deed to effectuate the contraction and to any reallocation of percentages of value of existing Units that the Developer may determine necessary in conjunction with such amendment or amendments. All such interested persons irrevocably appoint the Developer or its successors or assigns as agents and attorney for the purpose of executing such amendment or amendments and all other documents necessary to effectuate the foregoing. Such amendment or amendments may be made without the necessity of re-recording an entire Master Deed or the Exhibits thereto and may incorporate by reference all or any pertinent portions of this Master Deed and the Exhibits.

Section 2. **Recording of Amendment**. Any contraction shall be deemed to have occurred at the time of the recording of an amendment to this Master Deed embodying all essential elements of the contraction. At the conclusion of the contraction of the Condominium, and not later than one (1) year after completion of construction, a Consolidating Master Deed and plans showing the Condominium "as built" shall be prepared and recorded by the Developer. A copy of the recorded Consolidating Master Deed shall be provided to the Association.

Section 3. **Timeframe in which to Contract**. The Developer's right to contract the Condominium shall expire six (6) years after the initial recording of the original Master Deed.

Section 4. **Adjustment to Percentages of Value**. Any amendment to the Master Deed which alters the number of Units in the Condominium shall, if necessary, proportionately readjust the existing percentages of value of Units to preserve a total value of one hundred percent (100%) for the entire Condominium. Percentages of value shall be readjusted and determined in accordance with the method and formula described in Article 6 of this Master Deed, as amended from time to time.

ARTICLE 10. **AMENDMENTS**

This Master Deed and any Exhibits hereto may be amended in the following manner:

Section 1. **Amendments**. Subject to the limitations herein stated, amendments may be made by the Developer or, after the Transitional Control Date, by the Association.

Section 2. **Co-Owner and Mortgagee Consents**. If the amendment will materially change the rights of the Co-Owners or Mortgagees, then such amendment requires the consent of not less than two-thirds (2/3) in value of the votes of all Co-Owners entitled to vote as of the record date of such vote and Mortgagees of the Units (unless a greater majority is specified in the Condominium Bylaws). An amendment that does not materially change the rights of a Mortgagee includes, but is not limited to, any amendment to the Condominium Documents that, in the written opinion of an appropriately licensed real estate appraiser, does not detrimentally change the value of the Unit affected by the amendment. With regard to those amendments on which a Mortgagee is entitled to vote, a Mortgagee shall have one vote for each mortgage held. Determination of when a Mortgagee is entitled to vote on an amendment and the procedure for obtaining Mortgagee votes shall be governed by Sections 90(2) and 90a of the Act.

Section 3. **By Developer**. Notwithstanding Section 2 above, but subject to the limitation of Section 4 below, during the Sales Period, Developer reserves the right to amend

this Master Deed or any of its Exhibits for any of the following purposes without the consent of the Co-Owners or Mortgagees:

A. To modify the dimensions and boundaries of Units owned by Developer and the Limited Common Elements adjoining or appurtenant to unsold Units or to combine Units;

B. To modify the dimensions and boundaries of Units in order to enclose building structures or improvements which were intended to be within the Units;

C. To amend the Bylaws, subject to any restrictions or amendments stated in this Master Deed or the Bylaws;

D. To correct arithmetic errors, typographical errors, survey errors, or any other errors in the Master Deed, Plan or Bylaws;

E. To change or modify the improvements located in the Condominium;

F. To clarify or explain the provisions of the Master Deed or its Exhibits;

G. To comply with the Act or rules promulgated thereunder or with any requirements of any governmental or quasi-governmental agency or any financing institution providing or proposing to provide a mortgage on any Unit or to satisfy the title requirements of any title insurer insuring or proposing to insure title to any Unit;

H. To locate, relocate, reconfigure and/or assign to a Co-Owner the Parking Garages, subject only to the consent of the Co-Owners having the use thereof;

I. To make, define or limit easements affecting the Condominium subject to the limitations and restrictions set forth in this Master Deed;

J. To record an "as-built" Plan showing buildings and/or improvements within the Condominium, if it is deemed desirable to do so;

K. To change a Unit's Percentage of Value, if necessary, in order to conform to the method and formula for determining Percentage of Value as stated in Article 6 above;

L. To revise the Plan, as necessary, to conform with any construction plans revising the existing configuration of the Condominium for purposes which may include combining two (2) Units which are horizontally adjacent to one another into one (1) Unit, if approved by Developer or the Association, as the case may be.

M. To expand the Condominium and to redefine Common Elements and adjust Percentage of Value in connection therewith and to make any other amendments expressly permitted by the Master Deed; and

N. To make any other amendments expressly permitted by this Master Deed or the Bylaws.

The foregoing provisions do not impose upon Developer or the Association any obligation to make such amendments.

Section 4. Notwithstanding any other provision of this Article 10, the method and formula used to determine the Percentage of Value for Units in the Condominium, as described above, may not be modified without the consent of each affected Co-Owner and Mortgagee. A Co-Owner's Unit dimensions or appurtenant Limited Common Elements, if any, may not be modified without the Co-Owner's consent and the consent of any Mortgagee of the Unit. The Association may make no amendment which materially changes the rights of Developer without the written consent of the Developer so long as the Developer owns any Units in the Condominium. Neither the Association nor Developer may make any amendment at any time which materially diminishes the rights of any Co-Owner or which materially increases the obligations of any Co-Owner without the Co-Owner's prior written consent. Co-Owners acknowledge and agree, by acceptance of a deed to a Unit, that amendments made to modify any part of the improvements proposed to be constructed in Snug Harbor Orion Condominium do not constitute a material change to any Co-Owner.

Section 5. Notwithstanding Section 2, but subject to the limitations set forth in Section 4 of this Article 10, Developer expressly reserves the right to amend this Master Deed and its Exhibits for the purpose of complying with any Village requirements or satisfying any Village requests to amend the Condominium Documents. The consent of any Co-Owner shall not be required to make such amendments and all of the Co-Owners and Mortgagees and other persons interested or to become interested in the Condominium from time to time shall be deemed to have irrevocably and unanimously consented to such amendment or amendments to this Master Deed and its Exhibits to effectuate the Village's request or requirement. All such interested persons irrevocably appoint the Developer or its successors, as agent and attorney-in-fact for the purpose of execution of such amendment or amendments to the Master Deed and all other documents necessary to effectuate the foregoing. Such amendments may be effected without the necessity of re-recording an entire Master Deed or the Exhibits thereto and may incorporate by reference all or any pertinent portions of this Master Deed and the Exhibits hereto. Nothing herein contained, however, shall in any way obligate Developer to make such amendments. These provisions give notice to all Co-Owners, Mortgagees, and other persons acquiring interests in the Condominium that such amendments of this Master Deed may be made and recorded, and no further notice of such amendment shall be required.

ARTICLE 11.
ASSIGNMENT

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents, including Development Rights, or by law, and the power to approve or disapprove any act, use or proposed action or any other matter or thing, may be assigned by Developer to any other entity which succeeds to Ownership of Developer's unsold Units or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing duly recorded in the office of the Oakland County Register of Deeds.

(Signature on Following Page)

IN WITNESS WHEREOF, Developer has caused this Master Deed to be executed the day and year first above written.

Snug Harbor Orion LLC, a Michigan limited liability company

By: _____
Dominic F. Mocerì
Its: Authorized Manager

STATE OF MICHIGAN)
) ss.
COUNTY OF OAKLAND)

The foregoing was acknowledged before me June ____, 2025, by Dominic F. Mocerì, Authorized Manager of Snug Harbor Orion LLC, a Michigan limited liability company, on behalf of said company.

Print Name: _____
Notary Public, State of _____
_____ Co. | Comm. Exp.: _____
Acting in _____ County

Drafted by and when recorded return to:
John J. Premo, Esq.
Kickham Hanley PLLC
32121 Woodward Avenue, Suite 300
Royal Oak, Michigan 48073
248-544-1500

EXHIBIT A

Condominium Bylaws

**EXHIBIT A TO MASTER DEED
CONDOMINIUM BYLAWS
SNUG HARBOR ORION CONDOMINIUM**

**ARTICLE 1.
ASSOCIATION OF CO-OWNERS**

Section 1.01. **The Association.** Snug Harbor Orion Condominium, a residential Condominium located in the Village of Lake Orion, Oakland County, Michigan, shall be administered by an association of Co-Owners, which shall be a nonprofit 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, subject to and in accordance with the Master Deed, these Bylaws, the Corporate Bylaws, the Articles of Incorporation, duly adopted rules and regulations of the Association (sometimes collectively referred to herein as the "Condominium Documents"), and the laws of the State of Michigan. All Co-Owners and all persons using or entering upon the Condominium or acquiring any interest in any Unit or the Common Elements shall be subject to the provisions and terms set forth in the Condominium Documents.

Section 1.02. **Purpose of Bylaws.** These Bylaws are designated as both the Condominium Bylaws, relating to the manner in which the Condominium and the common affairs of the Co-Owners of the Units shall be administered, as required by the Act, and the Association or Corporate Bylaws, governing the operation of the Association as a corporate entity, as required by the Michigan Nonprofit Corporation Act.

**ARTICLE 2.
ASSESSMENTS**

Section 2.01. **Taxes and Assessments; Expenses of Administration.** 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 on such tangible personal property shall be treated as expenses of administration. Governmental special assessments and property taxes shall be assessed against the individual Units identified as Units on the Condominium Subdivision Plan and not on the total property of the Condominium or any other part of the Condominium. Governmental special assessments and property taxes in any year in which the property existed as an established Condominium on the tax day shall be assessed against the individual Unit, notwithstanding any subsequent vacation of the Condominium. The levying of all property taxes and governmental special assessments shall comply with applicable provisions of the Act.

Section 2.02. **Expenses and Receipts of Administration.** All costs incurred by the Association in satisfaction of any liability arising within, caused by or in connection with the Common Elements or the administration of the Condominium shall be expenses of administration, and all sums received as proceeds of, or pursuant to, any policy of insurance carried by the Association securing the interests of the Co-Owners against liabilities or losses arising within, caused by or connected with the Common Elements or the administration of the Condominium shall be receipts of administration, within the meaning of Section 54(4) of the Act,

except as modified by the specific assignment of responsibilities for costs contained in Article 4 of the Master Deed.

Section 2.03. **Determination of Assessment.** Assessments shall be determined in accordance with the following provisions:

A. **Annual 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 that may be required for the proper operation, management, and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves. Any adopted budget shall include an allocation to a reserve fund for repairs and replacements of those Common Elements that must be replaced on a periodic basis and those items for which the Association is assigned responsibility under Article 4 of the Master Deed, in accordance with Subsection D below. 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 the year shall be established based upon that 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. Failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Co-Owner's obligation to pay the allocable share of the common expenses as herein provided whenever the same shall be determined and, in the absence of any annual budget or adjusted budget each Co-Owner shall continue to pay each installment at the rate established for the previous fiscal year until notified of any change in the installment payment which shall not be due until at least ten (10) days after such new annual or adjusted budget is adopted. Co-Owners shall have a ten (10) day grace period commencing with notice from the Board of Directors in which to submit their new or adjusted assessment payment.

B. **Additional Assessments.** The Board of Directors shall have the authority to increase the general assessment or to levy such additional assessments as it shall deem to be necessary in the Board's sole discretion, provided that the same shall be required for only the following: (i) to meet deficits incurred or anticipated because current assessments are insufficient to pay the costs of operation and maintenance; (ii) to provide repairs or replacements of existing Common Elements; or (iii) for any emergencies. The Board of Directors shall also have the authority, without the necessity of Co-Owner consent, to levy assessments pursuant to the provisions of Article 5 of these Bylaws. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and the Co-Owners and shall not be enforceable by any creditors of the Association or the Co-Owners except in the event that the Association may voluntarily and conditionally assign the right to levy assessments to any lender in connection with any voluntary loan transaction entered into by the Association.

C. **Special Assessments.** Special assessments, in addition to those described in subsections A and B above, may be made by the Board of Directors from time to time if approved by the Co-Owners as provided herein, to meet other requirements of the Association, including, but not limited to: (i) assessments to purchase a Unit upon foreclosure of the lien for assessments described hereafter; (ii) assessments to provide additions to the Common Elements; or (iii) assessments for any other appropriate purpose not elsewhere described. Special Assessments as provided for by this subsection shall not be levied without the prior approval of more than 60% of all Co-Owners in good standing and entitled to vote. The authority to levy assessments pursuant to this subsection is solely for the benefit of the Association and the Co-Owners and shall not be enforceable by any creditors of the Association

or the Co-Owners except in the event that the Association may voluntarily and conditionally assign the right to levy assessments to any lender in connection with any voluntary loan transaction entered into by the Association.

D. **Reserve Fund.** The Board of Directors shall maintain a reserve fund for repairs and replacements of those Common Elements that must be replaced on a periodic basis and those items for which the Association is assigned responsibility under Article 4, Section 3 of the Master Deed, which reserve fund shall be in the amount of not less than ten percent (10%) of the Association's annual budget (excluding that portion of the budget allocated to the reserve fund itself). At least two (2) Directors must sign any checks or provide written authorization before any funds may be drawn from the reserve fund account. The Association may increase or decrease the reserve fund but may not reduce it below ten percent (10%) of the Association's annual budget (not including expenditures from, or payments to, the reserves). The reserve must be funded at least annually from the proceeds of the regular assessments set forth in subsection A of this Section; however, the reserve may be supplemented by additional assessments if determined necessary by the Board of Directors. The minimum standard required by this subsection may prove to be inadequate. The Board of Directors shall annually consider the needs of the Condominium to determine if a greater amount should be set aside in reserve or if additional reserve funds should be established for any other purposes. The Board may adopt such rules and regulations as it deems desirable from time to time with respect to type and manner of investment, funding of the reserves, disposition of reserves or any other matter concerning the reserve account(s).

Section 2.04. **Payment of Assessments and Penalty for Default.** All assessments levied against the Co-Owners to cover expenses of administration shall be apportioned among and paid by the Co-Owners equally without increase or decrease for the existence of any rights to the use of Limited Common Elements. Annual assessments shall be payable by Co-Owners in twelve (12) equal monthly or in such installments as may be provided by the Board in its sole discretion, 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. Additional and Special Assessments shall be payable as stated in the notice announcing their levy. The payment of an assessment shall be in default if such assessment, or any part of the assessment, is not paid to the Association in full on or before the due date for such payment, which shall be the first (1st) day of each calendar month or such other date as may be established from time to time by the Board of Directors for any assessment. Assessments in default shall bear interest at the highest rate allowed by law (currently 7%) until paid in full. In addition, all assessments, or installments of assessments, that remain unpaid ten (10) days after the due date, shall incur a uniform late charge of Twenty-five and no/100 Dollars (\$25.00), to compensate the Association for administrative costs incurred as a result of the delinquency. The Board of Directors may revise the uniform late charges from time to time and may levy additional late fees for special and additional assessments, without the necessity of amending these Bylaws. Each Co-Owner (whether one or more persons) shall be personally liable for the payment of all assessments (including late fees and costs of collection and enforcement of payment, including actual attorneys' fees) levied against their Unit while such Co-Owner has an ownership interest therein. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including attorney's fees; second, to any interest charges, fines, and late fees on such installments; and third, to installments in default in order of their due dates. A Co-Owner selling a Unit shall not be entitled to any refund whatsoever from the Association with respect to any reserve account or other asset of the Association.

Section 2.05. **Waiver of Use or Abandonment of Unit.** No Co-Owner may exempt himself from liability for their contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of their Unit.

Section 2.06. **Enforcement.**

A. **Statutory Lien.** Sums assessed to a Co-Owner that are unpaid, together with interest on such sums, collection and late charges, advances made by the Association for taxes or other liens to protect its lien, attorneys' fees and fines (as allowed by the Condominium Documents or the Act), constitute a lien upon the Unit or Units owned by the Co-Owner at the time of the assessment before other liens except tax liens on the Unit in favor of any state or federal taxing authority and sums unpaid on the first mortgage of record, except that past due assessments which are evidenced by a notice of lien, recorded as provided herein, have priority over a mortgage recorded subsequent to the recording of the notice and affidavit of lien. The lien upon each Unit owned by the Co-Owner shall be in the amount assessed against the Unit, plus a proportionate share of the total of all other unpaid assessments attributable to Units no longer owned by the Co-Owner but which became due while the Co-Owner had title to the Units. The lien may be foreclosed by judicial action or by advertisement in the name of the Condominium on behalf of the other Co-Owners as hereinafter provided.

B. **Remedies.** The Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of assessments, or both. A Co-Owner may not withhold or escrow assessments, and may not assert in an answer, or set-off to a complaint brought by the Association for nonpayment of assessments, the fact that the Association or its agents have not provided services or management to a Co-Owner. A Co-Owner in default shall not be qualified to run for or function as an officer or Director of the Association and shall not be entitled to vote so long as such default continues. The Association may also discontinue the furnishing of any services to a Co-Owner in default. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-Owner or any persons claiming under them, and if the Unit is not occupied by the Co-Owner, to lease the Unit and collect and apply the rents received. The Association may also assess fines for late payment or nonpayment of assessments in accordance with these Bylaws. All remedies shall be cumulative and not alternative.

C. **Foreclosure of Lien.** Each Co-Owner, and every other person who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments, costs, and expenses, either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, and the provisions of Section 108 of the Act, 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 obligation of the parties to such actions. Further, each Co-Owner and every other person who from time to time has any interest in the Condominium, shall be deemed to have authorized and empowered the Association to sell or to cause to be sold the Unit (and improvements) with respect to which assessments 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 acknowledges that at the time of acquiring title to such Unit they were notified of the provisions of this Section 2.06 and that they 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.

D. **Notice of Action.** Notwithstanding the foregoing, neither a judicial foreclosure action nor a suit at law for a money judgment shall be commenced, nor shall any notice of foreclosure by advertisement be published, until the expiration of ten (10) days after mailing by first class mail, postage prepaid, addressed to the delinquent Co-Owner(s) at their last known address, of a written notice that one or more installments of the annual, additional or special assessment, as the case may be, levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (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, attorneys' 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 Oakland County Register of Deeds prior to the 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 ten (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 representative designated above and shall inform such representative that they may request a judicial hearing by bringing suit against the Association.

E. **Expenses of Collection.** All expenses incurred in collecting unpaid assessments, including interests, fines, costs, actual attorneys' fees (not limited to statutory fees and including attorneys' fees and costs incurred incidental to any bankruptcy proceedings filed by the delinquent Co-Owner or probate or estate matters, including monitoring any payments made by the bankruptcy trustee or the probate court or estate to pay any delinquency, and/or attorneys' fees and costs incurred incidental to any State or Federal Court proceeding filed by the Co-Owner) and advances for taxes or other liens or costs paid by the Association to protect its lien, shall be chargeable to the Co-Owner in default and shall be secured by the lien on their Unit.

Section 2.07. **Liability of Mortgagee.** Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit, or its successors and assigns, which obtains title to the Unit pursuant to the foreclosure remedies provided in the mortgage, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which become due prior to the acquisition of title to the Unit by such person or entity (the date of the foreclosure sale), except for claims for a pro-rata share of such assessments or charges resulting from a pro-rata reallocation of such assessments or charges to all Units including the mortgaged Unit, and except for claims evidenced by a Notice of Lien recorded prior to the recordation of the first mortgage.

Section 2.08. **Assessment Status upon Sale of Unit.** Upon the sale or conveyance of a Unit, any unpaid assessments, interest, late fees, fines, costs, and attorneys' fees against the Unit shall be paid out of the net proceeds of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature except (a) amounts due the State of Michigan or any subdivision of the State for taxes or special assessments due and unpaid and (b) payments due under first mortgages having priority to the unpaid assessments. A purchaser of a Unit is entitled to a written statement from the Association setting forth the amount of unpaid assessments, interest, late fees, fines, costs and attorneys' fees outstanding against the

Unit and the purchaser is not liable for any unpaid assessments, interest, late fees, fines, costs and attorneys' fees in excess of the amount set forth in such written statement, nor shall the Unit be subject to any lien for any amounts in excess of the amount set forth in the written statement. Any purchaser or grantee who fails to request a written statement from the Association as provided herein at least five (5) days before the conveyance shall be liable for any unpaid assessments against the Unit together with interest, late fees, fines, costs, and attorneys' fees incurred in connection with the collection of such assessments.

Section 2.09. **Developer's Liability for Assessments**. Notwithstanding any other provision of the Condominium Documents, during the Development and Sales Period the Developer shall not be liable for payment of any assessments, general, additional, or special, levied by the Association except with respect to Unit(s) owned by the Developer and which are occupied by a tenant or other occupant for use as a residential dwelling ("Completed Units"). "Completed Units" shall mean Unit(s) with respect to which a Certificate of Occupancy for the Residence to be constructed upon the Unit has been issued by the local building department. The Developer, however, shall pay for actual expenses attributable directly to the Developer's incomplete Units, if any. Expenses of administration directly benefiting Developer's incomplete or never occupied Units shall be prorated by dividing the number of Developer's incomplete Units by the total number of Units in the Condominium to determine the Developer's attributable expense liability. The Association shall invoice the Developer for such expenses every ninety (90) days. Unpaid expenses shall not be subject to the Association's lien remedies. In no event shall the Developer be responsible for payment of any assessment, or be responsible for reimbursement of Association costs relating to funding of the reserve account, purchase of a Unit from the Developer, to fund or contribute to any litigation, or investigation costs related thereto by the Association, or for repairs and maintenance to individual Units sold to Co-Owners other than the Developer or the General Common Elements not utilized by the Developer.

Section 2.10. **Construction Liens**. Construction liens attaching to any portion of the Condominium shall be subject to the following limitations and Section 132 of the Act:

A. Except as provided herein, a construction lien for work performed upon a Unit or upon a Limited Common Element may attach only to the Unit upon which the work was performed.

B. A construction lien for work authorized by the Association may attach to each Unit only to the proportionate extent that the Co-Owner of the Unit is required to contribute to the expenses of administration as provided by the Condominium Documents.

C. A construction lien may not arise or attach to a Unit for work performed on the Common Elements not contracted for by the Association.

ARTICLE 3. **ARBITRATION**

Section 3.01. **Arbitration**. Subject to Section 3.05 of this Article, 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 Co-Owners, or between a Co-Owner or Co-Owners and the Association shall, upon the election and written consent of the parties to any such disputes, claims or grievances and written notice to the Association, if applicable, be submitted to arbitration under the procedures set forth in the Uniform Arbitration Act and parties thereto shall accept the arbitrator's decision as final and

binding. 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. Any agreement to arbitrate pursuant to this Section shall include an agreement between the parties that the judgment of any Circuit Court of the State of Michigan may be rendered upon any award rendered pursuant to such arbitration.

Section 3.02. **Right to Judicial Action.** In the absence of the election and written consent of the parties pursuant to Section 3.01, above, no Co-Owner or the Association shall be precluded from petitioning the courts to resolve any such disputes, claims, or grievances.

Section 3.03. **Effect of Election to Arbitrate.** Election by the parties to submit any such dispute, claim or grievance to arbitration shall preclude such parties from litigating such dispute, claim or grievance in the courts.

Section 3.04. **Mediation.** Regardless of the other remedies available under these Bylaws or the Act, the parties to any dispute shall have the ability to agree to mediate any disputes. In instances involving a dispute between two or more Co-Owners that has been presented to the Association, the Association may compel the disputing Co-Owners to first attempt to mediate the dispute before considering any other action. All compelled mediation shall be conducted by qualified outside mediators at the expense of the disputing Co-Owners. In all other instances, mediation shall be totally voluntary and upon agreement of the disputing parties.

Section 3.05. **Statutory Arbitration Rights between Co-Owners and Developer.** By purchase of a Unit, Co-Owners agree as follows:

A. At the exclusive option of a Co-Owner, the Developer shall execute a contract to settle by arbitration any claim that might be the subject of a civil action against the Developer, involves an amount less than \$2,500.00, and arises out of or relates to a purchase agreement, Unit, or the Condominium.

B. At the exclusive option of the Association, the Developer shall execute a contract to settle by arbitration any claim that might be the subject of a civil action against the Developer, arises out of or relates to the Common Elements, and involves an amount of \$10,000.00 or less.

C. With respect to all arbitration under this Article, (i) judgment of the Circuit Court of the State of Michigan for the jurisdiction in which the Condominium is located may be rendered upon any award pursuant to such arbitration and the parties thereto shall accept the arbitrator's decision as final and binding, (ii) the Commercial Arbitration Rules of the American Arbitration Association, as amended and in effect from time to time hereafter, shall be applicable to such arbitration, and (iii) the agreement herein to arbitrate precludes the parties from litigating such claims in the courts.

Section 3.06. **Approval of Civil Actions.** Actions on behalf of and against the Co-Owners shall be brought in the name of the Association. Subject to the express limitations on actions in these Bylaws, the Association may assert, defend, or settle claims on behalf of all Co-Owners in connection with the Common Elements. The commencement of any civil action or arbitration (other than one to enforce the Condominium Documents or collect delinquent assessments) shall require the approval of a majority of the Co-Owners and shall be governed by the requirements of this Section. The requirements of this Section will ensure that Co-

Owners are fully informed regarding the prospects and likely costs of any civil action the Association proposes to engage in, as well as the ongoing status of any civil actions actually filed by the Association. These requirements are imposed in order to reduce both the cost of litigation and the risk of improvident litigation, and in order to avoid the waste of the Association's assets in litigation through additional or special assessments where reasonable and prudent alternatives to the litigation exist. Each Co-Owner shall have standing to sue to enforce the requirements of this Section. The following procedures and requirements apply to the Association's commencement of any civil action other than an action to enforce these Bylaws or to collect delinquent assessments:

A. **Board of Directors' Recommendation to Co-Owners.** The Board of Directors shall be responsible in the first instance for recommending to the Co-Owners that a civil action be filed, and supervising and directing any civil actions that are filed.

B. **Litigation Evaluation Meeting.** If an attorney is to be engaged for purposes of filing a civil action on behalf of the Association, the Board of Directors shall call a special meeting of the Co-Owners ("litigation evaluation meeting") for the express purpose of evaluating the merits of the proposed civil action. The notice requirements for a regular meeting of the Association shall apply. The Board of Directors shall provide to all Co-Owners in advance of such meeting all necessary information related to the proposed civil action so as to allow Co-Owners to make an informed decision as to the merits and estimated costs of such proceeding, how the litigation will be funded, all possible alternatives to litigation, the history of actions taken to date to avoid litigation, and all opinions of experts retained or hired by the Association to give advice concerning the proposed action.

C. **Fee Agreement with Litigation Attorney.** The Association shall have a written fee agreement with the litigation attorney, and any other attorney retained to handle the proposed civil action. The Association shall not enter into any fee agreement that is a combination of the retained attorney's hourly rate and a contingent fee arrangement unless the existence of the agreement is disclosed to the Co-Owners prior to the litigation evaluation meeting.

D. **Co-Owner Vote Required.** At the litigation evaluation meeting the Co-Owners shall vote on whether to authorize the Board of Directors to proceed with the proposed civil action. The commencement of any civil action by the Association (other than a suit to enforce the Condominium Documents or collect delinquent assessments) shall require the approval of a majority of all of the Co-Owners.

E. **Disclosure of Litigation Expenses.** The attorneys' fees, court costs, expert witness fees and all other expenses of any civil action filed by the Association ("litigation expenses") shall be fully disclosed to Co-Owners in the Association's annual reviewed financial statements. The litigation expenses for each civil action filed by the Association shall be listed as a separate line item captioned "litigation expenses" in the Association's annual budget and annual reviewed financial statements.

ARTICLE 4.
INSURANCE

Section 4.01. **Extent of Coverage; Responsibility for Coverage.**

A. **Association Responsibilities.**

1. **Casualty.** The Association shall insure all General Common Elements of the Condominium and all other improvements for which the Association has responsibility under Article 4 of the Master Deed against fire, vandalism, malicious mischief, and other perils covered by a standard extended coverage endorsement, in an amount equal to one hundred percent (100%) of the current replacement cost of the insurable improvements, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association.

2. **Liability, Worker's Compensation, Fidelity Bond, Directors and Officers, and Other Required Coverage.** The Association shall also carry (1) liability insurance with coverage in an amount not less than One Million Dollars (\$1,000,000.00) for a single occurrence pertinent to the ownership, use, and maintenance of the Common Elements of the Condominium that are the Association's responsibility under Article 4 of the Master Deed, (2) worker's compensation insurance, if applicable, (3) fidelity bond or equivalent employee dishonesty/crime coverage in the minimum amount of a sum equal to three months aggregate assessments on all Units plus reserve funds on hand, with such fidelity bond or equivalent employee dishonesty/crime insurance covering all officers, directors, and employees of the Association and all other persons, including any management agent, handling or responsible for any monies received by or payable to the Association (it being understood that if the management agent or others cannot be added to the Association's coverage, they shall be responsible for obtaining the same type and amount of coverage on their own before handling any Association funds), (4) Directors and Officers Liability coverage, and (5) such other insurance as the Board of Directors deems advisable.

3. **Optional Umbrella Insurance.** The Association may purchase as an expense of administration an umbrella insurance policy which covers any risk required hereunder that was not covered due to lapse or failure to procure.

4. **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. Co-Owners shall obtain additional insurance upon their Units, at their own expense, in addition to the coverage carried by the Association. It shall be each Co-Owner's responsibility to obtain insurance coverage for personal property located within a Unit or elsewhere in the Condominium and for personal liability for occurrences within a Unit or upon Limited Common Elements appurtenant to a Unit and also for alternative living expense in event of fire, and the Association shall have absolutely no responsibility for obtaining such coverages.

5. **Amount of Insurance on Common Elements.** All Common Elements of the Condominium and all improvements which the Association is responsible to restore under Section 5.04 hereof shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the appropriate percentage of maximum insurable replacement value as determined annually by the Board of Directors of the

Association. The insurance may be subject to a reasonable deductible determined by the Board of Directors. Any other improvements shall be covered by insurance obtained by and at the expense of said Co-Owner; provided that, if the Association elects to include such improvements under its insurance coverage, any additional premium cost to the Association attributable thereto may be assessed to and borne solely by said Co-Owner and collected as part of the assessments against said Co-Owner under Article 2 hereof.

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

7. **Benefited Parties; Notice to Mortgagees.** All such insurance shall be purchased by the Association for the benefit of the Association, the Co-Owners, and their mortgagees, as their interests may appear, and provision shall be made for the issuance of certificates of mortgage endorsements to the mortgagees of Co-Owners.

8. **Insurance Records.** All information in the Association's records regarding insurance coverage on improvements for which the Association is responsible shall be made available to all Co-Owners and mortgagees upon request and reasonable notice during normal business hours.

9. **Proceeds of Association Insurance Policies.** Proceeds of all Association insurance policies shall be received by the Association, held in a separate account and distributed to the Association, 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 these Bylaws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction shall be applied for such repair or reconstruction, and in no event shall hazard insurance proceeds be used for any purpose other than for repair, replacement, or reconstruction of the Condominium unless all of the affected institutional holders of first mortgages on Units have given their prior written approval.

10. **Authority of Association to Settle Insurance Claims.** Each Co-Owner, by ownership of a Unit in the Condominium, shall be deemed to appoint the Association as the Co-Owner's 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, carried by the Association pertinent to the Condominium, with such insurer as may, from time to time, be designated to provide such insurance for the Condominium. 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.

B. **Co-Owner Responsibilities.** Each Co-Owner shall also be obligated to obtain insurance coverage for their personal liability for occurrences within the perimeter of their Unit, appurtenant Limited Common Elements, and the improvements located thereon, and also for any other personal or business insurance coverage that the Co-Owner wishes to carry. Each Co-Owner shall deliver certificates of insurance to the Association as may be requested from time to time to evidence the continued existence of all insurance required to be maintained

by the Co-Owner hereunder. In the event a Co-Owner fails to obtain such insurance or to provide evidence of such insurance to the Association, the Association may, but is not required to, obtain such insurance on behalf of such Co-Owner and the premiums paid shall constitute a lien against the Co-Owner's Unit which may be collected from the Co-Owner in the same manner that Association assessments may be collected in accordance with these Bylaws. **Co-Owners are strongly advised to consult their insurance advisors to make sure they have all necessary and appropriate coverage required by this Section.**

C. **Waiver of Subrogation; Cross-Liability Endorsements.** The Association and all Co-Owners shall use their best efforts to see that all property and liability insurance carried by the Association or any Co-Owner shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against any Co-Owner or the Association. The Association's liability insurance shall, where appropriate, contain cross-liability endorsements to cover liability of the Co-Owners as a group to another Co-Owner.

Section 4.02. **Association as Attorney-in-Fact.** Each Co-Owner, by ownership of a Unit in the Condominium, shall be deemed to appoint the Association as their true and lawful attorney-in-fact to act in connection with all matters concerning any insurance carried by the Association. Without limitation on the generality of the foregoing, the Association shall have full power and authority to purchase and maintain such insurance, to collect and remit premiums, to collect proceeds and to distribute the same to the Association, the Co-Owners and respective mortgagees, as their interests may appear but 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.

Section 4.03. **Indemnification.** Each Co-Owner shall indemnify and hold harmless the Association for all damages and costs, including attorneys' fees, which the Association may suffer as a result of defending any claim arising out of an occurrence for which the individual Co-Owner is required to carry coverage pursuant to this Article, and shall carry insurance to secure this indemnity if so required by the Association. This Section shall not be construed to give any insurer any subrogation right or other right or claim against any individual Co-Owner.

ARTICLE 5.

RECONSTRUCTION OR REPAIR IN CASE OF CASUALTY; EMINENT DOMAIN

Section 5.01. **Reconstruction or Repair Unless Unanimous Vote to the Contrary.** If any part of the Condominium shall be partially or completely destroyed, it shall be reconstructed or repaired unless it is determined by all Co-Owners and first mortgagees that the Condominium shall be terminated. Responsibility for restoration shall be as set forth in this Article 5.

Section 5.02. **Repair in Accordance with Master Deed and Plans and Specifications.** Any such reconstruction or repair shall be substantially in accordance with the Master Deed and the plans and specifications for the Condominium to a condition as comparable as possible to the condition existing prior to damage unless the Co-Owners shall unanimously decide otherwise.

Section 5.03. **Responsibility for Reconstruction and Repair.** If the damage is only to a part of a Unit which is the responsibility of a Co-Owner to maintain and repair, it shall be the responsibility of the Co-Owner to repair such damage in accordance with Section 4 hereof. In all other cases, the responsibility for reconstruction and repair shall be that of the Association. It

is intended that the Co-Owner's responsibility for damage is limited to minor accidents in which doors, windows and drywall are broken or penetrated and not to major damage from fire or other casualty which affects common elements and other structural components. In the latter case, the proceeds of the insurance carried by the Association shall be used to restore the improvements as set forth herein, except as stated in Section 5.04 below.

Section 5.04. **Association Responsibility for Reconstruction and Repair.** The Association shall be responsible for the reconstruction and repair of the Common Elements (except as specifically otherwise provided in the Master Deed) and any incidental damage to a Unit caused by such Common Elements or the reconstruction and repair thereof. In that event, the Association shall be responsible for the restoration of the roof, outer walls, all structural components, foundation and basement walls, windows, doors, interior walls and interior side of perimeter walls (studs installed but without drywall), pipes, wires, conduits, ducts, plumbing and electrical lines, and electrical services boxes and switches, all to the point of connection with appliances, lights, and other equipment for which Co-Owners are responsible. Immediately after a casualty causing damage to property for which the Association has the responsibility of 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 repayment of the costs thereof are insufficient, assessments 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. Assessments pursuant to this Section 5.04 may be made by the Association without a vote of the Co-Owners. In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, the Association shall promptly notify each institutional holder of a first mortgage lien on any Unit in the Condominium.

Section 5.05. **Damage to Part of Unit Which a Co-Owner Has the Responsibility to Repair.** Each Co-Owner shall be responsible for the reconstruction and repair of the items for which the Association is not responsible on the interior of the Co-Owner's Unit, including all upgrades, flooring, floor coverings, drywall, wall coverings, window shades, draperies, interior trim, cabinetry, furniture, light fixtures, and all appliances, whether free standing or built in, the furnace, water heater, bathroom and kitchen fixtures, and air conditioning units. In the event damage to any of the foregoing, or to interior walls within a Co-Owner's Unit or to pipes, wires, conduits, ducts, or other Common Elements therein is covered by insurance held by the Association, then the reconstruction or repair shall be the responsibility of the Association in accordance with Section 5.04. All personal property of the Co-Owner shall be covered only by the Co-Owner's separate insurance. If any other interior portion of a Unit is 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 subject to the rights of mortgagees.

Section 5.06. **Responsibility for Amounts within Insurance Deductible or Otherwise Uninsured.** Notwithstanding any other provision of the Condominium Documents, except to the extent that a lack of insurance results from a breach of the Association's or other Co-Owner's duty to insure, the responsibility for damage to any portion of the Condominium that is within the limits of any applicable insurance deductible, unless waived, and for any other

uninsured amount, shall be borne by the responsible Co-Owner whenever the damage is the result of a failure to observe or perform any requirement of the Condominium Documents, or if the damage results from damage to or misuse of any of the Common Elements by the Co-Owner, or their family, guests, agents, or invitees, or by casualties and occurrences, whether or not resulting from Co-Owner negligence, involving items or Common Elements which are the responsibility of the Co-Owner to maintain, repair, and replace. This Section shall not be construed to afford any insurer any subrogation right or other claim or right against a Co-Owner.

Section 5.07. **Indemnification.** Each Co-Owner shall indemnify and hold the Association harmless for all damages and costs, including, without limitation, actual attorneys' fees (not limited to reasonable attorneys' fees), which the Association suffers as the result of defending any claim arising out of an occurrence on or within such Co-Owner's Unit or a Common Element for which the Co-Owner is assigned the responsibility to maintain, repair, and replace. Each Co-Owner shall carry insurance to secure this indemnity. This Section shall not be construed to afford any insurer any subrogation right or other claim or right against a Co-Owner.

Section 5.08. **Eminent Domain.** Section 133 of the Act (to the extent not inconsistent with the following) and the following provisions shall control upon any taking by eminent domain:

A. **Common Elements Taken by Eminent Domain.** If any portion of the Common Elements is taken by eminent domain, the award shall be allowed to the Co-Owners in proportion to their respective undivided interests in the Common Elements. The Association, acting through its Board of Directors, may negotiate on behalf of all Co-Owners for any taking of the Common Elements and any negotiated settlement approved by more than two-thirds (2/3) of the Co-Owners shall be binding on all Co-Owners.

B. **Unit Taken by Eminent Domain.** If a Unit is taken by eminent domain, the undivided interest in the Common Elements appertaining to the Unit shall appertain to the remaining Units, being allocated to them in proportion to their respective undivided interests in the Common Elements. The court shall enter a decree reflecting the reallocation of the undivided interest in the Common Elements as well as for the Unit.

C. **Partial Taking of a Unit.** If portions of a Unit are taken by eminent domain, the court shall determine the fair market value of the portions of the Unit not taken. The undivided interest of such Unit in the Common Elements shall be reduced in proportion to the diminution in the fair market value of such Unit resulting from the taking. The portions of undivided interest in the Common Elements thereby divested from the Co-Owners of such Unit shall be reallocated among the other Units in the Condominium in proportion to their respective undivided interests in the Common Elements. A Unit partially taken shall receive the reallocation in proportion to its undivided interest as reduced by the court under this subsection. The court shall enter a decree reflecting the reallocation of undivided interests produced thereby, and the award shall include just compensation to the Co-Owner of the Unit partially taken for that portion of the undivided interest in the Common Elements divested from the Co-Owner and not revested in the Co-Owner pursuant to the following subsection, as well as for that portion of the Unit taken by eminent domain.

D. **Impossibility of Use of Portion of Unit not Taken by Eminent Domain.** If the taking of a portion of a Unit makes it impractical to use the remaining portion of that Unit for a lawful purpose permitted by the condominium documents, then the entire undivided interest in the Common Elements appertaining to that Unit shall appertain to the

remaining Units, being allocated to them in proportion to their respective undivided interests in the Common Elements. The remaining portion of that Unit shall be a Common Element. The court shall enter an order reflecting the reallocation of undivided interests produced thereby, and the award shall include just compensation to the Co-Owner of the Unit for the Co-Owner's entire undivided interest in the Common Elements and for the entire Unit.

E. **Future Expenses of Administration Appertaining to Units Taken by Eminent Domain.** Votes in the Association of Co-Owners and liability for future expenses of administration appertaining to a Unit taken or partially taken by eminent domain shall appertain to the remaining Units, being allocated to them in proportion to their relative voting strength in the Association. A Unit partially taken shall receive a reallocation as though the voting strength in the Association was reduced in proportion to the reduction in the undivided interests in the Common Elements.

F. **Condominium Continuation after taking by Eminent Domain.** In the event the Condominium continues after a taking by eminent domain, then the remaining portion of the Condominium shall be resurveyed and the Master Deed amended accordingly. 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, but only with the prior written approval of holders of two-thirds (2/3rds) of all first mortgage liens on individual Units.

G. **Condemnation or Eminent Domain Proceeding.** In the event any Unit, 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.

Section 5.09. **Rights of First Mortgagees.** Nothing contained in the Condominium Documents shall be construed to give a Co-Owner, or any other party, priority over any rights of first mortgagees of Units pursuant to their mortgages in the case of a distribution to Co-Owners of insurance proceeds or condemnation awards for losses to or a taking of Units or Common Elements

Section 5.10. **Notification to Mortgagees and Guarantors.** The Association shall give the holder of any first mortgage and any guarantors of the mortgage covering any Unit timely written notice of any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing the mortgage.

ARTICLE 6. **RESTRICTIONS**

Section 6.01. **Use of Unit.**

A. **Single Family Use.** No Unit shall be used for other than single-family residential purposes as defined by Village of Lake Orion Zoning Ordinances, and the Common Elements shall be used only for purposes consistent with the use herein stated. No Co-Owner shall carry on any business enterprise or commercial activities anywhere on the Common Elements or within the Units. Co-Owners shall be allowed to have home offices in their Units, provided the same (1) do not involve additional pedestrian or vehicular traffic by customers, users, or beneficiaries of the services being performed and/or congestion within the

Condominium, (2) do not utilize or involve the presence of any employees within the Unit other than the individual Co-Owner(s) and their families, (3) do not disturb other Co-Owners, (4) do not involve additional expense to the Association (such as utility charges and insurance), and (5) do not violate any other provision or restriction contained in the Condominium Documents, (6) do not involve the storage of bulk goods for resale, and (7) do not constitute a violation of any ordinances or regulations of the Village of Lake Orion.

B. **Occupancy Restrictions.** The number of persons allowed to occupy or reside in any Unit shall be governed by the restrictions and regulations of the Building Officials and Code Administrators National Property Maintenance Code or such other codes or ordinances that may be adopted by the Village of Lake Orion from time to time governing occupancy. Such restrictions shall automatically change, without the necessity of an amendment to these Bylaws, upon the adoption of alternative regulations by the Village of Lake Orion, such that the occupancy of all Units shall be in accordance with all Village of Lake Orion regulations at all times.

Section 6.02. **Leasing and Rental of Units.**

A. **Right to Lease.** Co-owners, including Developer, may rent any number of Units at any time for any term of occupancy subject to the Rules and Regulations of the Association.

B. **Procedures for Leasing.** The leasing of Units shall conform to the following provisions:

1. **Disclosure.** A Co-Owner desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential tenant, and shall at the same time supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If no lease form is to be used, then the Co-Owner shall supply the Board with the name and address of the potential lessee or other occupants, along with the amount and due dates of any rental or compensation payable to the Co-Owner, and the term of the proposed occupancy arrangement. The Co-Owner shall not lease their Units prior to the Association approving the lease form for its compliance with the Condominium Documents. The Association may also require the use of a standard lease addendum. Each Co-Owner shall, promptly following the execution of any approved lease of a Unit, forward a true copy of the fully executed lease to the Association. Co-Owners who do not live in the Unit they own must keep the Association informed of their current correct address and phone number(s).

2. **Administrative Fee.** The Board of Directors may charge such reasonable administrative fees for reviewing, approving, and monitoring lease transactions in accordance with this Section as the Board, in its discretion, may establish. Any such administrative fees shall be assessed to and collected from the leasing Co-Owner in the same manner as the collection of assessments under Article 2 of these Bylaws.

3. **Compliance with Condominium Documents.** Tenants or non-Co-Owner occupants shall comply with all of the conditions of the Condominium Documents.

4. **Default by Tenant.** If the Association determines that a tenant or non-Co-Owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:

a. **Notification.** The Association shall notify the Co-Owner by certified mail advising of the alleged tenant violation.

b. **Time to Cure.** The Co-Owner shall have fifteen (15) days after receipt of such notice to investigate and correct the alleged tenant or non-Co-Owner occupant breach or advise the Association that a violation has not occurred.

c. **Remedies.** If after fifteen (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 the Association is under the control of the Developer) an action for eviction against the tenant or non-Co-Owner occupant for breach of the conditions of the Condominium Documents. The relief set forth in this Section may be by summary proceeding, although the Association may pursue relief in any Court having jurisdiction and whether by summary proceeding or otherwise. The Association may hold the tenant, the non-Co-Owner occupant, and the Co-Owner liable for any damages caused by the Co-Owner, tenant, or non-Co-Owner occupants. The Co-Owner shall be responsible for reimbursing the Association for all costs incurred as a result of a tenant's or non-Co-Owner occupant's failure to comply with the Condominium Documents, including the pre-litigation costs and actual attorneys' fees incurred in obtaining their compliance with the Condominium Documents.

5. **Notice to Pay Rent Directly to Association.** When a Co-Owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to the Co-Owner's tenant or non-Co-Owner occupant and the tenant non-Co-Owner occupant after receiving the notice shall deduct from their rental payments to the Co-Owner the arrearage and future assessments as they fall due and shall pay them to the Association. The deductions shall not be a breach of the rental agreement or lease by the tenant or non-Co-Owner occupant. If the tenant or non-Co-Owner occupant, after being so notified, fails, or refuses to remit rent to the Association that is otherwise due the Co-Owner, then the Association may (1) prohibit the tenant from utilizing any of the General Common Elements, (2) issue a statutory Notice to Quit for non-payment of rent, and enforce that notice by summary proceedings, and/or (3) initiate proceedings pursuant to Section 112(4)(b) of the Act.

C. **Rent Loss Insurance Coverage.** Those Co-Owners who rent their Unit are advised to obtain insurance coverage for reimbursement of rental income that may be lost while the Unit is being repaired, rebuilt, or is otherwise not capable of being occupied. The Association shall have absolutely no responsibility for obtaining such coverage, and Co-Owners shall have absolutely no claim against the Association for lost rental income.

SECTION 6.03 **Architectural Control.**

A. **Alterations and Modifications.** No Co-Owner shall make alterations in exterior appearance or make structural modifications to the Unit including without limitation any Residence or other structures, improvements or landscaping (including color or material used) or make changes, including changes in use, in any of the Common Elements, Limited or General, without the express written approval of the Developer, including by way of example only exterior painting, replacement of windows, or the erection of lights, awnings, shutters, doors, mailboxes, spas, hot tubs, decks, walls or other exterior attachments or modifications. The erection of antennas, DBS reception devices, and other technologies regulated by the Federal Communications Commission, shall be in accordance with duly promulgated Rules and Regulations of the Association, which shall at all times be deemed to be and/or construed so as

not to violate FCC regulations applicable thereto. In the event a Co-Owner fails to maintain or repair any modification or improvement to the satisfaction of the Developer, the Developer 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 2 hereof. The Co-Owner shall indemnify and hold the Developer and the Association harmless from and against all costs, damages, and liabilities incurred with respect to said modification or improvement. No attachment, appliance or other item may be installed that is designed to kill or repel insects or other animals by light or humanly audible sound. No Co-Owner shall in any way restrict access to any utility line, any Easement, or any other element that must be accessible to service the Common Elements or any element which affects a Developer or an Association responsibility in any way. Should access to any facilities of any sort be required, the Developer 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 Developer be responsible for monetary damages of any sort arising out of actions taken to gain necessary access. Any modifications or alterations performed by a Co-Owner pursuant to this Section shall be performed by licensed and insured contractors and in accordance with all applicable governmental regulations and ordinances, including the requirement that proper permits be applied for and issued by appropriate governmental agencies. The foregoing is subject to the applicable provisions of the Act governing improvements or modifications if the purpose of the improvement or modification is to facilitate access to or movement within the Unit for persons with disabilities under the circumstances provided for in the Act at MCL §559.147a, as may be amended from time to time.

B. **Assignment of Developer's Approval Rights.** Developer's rights under this Section may, in Developer's sole discretion, be assigned to the Association or other successor to Developer. There shall be no surrender of this right prior to expiration of the Development and Sale Period, except in a written instrument in recordable form executed by the Developer and specifically assigning to the Association or other successor(s) the rights of approval and enforcement set forth herein. Even after control of the Association is transferred to the non-developer Co-Owners, the Developer shall continue to exclusively exercise these rights until they expire or are assigned. From and after the date of such assignment or later expiration of the Developer's exclusive powers, the Association's Board of Directors shall exercise all such powers, and shall have the rights and remedies provided above, and the Developer shall have no further responsibilities with respect to any manners of approval or enforcement set forth herein.

C. **Architectural/Landscape Committee.** The Developer or Board of Directors may appoint an Architectural/Landscape Committee for purposes of considering applications for changes, alterations, modifications, and landscaping submitted by Co-Owners. Members of the Committee shall serve at the discretion of the Board of Directors, and subject to direction by the Board, the Committee shall establish its own rules and procedures and meet as often and at such places as are designated by its chairperson. The Committee shall establish and distribute to all Co-Owners a statement of submission policies and criteria to be utilized by the Committee in considering requests. Such policies and criteria shall be subject to change by the Committee, upon approval by the Board, from time to time, provided any such change shall not in any way affect approvals previously given. No change, alteration, modification, landscaping, or other improvement shall be constructed within the Condominium, nor shall any exterior modification be made to any existing Residence, building, structure, or improvement, unless plans and specifications, containing such detail as the Committee may reasonably request, have first been approved in writing by the Committee. In addition to approval by the

Committee, construction of any building or other improvements must also receive any necessary approvals from the local public authority. The Committee shall have the right to refuse to approve any such plans 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 and specifications it shall have the right to take into consideration the suitability of the proposed modification, improvement, or landscaping, the location upon which it is proposed to be constructed and the degree of harmony thereof with the Condominium as a whole. The purpose of this Section is to assure the continued maintenance of the Condominium as a harmonious residential development and shall be binding upon both the Association and upon all Co-Owners. Notwithstanding anything contained herein to the contrary, the Developer, during the Development and Sale Period, may construct or authorize any improvements, modifications, or landscaping upon the Condominium that it may, in its sole discretion, elect to make without the necessity of prior consent from the Association, the Committee or any other person or entity.

Section 6.04 **Conduct upon the Condominium.** No harmful, improper, or unlawful activity shall be engaged in on or upon the Common Elements, Limited or General, or any Unit, nor shall anything be done which may be or become an annoyance or a nuisance to the Co-Owners of the Condominium, nor shall any unreasonably noisy activity be carried upon the Common Elements or any Unit. There shall not be maintained any device whose use or existence is in any way harmful, noisy, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the reasonable enjoyment of other Units. The Board of Directors shall be the final arbiter of whether a particular device or thing is in violation of the foregoing restrictions, and the disputing Co-Owners shall mediate any disputes between them that cannot be amicably resolved in accordance with Article 3 of these Bylaws. No Co-Owner shall do or permit anything to be done or keep or permit to be kept on their Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium without written approval of the Board 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. All municipal codes and ordinances pertaining to the use of the Common Elements shall be followed at all times.

Section 6.05 **Animals within the Condominium.**

A. **Number and Type.** No animal, including household pets, shall be kept or allowed on the Condominium by any Co-Owner without the written approval of the Board of Directors, which approval will only be given for such pets (type, size, and disposition) as are consistent with the close community living environment of Snug Harbor Orion Condominium. Any such approval shall be revocable at any time by the Association for failure of such pets or their owners to abide by the provisions of this Section and the Rules and Regulations of the Association pertaining to the keeping of pets. The term "animal" or "pet" as used in this Section shall not include small animals, fish or birds that are constantly caged or in a tank. Exotic pets (i.e., rare, unusual, or animals generally thought of as wild and not typically kept as a pet) are strictly prohibited.

B. **Restrictions Applicable to Pets; Responsibilities of Co-Owners.**

1. The Board of Directors may require that Co-Owners register their pets with the Association before the pet may be maintained on or within the Condominium. The Board may require that any such registration include, among other things, a complete description of the pet, its name, the name and telephone number of the adult person responsible for the pet at all times, and the name, address, and telephone number of the

veterinarian or veterinary clinic which maintains the pet's health and immunization records, and a current picture.

2. No animals may be kept or bred for any commercial purpose. Any pets permitted to be kept in the Condominium shall have such care and restraint as not to be obnoxious on account of noise, odor, or unsanitary conditions.

3. No animal may be permitted to be housed outside of a Unit, in a pen or otherwise, nor shall pets be tied or restrained outside or be allowed to be loose upon the Common Elements. All pets shall be leashed when outdoors with the leash being held and controlled at all times by a responsible person and otherwise in accordance with any ordinances of the Village of Lake Orion that may apply.

4. Each Co-Owner shall be responsible for the immediate collection and disposition of all fecal matter deposited by any animal maintained by such Co-Owner, anywhere in the Condominium.

5. No savage or dangerous animal of any type shall be kept and any Co-Owner who causes any animal to be brought, maintained or kept on the premises of the Condominium for any length of time shall indemnify and hold harmless the Association for any loss, damage or liability, including attorney fees and costs, which the Association may sustain as a result of the presence of such animal on the Condominium, whether such animal is permitted or not, and the Association may assess and collect from the responsible Co-Owner such losses and/or damages in the manner provided in Article 2 of these Bylaws. No animal that creates noise and can be heard on any frequent or continuing basis shall be kept in any Unit or on the Common Elements.

6. The Association may charge Co-Owners maintaining animals a reasonable additional assessment to be collected in the manner provided in Article 2 in the event that the Association determines such assessment necessary to defray the maintenance costs to the Association of accommodating animals within the Condominium.

7. All animals kept in accordance with this Section shall be licensed by the municipal agency having jurisdiction, and proof of the animal's shots shall be provided to the Association upon request.

C. **Association Remedies.** The Association may, after notice and hearing, without liability to the Association, remove or cause to be removed any animal from the Condominium that it determines to violate the restrictions imposed by this Section or by any applicable Rules and Regulations of the Association. The Association may also assess fines for such violation of the restrictions imposed by this Section or by any applicable rules and regulations of the Association. The Association may adopt such additional reasonable rules and regulations with respect to animals as it may deem proper.

Section 6.06 **Use of Units and Common Elements.** In addition to the limitations of Section 6.04 herein, Co-Owners shall not use the Unit exteriors (including, without limitation, walkways and driveways) or the Common Elements, Limited or General, for storage of supplies, materials, personal property or trash or refuse of any kind, except as provided in these Bylaws or duly adopted Rules and Regulations of the Association. Trash receptacles shall be maintained at all times in areas designated by the Association and shall not be permitted to remain elsewhere on the Common Elements or Unit exteriors except for such short periods of

time as may be reasonably necessary to permit periodic collection of trash. Trash shall be stored and handled in accordance with all applicable Rules and Regulations of the Association and Village of Lake Orion ordinances and Co-Owners shall be responsible for the collection and proper disposal of trash (or the costs of the Association collecting and disposing of such trash) dispersed about the Common Elements, regardless of the reason. Neither the Common Elements nor the Unit exteriors shall be used in any way for the drying or airing of clothing or other fabrics. In general, no activity shall be carried on nor condition maintained by a Co-Owner either in their Unit or upon the Common Elements, which detracts from or spoils the appearance of the Condominium. No unsightly condition shall be maintained on any Unit. Except as otherwise expressly permitted in the Condominium Documents, no bicycles, toys, baby carriages, or other personal property may be left unattended on or about Units, and only furniture and equipment consistent with ordinary deck, patio, or porch use may be left on any deck, patio, or porch.

Section 6.07 **Obstruction of Common Elements**. Except as otherwise expressly permitted herein, the Common Elements, including, without limitation, roads and sidewalks, shall not be obstructed in any way nor shall they be used for purposes other than for which they are reasonably and obviously intended.

Section 6.08 **Vehicles upon the Condominium**.

A. **Permitted Vehicles in General**. Except as otherwise provided in this Section, only currently licensed automobiles, motorcycles (if not objectionable due to excessive noise or irresponsible operation), non-commercial pickup trucks, SUVs, and passenger vans not exceeding twenty-one (21) feet in overall length, which are used as an occupant's primary means of transportation and not for any commercial purposes, may be parked in the Condominium. Unless parked fully in a Unit garage with the door closed or except as otherwise provided in this Section, no house trailers, commercial vehicles (as defined in subsection C below), boat trailers, watercraft, boats, motor homes, camping vehicles, camping trailers, trailers, snowmobiles, snowmobile trailers, recreational vehicles, non-motorized vehicles, off-road vehicles, or all terrain vehicles shall be parked or stored in the Condominium. Except as otherwise set forth in Rules and Regulations of the Association, no Co-Owner shall use or permit the use by an occupant, agent, employee, invitee or guest of the Unit, any casual motorized transportation anywhere within the Condominium, including, but not limited to, motorized scooters, mopeds, go-carts, dirt bikes and the like. All garage doors must be kept closed except when necessary for purposes of ingress to and egress from the garage.

B. **Temporary Presence**. The Board of Directors shall have discretion to issue rules and regulations that provide for the temporary presence of the above-enumerated recreational/leisure vehicles upon the Condominium for purposes such as loading and unloading. The Association shall not be responsible for any damages, costs, or other liability arising from any failure to approve the parking of or to designate a parking area for such vehicles.

C. **Commercial Vehicles or Trucks**. Commercial vehicles and trucks shall not be parked in or about the Condominium (except as above provided) unless parked in an area specifically designated for such vehicles or trucks by the Association, or while making deliveries or pickups in the normal course of business. For purposes of this Section, commercial vehicles shall include vehicles or trucks with a curb weight of more than 10,000 pounds, overall length in excess of twenty-one (21) feet, or with more than two axles, vehicles with commercial license plates, vehicles with any commercial markings or advertising appearing

on the exterior, vehicles not designed or intended for personal transportation, or any vehicle either modified or equipped with attachments, equipment or implements of a commercial trade, including, but not limited to, ladder or material racks, snow blades, tanks, spreaders, storage bins or containers, vises, commercial towing equipment or similar items. For purposes of this Section, passenger vans, SUVs, and pickup trucks, used for primary transportation, and no commercial purpose whatsoever, shall not be considered commercial vehicles provided they do not meet the definition of a commercial vehicle contained herein. The Association shall not be responsible for any damages, costs, or other liability arising from any failure to approve the parking of such vehicles or to designate an area for parking such vehicles.

D. **Standing Vehicles, Repairs.** Nonoperational vehicles or vehicles with expired license plates shall not be parked on the Condominium, other than inside a Co-Owner's garage, without written permission of the Board of Directors. Nonemergency maintenance or repair of vehicles shall not be permitted on the Condominium, unless specifically approved by the Board of Directors.

E. **Parking Restrictions.** Vehicles shall be permitted to park only in the driveways areas of a Unit and vehicles shall at no time be parked in the Condominium outside of a driveway. Further, there will be no parking of vehicles in any designated fire lanes or in violation of duly promulgated Rules and Regulations of the Association.

F. **Association Rights.** Subject to the notice location and content requirements of Section 252(k) of the 2004 Public Act 493 of the Michigan Compiled Laws, the Association may cause vehicles parked or stored in violation of this Section, or of any applicable Rules and Regulations of the Association, to be stickered and towed from the Condominium, and the cost of such removal may be assessed to, and collected from, the Co-Owner of the Unit responsible for the presence of the vehicle in the manner provided in Article 2 of these Bylaws. In such cases, the Co-Owner shall be responsible for costs incurred in having a towing company respond, even if the vehicle is moved and properly parked before the towing contractor arrives at the Condominium. The Board of Directors may promulgate reasonable rules and regulations governing the parking and use of vehicles in the Condominium and may levy fines for violations of such rules and regulations or this Section.

Section 6.09. **Prohibition of Dangerous Items upon the Condominium.** No Co-Owner shall use, or permit the use or discharge by an occupant, agent, employee, invitee, guest or member of their family of any firearms, air rifles, pellet guns, BB guns, bows and arrows, slingshots or other similar dangerous weapons, projectiles or devices anywhere on or about the Condominium, nor shall any Co-Owner use or permit to be brought into the buildings in the Condominium any unusually volatile liquids or materials deemed to be extra hazardous to life, limb, or property, without in each case obtaining the written consent of the Association.

Section 6.10. **Signs.** Other than those installed by the Developer, no signs, notices, advertisements, pennants, or flags, including "for sale" and "open house" signs (other than a U.S. flag no larger than 3' x 5'), shall be displayed which are visible from the exterior of a Unit without written permission from the Association, unless the same are in complete conformance with duly adopted rules and regulations of the Association.

Section 6.11. **Rules and Regulations Consistent with the Act.** Reasonable rules and regulations consistent with the Act, the Master Deed, and these Bylaws, concerning the use of the Common Elements or the rights and responsibilities of the Co-Owners and the Association with respect to the Condominium or the manner of operation of the Association and

of the Condominium may be made and amended from time to time by any Board of Directors ("Rules and Regulations"). Copies of all such regulations and amendments thereto shall be furnished to all Co-Owners and shall become effective as stated in said rule or regulation. Any such regulation or amendment may be revoked at any time by the affirmative vote of more than fifty percent (50%) of all Co-Owners in good standing. Any rule or regulation adopted pursuant to this Section during the Development and Sales Period must also be approved in writing by the Developer.

Section 6.12. **Association Access to Units and Limited Common Elements.** The Association or its duly authorized agents shall have access to each Unit and any Limited Common Elements from time to time, during reasonable working hours, upon notice to the Co-Owner, as may be necessary for the maintenance, repair, or replacement of any of the Common Elements. The Association or its agents shall also have access to each Unit and any Limited Common Elements at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Unit. It shall be the responsibility of each Co-Owner to provide the Association means of access to their Unit and any Limited Common Elements appurtenant thereto during all periods of absence and in the event the Co-Owner fails 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 their Unit and any Limited Common Elements appurtenant thereto caused in gaining such access.

Section 6.13. **Landscaping.** No Co-Owner shall perform any landscaping or plant any trees, shrubs or flowers or place any ornamental materials, including but not limited to statuary, bird feeders, exterior lighting, furniture, implements, rocks or boulders, fencing or other decorative items upon their Units or the Common Elements, Limited or General, unless the same is in total conformance with the Association's Rules and Regulations on landscaping as are published from time to time or is otherwise approved by the Association in writing. Any landscaping performed by the Co-Owner and any such trees, shrubs or flowers planted by the Co-Owner, if and when approved in writing by Association, shall be the responsibility of the Co-Owner to maintain. In the event that such Co-Owner fails to adequately maintain such landscaping performed by the Co-Owner and any such trees, shrubs, or flowers planted by the Co-Owner to the Association's satisfaction, the Association shall have the right to perform such maintenance and assess and collect from the Co-Owner the cost in the manner provided in Article 2 hereof or remove the same at the sole expense of the Co-Owner who made the plantings. The Co-Owner shall also be liable for any damages to the Common Elements arising from the performance of such landscaping or the planting of such trees, shrubs or flowers, or the continued maintenance of such landscaping. Should access to any Common Elements of any sort be required, or should any materials specified in this Section interfere with maintenance or services provided by the Association, the Association may remove any obstructions of any nature that restrict such access and/or services and will have no responsibility for repairing, replacing or reinstalling any materials, whether or not installation has been approved hereunder, that are damaged in the course of gaining such access and/or performance of such services, nor shall the Association be responsible for monetary damages of any sort arising out of any such actions.

Section 6.14. **Co-Owner Maintenance of Unit and Common Elements.** Each Co-Owner shall maintain their Unit and any Common Elements for which they have 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, sewer, gas, plumbing, electrical, internet, cable television or other utility conduits or

related facilities. Each Co-Owner shall be responsible for damages or costs to the Association resulting from damage to or misuse of any of the Common Elements by them, or their family, guests, agents or invitees, or by casualties and occurrences, whether or not resulting from Co-Owner negligence, involving items or Common Elements which are the responsibility of the Co-Owner to maintain, repair and replace, unless such damages or costs are covered by primary insurance carried by the Association, in which case there shall be no such responsibility unless reimbursement to the Association is excluded by virtue of a deductible provision, in which case the responsible Co-Owner shall bear the expense to the extent 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 2 of these Bylaws. Each individual Co-Owner shall indemnify the Association against such damages and costs, including actual attorneys' fees, and all such costs or damages to the Association may be assessed to and collected from the responsible Co-Owner in the manner provided in Article 2. The Co-Owners shall have the responsibility to report to the Association any Common Element which has been damaged or which is otherwise in need of maintenance, repair, or replacement as soon as it is discovered.

Section 6.15. **Application of Restrictions to Developer and Association.** None of the restrictions contained in this Article 6 or elsewhere in the Condominium Documents shall apply to the commercial activities or signs or billboards, if any, of the Developer during the Development and Sales Period, or of the Association in furtherance of its powers and purposes set forth in the Condominium Documents or the Act. Until all Units in the entire Condominium are sold by the Developer, the Developer shall have the right to maintain a sales office, a business office, a construction office, model Units, storage areas, reasonable parking incident to the foregoing and such access to, from and over the Condominium as may be reasonable to enable development and sale of the entire Condominium by the Developer. The Developer shall restore the areas so utilized to habitable status upon termination of use.

Section 6.16. **Cost of Enforcing Documents.** Any and all costs, damages, fines, expenses, or actual attorneys' fees incurred or levied by the Association in enforcing any of the provisions of the Condominium Documents against a Co-Owner or their licensees or invitees, including without limitation the restrictions set forth in this Article 6, may be assessed to, secured by the statutory lien on the Unit and collected from the responsible Co-Owner or Co-Owners in the manner provided in Article 2 of these Bylaws. This specifically includes actual costs and legal fees incurred by the Association in investigating and seeking legal advice concerning violations and responding to and defending actions relating to violations in small claims court, or any other court of competent jurisdiction.

Section 6.17. **Developer and Association Approvals Revocable.** All approvals given by the Developer or Association in accordance with these Bylaws shall be revocable and in the nature of a license and can be withdrawn upon thirty (30) days' written notice in the event of noncompliance with the conditions of such approval.

Section 6.18. **Developer's Enforcement of Bylaws.** The Condominium shall at all times be maintained in a manner consistent with the highest standards of a first-class, beautiful, serene, private residential community for the benefit of the Co-Owners and all persons having an interest in the Condominium. If at any time the Association fails or refuses to carry out its obligation to maintain, repair, replace or landscape in a manner consistent with the maintenance of such high standards, then the 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 or do any landscaping required by the Bylaws and charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these Bylaws during

the Development and Sales Period, which right of enforcement shall include without limitation an action to restrain the Association or any Co-Owner from any activity prohibited by these Bylaws, and the Developer shall be permitted to recoup the cost of enforcement as provided in Section 6.16 above.

**ARTICLE 7.
MORTGAGES**

Section 7.01. **Notification of Mortgage.** Any Co-Owner who mortgages their 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.

Section 7.02. **Notification to Mortgagee of Insurance Company.** Upon written request submitted to the Association, the Association shall notify a mortgagee appearing in the Mortgages of Units book of the name of each company insuring the Common Elements against fire and perils covered by extended coverage, vandalism, and malicious mischief, and the amounts of such coverage.

Section 7.03. **Notification to Mortgagee of Meetings.** Upon written request submitted to the Association, any institutional holder of a first mortgage lien on any Unit shall be entitled to receive written notification of every Association meeting and to designate a representative to attend such meeting.

Section 7.04. **Notification to Mortgagees and Guarantors.** Upon written request submitted to the Association, any institutional holder of any mortgage or any guarantors of the mortgage covering any Unit shall be entitled to receive timely written notice of (i) any proposed action that requires the consent of a specified percentage of mortgagees, whether contained in the Master Deed or these Bylaws, (ii) any delinquency in the payment of assessments or other charges by a Co-Owner that is not cured within sixty (60) days, and (iii) any lapse, cancellation or material modification of any insurance policy maintained by the Association.

**ARTICLE 8
MEMBERSHIP AND VOTING**

Section 8.01. **Membership in the Association.** Membership in the Association and voting by members of the Association shall be in accordance with the following provisions:

A. **Designation of Members.** Each Co-Owner shall be a member of the Association and no other person or entity shall be entitled to membership.

B. **Co-Owner's Share of the Funds.** A Co-Owner's share in the funds and assets of the Association cannot be assigned, pledged, or transferred in any manner except as an appurtenance to a Unit.

C. **Co-Owner Voting Designation.** Except as limited in these Bylaws, each Co-Owner (including the Developer) shall be entitled to one vote for each Unit owned, provided that the Co-Owner is in good standing. As used throughout the Condominium Documents, "good standing" means a Co-Owner (or Director, as the case may be) who is current in all financial obligations owing to the Association and who is not in default of any of the provisions of

the Condominium Documents. Voting shall be by number. In the case of any Unit owned jointly by more than one Co-Owner, the voting rights associated with that Unit may be exercised only jointly as a single vote.

D. **Evidence of Ownership for Voting Purposes**. No Co-Owner, other than the Developer, shall be entitled to vote at any meeting of the Association until they have presented evidence of ownership of a Unit to the Association by way of a recorded Deed, recorded Land Contract, or recorded Memorandum of Land Contract. No Co-Owner, other than the Developer, shall be entitled to vote prior to the First Annual Meeting of the Members held in accordance with Article 9, except as otherwise specifically provided. The vote of each Co-Owner, other than the Developer, may be cast only by the individual representative designated by such Co-Owner in the notice required in Subsection E below or by a proxy given by such individual representative.

E. **Designation of Voting Representative**. Each Co-Owner, except the Developer, 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. The notice shall state the name and address of the individual representative designated, the number or numbers of the Unit or Units owned by the Co-Owner, and the name and address of each person, firm, corporation, partnership, limited liability company, association, trust, or other entity that is the Co-Owner. The Co-Owner shall sign and date such notice. The Co-Owner may change the individual representative designated at any time by filing a new notice in the manner provided herein. At any Association meeting or for any Association vote, the chairperson of the meeting, or if no meeting, the Board for any particular vote, may waive the filing of such written notice as a prerequisite to voting.

F. **Quorum**. The presence in person or by proxy of thirty-five percent (35%) of the Co-Owners qualified to vote shall constitute a quorum for holding a meeting of the members of the Association. The written vote of any person furnished at or prior to any duly called meeting at which meeting said person is not otherwise present in person or by proxy, or by such date as is established for voting in cases where no meeting is held, shall be counted in determining the presence of a quorum with respect to the question upon which the vote is cast. Any Co-Owner who participates by remote communication in an Association meeting, as provided in Section 9.05 below, shall also be counted in determining the necessary quorum.

G. **Voting**. Votes may be cast in person, in writing duly signed by the designated voting representative, or by any other means allowed by the voting procedures adopted by the Board of Directors for a given vote. The Board of Directors may permit the casting of votes by mail, fax, delivery, electronic transmission. Any proxies, written votes or other votes cast by means allowed hereunder must be filed with the Secretary of the Association or the Association's management agent at or before the appointed time of each Association meeting or voting deadline if no meeting held. As used in these Bylaws, "electronic transmission" means transmission by any method authorized by the person receiving such transmission and not directly involving the physical transmission of paper, which creates a record that may be retrieved and retained by the Association and may be directly reproduced in paper form by the Association through an automated process. Cumulative voting is not permitted.

H. **Majority.** Unless otherwise provided, any action that could be authorized at an Association meeting shall be authorized by the vote of a simple majority of those Co-Owners qualified to vote.

I. **Action without Meeting.** Any action that may be taken at an Association meeting (except for electing or removing Directors) may be taken without a meeting by written vote or ballot of the Co-Owners. Written votes or ballots shall be solicited in the same manner as provided in these Bylaws for the giving of notice of Association meetings. Such solicitations shall specify: (a) the proposed action; (b) that the Co-Owner has the opportunity to vote for or against any such proposed action; (c) the number of responses needed to meet the quorum requirements; (d) the percentage of approvals necessary to approve the action; and (e) the time by which written votes must be received in order to be counted. The form of written vote or ballot shall afford an opportunity to specify a choice between approval and disapproval of each matter and shall provide that, where the Co-Owner specifies a choice, the vote shall be cast in accordance with the Co-Owner's specification. Approval by written vote or ballot shall be constituted by receipt, within the time period specified in the solicitation, of: (i) a number of written votes or ballots which equals or exceeds the quorum that would be required if the action were taken at a meeting; and (ii) a number of approvals that equals or exceeds the number of votes that would be required for approval if the action were taken at a meeting.

Section 8.02. **Records and Books of the Association.** 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 Common Elements and any other expenses incurred by or on behalf of the Association and the Co-Owners. The books, records, contracts, and financial statements concerning the administration and operation of the Condominium shall be open for inspection by the Co-Owners and their mortgagees during reasonable working hours and at mutually convenient times. The Association shall prepare and distribute to each Co-Owner at least one (1) time a year a financial statement, the contents of which shall be defined by the Association and which may be distributed by electronic transmission given in any such manner authorized by the person entitled to receive the financial statement, provided that any Co-Owner may receive a written financial statement upon request. The Association shall on an annual basis have its books, records and financial statements independently audited or reviewed by a certified public accountant, as defined in Section 720 of the occupational code (MCL §339.720); provided, however, that the Association may opt out of such certified audit or review on an annual basis by an affirmative vote of a majority of the Co-Owners. Any audit or review shall be performed in accordance with the statements on auditing standards or the statements on standards for accounting and review services, respectively, of the American Institute of Certified Public Accountants. Any institutional holder of a first mortgage lien on any Unit shall be entitled to receive a copy of such annual financial statement within ninety (90) days following the end of the Association's fiscal year if requested in writing. The Association shall also maintain on file current copies of the Master Deed, any amendments thereto and all other Condominium Documents.

ARTICLE 9 **MEETINGS**

Section 9.01 **Place of Meetings.** Meetings of the Association shall be held at any suitable place convenient to the Co-Owners as may be designated by the Board of Directors. Association meetings shall be guided by Roberts Rules of Order or some other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Articles of Incorporation, the Master Deed, or the laws of the State of Michigan. Only Co-Owners in

good standing, and their legal representatives, may speak at meetings of the Association and/or address the Board or Co-Owners at any such meetings. Any person in violation of this provision or the rules of order governing the meeting, which are incorporated herein by reference, may be removed from such meeting without any liability to the Association or its Board of Directors.

Section 9.02. **Annual Meetings.** The first annual meeting of the members of the Association may be convened only by the Developer and may be called, in the Developer's discretion, at any time on or before the earlier of the dates provided for the first annual meeting in Sections 10.02B and 10.02C below. The date, time, and place of such first annual meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each Co-Owner. Thereafter, the Association shall hold its annual meeting in the month of May each succeeding year at such date, time, and place as the Board of Directors determines. The Board of Directors may, acting by a majority vote, change the date of the annual meeting in any given year, provided that at least one such meeting is held in each calendar year. Written notice of each annual meeting, as well as any change in the date of the annual meeting as provided for herein, shall be given to all Co-Owners at least ten (10) days before the date for which the meeting is or was originally scheduled. At the annual meeting, there shall be elected by ballot or acclamation of the Co-Owners a Board of Directors in accordance with the requirements of Article 10 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 9.03. **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. The President shall also call a special meeting upon a petition presented to the Secretary of the Association that is signed by one third (1/3) of those Co-Owners in good standing. Notice of any special meeting shall state the time, place, and purpose of such meeting. No business shall be transacted at a special meeting except as stated in the notice.

Section 9.04. **Notice of Meetings.** It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve each Co-Owner a notice of each annual or special meeting, stating the purpose as well as the time and place where it is to be held, at least ten (10) days, but not more than sixty (60) days, prior to such meeting. The mailing, postage prepaid, of a notice to the representative of each Co-Owner at the address shown in the notice required to be filed with the Association pursuant to Section 8.01.E of these Bylaws or to the address of the Unit owned by the Co-Owner shall be deemed notice served. In lieu of the foregoing, such notice may also be hand delivered to a Unit if the Unit address is designated as the voting representative's address, and/or the Co-Owner is a resident of the Unit. Such notice may also be given by electronic transmission. Any Co-Owner may, by written waiver of notice signed by such Co-Owner, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

Section 9.05. **Remote Communication Attendance; Remote Communication Meetings.** A Co-Owner may participate in a meeting of the Association by a conference telephone or by other means of remote communication through which all persons participating in the meeting may hear each other if the Board determines to permit such participation and (a) the means of remote communication permitted are included in the notice of the meeting or (b) if notice is waived or not required. All participants shall be advised of the means of remote communication in use, and the names of the participants in the meeting shall be divulged to all participants. Co-Owners participating in a meeting by means of remote communication are considered present in person and may vote at such meeting if all of the following are met: (a) the Association implements reasonable measures to verify that each person considered present

and permitted to vote at the meeting by means of remote communication is a Co-Owner or proxy holder; (b) the Association implements reasonable measures to provide each Co-Owner and proxy holder a reasonable opportunity to participate in the meeting and to vote on matters submitted to the Co-Owners, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with the proceedings; and (c) if any Co-Owner or proxy holder votes or takes other action at the meeting by means of remote communication, a record of the vote or other action is maintained by the Association. A Co-Owner may be present and vote at an adjourned meeting of the Co-Owners by means of remote communication as if they were permitted to be present and vote by the means of remote communication in the original meeting's notice given. The Board may hold a meeting of the Co-Owners conducted solely by means of remote communication.

Section 9.06. **Adjournment for Lack of Quorum.** 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 forty-eight (48) hours from the time the original meeting was called. The quorum for each subsequent meeting shall be reduced by one-half from the quorum requirement of the previously scheduled meeting.

Section 9.07. **Minutes.** Minutes or a similar record of the proceedings of all meetings of members and the Board of Directors must be kept by the Association and, when signed by the President or Secretary, shall be presumed truthfully to evidence the matters set forth therein. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be prima facie evidence that such notice was given.

ARTICLE 10. BOARD OF DIRECTORS

Section 10.01. **Qualification and Number of Directors.** The affairs of the Association shall be governed by a Board of Directors all of whom must be Co-Owners of Units in Snug Harbor Orion Condominium and in good standing except for the First Board of Directors designated in the Articles of Incorporation of the Association and any successors thereto elected by the Developer prior to the First Annual Meeting of Members held pursuant to Article 9. Good standing shall be deemed to include a member who is current in all financial obligations owing to the Association and who is not in default of any of the provisions of the Condominium Documents. Except for the First Board of Directors, any Director who is delinquent in any financial obligation owed to the Association, including late fees, shall pay in full the amount due within sixty (60) days of the delinquency. During the period of delinquency, the Director shall not be permitted to vote on any delinquency matter of another Co-Owner, including matters that may affect the Director's own Unit. If the Director does not comply with the delinquency cure time period, and notwithstanding the provisions of Section 10.06, the Director shall be deemed removed from the Board of Directors for the remainder of the Director's term and the vacancy shall be filled in accordance with Section 10.05. The first Board of Directors designated in the Articles of Incorporation shall manage the affairs of the Association until a successor Board of Directors is elected at the first meeting of members of the Association convened at the time required by Article 9. The Board shall consist of three (3) members and, except for Board positions held by the Developer, no two occupants of the same Unit may serve on the Board of Directors at the same time. Directors shall serve without compensation.

Section 10.02. **Election of Directors.** The following provisions shall apply to the election of the Board and Advisory Committee before and after the Transitional Control Date:

A. **Advisory Committee.** An advisory committee of non-Developer Co-Owners shall be established either one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-Owners of one-third (1/3rd) of the Units that may be created, or one (1) year after the initial conveyance of legal or equitable title to a non-Developer Co-Owners of a Unit, whichever occurs first. The advisory committee shall meet with the Board of Directors for the purpose of facilitating communications and aiding the transition of control to the Association. The advisory committee shall cease to exist when a majority of the Board of Directors of the Association is elected by the non-Developer Co-Owners.

B. **Co-Owner Elected Directors.** Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-Owners of twenty-five percent (25%) of the Units that may be created, at least one (1) director and not less than twenty-five percent (25%) of the Board of Directors shall be elected by non-Developer Co-Owners. No later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-Owners of seventy-five percent (75%) of the Units that may be created, and before conveyance of ninety percent (90%) of such Units, the first annual meeting shall be called and the non-Developer Co-Owners shall elect all directors on the Board, except that the Developer shall have the right to designate at least one (1) director as long as the Developer owns and offers for sale at least ten percent (10%) of the Units in the Condominium, or as long as ten percent (10%) of the Units remain that may be created.

C. **Co-Owner Controlled Board.** Notwithstanding the formula provided in Subsection B, fifty-four (54) months after the first conveyance of legal or equitable title to a non-Developer Co-Owner of a Unit, if title to not less than seventy-five percent (75%) of the Units that may be created has not been conveyed, the first annual meeting shall be called and the non-Developer Co-Owners have the right to elect, as provided in the Condominium Documents, a number of members of the Board of Directors equal to the percentage of Units they hold, and the Developer has the right to elect, as provided in the Condominium Documents, a number of members of the Board 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 B. Application of this subsection does not require a change in the size of the Board as determined by the Condominium Documents.

D. **Fractional Shares.** If the calculation of the percentage of members of the Board that the non-Developer Co-Owners have the right to elect under Subsection B, or if the product of the number of members of the Board, multiplied by the percentage of Units held by the non-Developer Co-Owners under Subsection C results in a right of non-Developer Co-Owners to elect a fractional number of members of the Board, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board 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. Application of this subsection shall not eliminate the right of the Developer to designate one (1) member as provided in Subsection B.

E. **Definitions.** As used in this Section, the term "units that may be created" means the maximum number of Units in all phases of the Condominium as stated in the Master Deed.

F. **Election of Directors At and After the First Annual Meeting.** At the first annual meeting, all three (3) members of the Board shall stand for election as a single slate. The

two (2) nominees receiving the highest number of votes shall be elected for two (2) year term. The one (1) nominee receiving the next highest number of votes shall be elected to serve a one (1) year term. Each year thereafter, either two (2) or one (1) Directors shall be elected (depending on the number of directorships whose terms have expired) and all such future Directors shall serve for two (2) year terms. All directors shall hold office until their successors have been elected and hold their first meeting. As long as the Developer is entitled to a seat on the Board, the Developer representative shall fill a one-year directorship.

Section 10.03. **Powers and Duties.** The Board of Directors shall have all 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 to be exercised and done by the Co-Owners. In addition to the foregoing general powers and duties imposed by these Bylaws, or any further powers and duties which may be imposed by law or the Articles of Incorporation, the Board of Directors shall be responsible specifically for the following:

A. **Management and Administration.** To manage and administer the affairs of and maintenance of the Condominium and the Common Elements, all to the extent set forth in the Condominium Documents.

B. **Collecting Assessments.** To collect assessments from the Co-Owners and to use the proceeds for the purposes of the Association.

C. **Insurance.** To carry insurance and collect and allocate the proceeds in the manner set forth in Article 4.

D. **Rebuild Improvements.** To rebuild improvements after casualty in the manner set forth in Article 5.

E. **Contract and Employ Persons.** To contract for and employ persons, firms, corporations, or other agents to assist in the management, operation, maintenance, and administration of the Condominium.

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

G. **Borrow Money.** To borrow money and issue evidences of indebtedness in furtherance of any and 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.

H. **Assign Right to Future Income.** To assign its right to future income, including the right to receive Co-Owner assessment payments.

I. **Rules and Regulations.** To make rules and regulations in accordance with Article 6 of these Bylaws.

J. **Committees.** 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, or any specific Officers

or Directors of the Association any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board.

K. **Enforce Documents**. To enforce the provisions of the Condominium Documents.

L. **Mortgage Financing**. To make rules and regulations and/or to enter into agreements with institutional lenders the purposes of which are to obtain mortgage financing for Co-Owners which are acceptable for purchase by the Federal Home Loan Mortgage Association, the Federal National Mortgage Association, the Government National Mortgage Association and/or any other agency of the federal government or the State of Michigan.

M. **Administrator**. To do anything required of or permitted to the Association as administrator of the Condominium under the Condominium Documents.

N. **General**. In general, to enter into any kind of activity, to make and perform any contract, and to exercise all powers necessary, incidental, or convenient to the administration, management, repair, replacement, and operation of the Condominium and the Association.

Section 10.04. **Professional Management**. 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 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. In no event shall the Board be authorized to enter into any contract with a professional management agent in which the maximum term is greater than three (3) years, or which is not terminable by the Association upon ninety (90) days' written notice. In the event the Board does employ professional management for the Association, the Board shall, pursuant to Section 90a of the Act, secure the approval of two-thirds (2/3rds) of the institutional holders of first mortgage liens on any Unit prior to terminating professional management and assuming self-management. Any management contract made prior to the Transitional Control Date and extending for a period in excess of one (1) year after the Transitional Control Date shall have a provision that the period in excess of one (1) year may be voided by the Board of Directors by notice to the management agent at least thirty (30) days before the expiration of the one (1) year period. Any management contract may provide for the collection of "set-up" or "transfer" fees by the management agent upon the initial conveyance of a Unit by the Developer and upon the subsequent conveyance of a Unit by a non-Developer Co-Owner; provided that the amounts of such fees shall be a fixed by the terms of the contract with the management agent. Any set-up or transfer fee charged with respect to the purchase of a Unit from the Developer shall be paid by the purchaser of the Unit.

Section 10.05. **Vacancies**. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Co-Owners shall be filled by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so appointed shall be a Director until the end of the term of the Director whom they replaced and a successor is elected at such annual meeting of the Association.

Section 10.06. **Removal of Directors**. Except for those Directors that have been appointed by the Developer and that are serving in accordance with the provisions of Section

10.02 above, at any annual or special Association meeting duly called and held, any one or more of the Directors may be removed with or without cause by the affirmative vote of more than fifty percent (50%) of all Co-Owners, and a successor may then and there be elected to fill the vacancy thus created. The quorum requirement for the purpose of filling any vacancy shall be the normal 35% requirement set forth in Section 8.01.F. 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 any or all of the Directors selected by it at any time in its sole discretion.

Section 10.07. **First Meeting of New Board.** The first meeting of a newly elected Board shall be held within ten (10) days of election at such place and time as shall be fixed by the Directors at the meeting at which such Directors were elected. No notice shall be necessary to the newly elected Directors in order to legally constitute such a meeting, provided a majority of the entire Board is present at such a meeting.

Section 10.08. **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. At least two (2) 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, or by mail, facsimile, electronically, or telephone at least five (5) days prior to the date of the meeting, unless waived by such Director. Electronic transmission of such notice may also be given in any such manner authorized by the Director entitled to receive the notice.

Section 10.09. **Special Meetings.** Special meetings of the Board of Directors may be called by the president upon three (3) days' notice to each Director, given personally, or by mail, facsimile, electronically, or by telephone, which notice shall state the time, place, and purpose of the meeting. Electronic transmission of such notice may also be given in any such manner authorized by the Director entitled to receive the notice. 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 10.10. **Waiver of Notice.** Before or at any meeting of the Board of Directors, any Director may, in writing or orally, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. A Director's attendance at a Board meeting shall be deemed that Director's waiver of notice. 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 10.11. **Quorum and Voting.** The presence of a majority of the Directors at a meeting shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which there is a quorum shall be the acts of the Board of Directors. A Director will be considered present and may vote on matters before the Board by remote communication, electronically, or by any other method giving the remainder of the Board sufficient notice of the absent Director's vote and position on any given matter. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice. If a Director joins in the action of a meeting by signing and concurring in the minutes of that meeting, the Director shall be considered present for purposes of determining a quorum.

Section 10.12. **Action without Meeting.** Any action permitted to be taken by the Board of Directors at a meeting of the Board shall be valid in the absence of a meeting if

consented to in writing, including by electronic transmission, by a majority of the Board of Directors. Further, the presiding officer of the Association, in exceptional cases requiring immediate action, may poll all Directors by phone for a vote, and provided the action is consented to by the requisite number of Directors, such vote shall constitute valid action by the Board, provided the results of the vote and the issue voted upon are noted in the minutes of the next Board meeting to take place.

Section 10.13. **Closing of Board of Directors Meetings to Members; Privileged Minutes.** The Board of Directors, in its discretion, may close a portion or all of any meeting of the Board of Directors to the Co-Owners or may permit Co-Owners to attend a portion or all of any meeting of the Board of Directors. Any Co-Owner shall have the right to inspect, and make copies of, the minutes of the meetings of the Board of Directors; provided, however, that no Co-Owner shall be entitled to review or copy any minutes of meetings of the Board of Directors to the extent that said minutes reference privileged communications between the Board of Directors and counsel for the Association, or any other matter to which a privilege against disclosure pertains under Michigan Statute, common law, the Michigan Rules of Evidence, or the Michigan Court Rules.

Section 10.14. **Remote Communication Participation.** Members of the Board of Directors may participate in any meeting by means of conference telephone or other means of remote communication through which all persons participating in the meeting can communicate with the other participants. Participation in a meeting by such means constitutes presence in person at the meeting.

Section 10.15. **Fidelity Bond/Crime/Employee Dishonesty Insurance.** The Board of Directors shall obtain fidelity bond or equivalent employee dishonesty/crime coverage in the minimum amount of a sum equal to three months aggregate assessments on all Units plus reserve funds on hand, with such fidelity bond or equivalent employee dishonesty/crime insurance covering all officers, directors, and employees of the Association and all other persons, including any management agent, handling or responsible for any monies received by or payable to the Association (it being understood that if the management agent or others cannot be added to the Association's coverage, they shall be responsible for obtaining the same type and amount of coverage on their own before handling any Association funds). The premiums for the foregoing shall be the expenses of administration.

Section 10.16. **First Board of Directors.** Any reference to the "First Board of Directors" in the Master Deed, these Bylaws, or the Articles of Incorporation shall mean and refer to the Board of Directors named in the Articles of Incorporation, including any successor or additional director appointed by the First Board of Directors prior to the first annual meeting of the Association.

ARTICLE 11. **OFFICERS**

Section 11.01. **Designation.** The principal officers of the Association shall be a president, vice president, secretary, and treasurer. The Directors may appoint 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. The President must be a member of the Board of Directors.

Section 11.02. **Appointment.** The officers of the Association shall be appointed annually by the Board of Directors and shall hold office at the pleasure of the Board.

Section 11.03. **Removal.** The Board of Directors may remove any officer either with or without cause, and the successor to the removed officer may be elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 11.04. **President.** The president shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The president shall have all of the general powers and duties which are usually vested in the office of the president of a nonprofit corporation, including, but not limited to, the power to appoint committees from among the Co-Owners from time to time in the president's discretion as may be deemed appropriate to assist in the conduct of the affairs of the Association.

Section 11.05. **Vice President.** The vice president shall take the place of the president and perform the president's duties whenever the president is 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 do so on an interim basis. The vice president shall also perform such other duties as shall from time to time be imposed by the Board of Directors.

Section 11.06. **Secretary.** The secretary shall keep the minutes of all Board and Association meetings, be responsible for maintaining a record of the minutes, and of such books and other records as the Board of Directors may direct, and shall, in general, perform all duties incident to the office of the secretary.

Section 11.07. **Treasurer.** The treasurer or management agent shall have responsibility for all Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The treasurer or management agent shall be responsible for the deposit of all monies and other valuable papers of the Association, in the name of and to the credit of the Association, in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE 12. FINANCES

Section 12.01. **Fiscal Year.** The fiscal year of the Association shall be an annual period commencing on such date as may be initially determined by the Board of Directors. The commencement date of the fiscal year of the Association shall be subject to change by the Board of Directors for accounting reasons or other good cause.

Section 12.02. **Banking.** The funds of the Association shall be deposited in such bank or other depository as may be designated by the Board of 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.

Section 12.03. **Investment of Funds.** Funds of the Association shall only be held in accounts that are fully insured and/or backed by the full faith and credit of the United States Government. Only depositories or instruments where there is no risk of principal loss may be utilized by the Association for investment of its monies.

ARTICLE 13.
INDEMNIFICATION

Section 13.01. **Indemnification of Directors and Officers**. The Association shall indemnify every Director, officer and volunteer of the Association against all expenses and liabilities, including reasonable attorney fees and amounts paid in settlement incurred by or imposed upon the Director, officer or volunteer in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal, to which the Director, officer or volunteer may be a party or in which they may become by reason of their being or having been a Director, officer or volunteer of the Association, whether or not they are a Director, officer or volunteer at the time such expenses are incurred, so long as the person acted in good faith and in a manner that they reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had reasonable cause to believe that their conduct was lawful; provided, however, that the Association shall not indemnify any such person with respect to any claim, issue, or matter as to which such person shall have been finally adjudged to be liable for gross negligence or misconduct in the performance of his duty to the Association unless and only to the extent that a court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses as the court shall deem proper. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or officer may be entitled. The Board of Directors shall notify all Co-Owners of payment of any indemnification that it has approved at least ten (10) days before payment is made. The indemnification rights of this Article shall be at all times construed to be consistent with those contained in the Articles of Incorporation of the Association.

Section 13.02. **Directors' and Officers' Insurance**. The Association shall provide liability insurance for every Director and every officer of the Association for the same purposes provided above in Section 13.01 and in such amounts as may reasonably insure against potential liability arising out of the performance of their respective duties. No Director or officer shall collect for the same expense or liability under Article 1 above and under this Article 2; however, to the extent that the liability insurance provided to a Director or officer is inadequate to pay any expenses or liabilities otherwise properly indemnifiable under the terms of this Article, a Director or officer shall be reimbursed or indemnified only for such excess amounts under Article 1 above or other applicable statutory indemnification.

ARTICLE 14.
COMPLIANCE

Section 14.01. **Compliance with the Act and Condominium Documents**. The Association and all present or future Co-Owners, tenants, future tenants, or any other persons acquiring an interest in or using the facilities of the Condominium in any manner are subject to and shall comply with the provisions of the Act and the Condominium Documents. In the event that the Condominium Documents conflict with the provisions of any Statute, the Statute shall govern. If any provision of these Bylaws conflicts with any provision of the Master Deed, the Master Deed shall govern.

Section 14.02. **Amendment**. These Bylaws may be amended in accordance with the Act and the provisions of the Master Deed.

Section 14.03. **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 15.
REMEDIES FOR DEFAULT

Section 15.01. **Default by a Co-Owner.** Any default by a Co-Owner shall entitle the Association or another Co-Owner or Co-Owners to the following relief:

A. **Remedies for Default by a Co-Owner to Comply with the Documents.**

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 of the foregoing, and such relief may be sought by the Association, or, if appropriate, by an aggrieved Co-Owner or Co-Owners.

B. **Costs Recoverable From Co-Owner.**

Failure of a Co-Owner and/or non-Co-Owner resident or guest to comply with the Condominium Documents shall entitle the Association to recover from such Co-Owner or non-Co-Owner resident or guest the pre-litigation costs and actual reasonable attorneys' fees incurred in obtaining their compliance with the Condominium Documents. In addition, in any proceeding arising because of an alleged default by any Co-Owner, or in cases where the Association must defend an action brought by any Co-Owner(s) or non-Co-Owner resident or guest, (regardless if the claim is original or brought as a defense, a counterclaim, cross claim or otherwise), the Association, if successful, shall be entitled to recover from such Co-Owner or non-Co-Owner resident or guest pre-litigation costs, the costs of the proceeding and actual attorney's fees (not limited to statutory fees), incurred in defense of any claim or obtaining compliance or relief, but in no event shall any Co-Owner be entitled to recover such attorney's fees or costs against the Association. The Association, if successful, shall also be entitled to recoup the costs and attorneys' fees incurred in defending any claim, counterclaim, or other matter.

C. **Association's Right to Abate.**

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 its exercise of its removal and abatement power granted hereunder.

D. **Assessment of Fines.**

The violation of any of the provisions of the Condominium Documents by any Co-Owner shall be grounds for assessment by the Association, acting through its duly constituted Board of Directors, of monetary fines for such violations in accordance with Article 16 of these Bylaws.

Section 15.02. **Failure to Enforce Rights.** The failure of the Association or of any Co-Owner to enforce any right, provision, covenant, or condition that 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, provisions, covenant, or condition in the future.

Section 15.03. **Cumulative Rights.** 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 15.04. **Rights of Co-Owners.** A Co-Owner may maintain an action against the Association to compel enforcement of the provisions of the Condominium Documents and may maintain an action for injunctive relief or damages against any other Co-Owner for noncompliance with the Condominium Documents. Even if successful, Co-Owners may not recover attorneys' fees from the Association, but may recover such fees from another Co-Owner if successful in obtaining compliance with the Condominium Documents.

Section 15.05. **Limitation on Suits Against the Developer and Others Involved in the Condominium Prior to the Transitional Control Date.** A person or entity shall not maintain an action against any Developer, residential builder, licensed architect, contractor, sales agent, or manager of a Condominium arising out of the development or construction of the Common Elements or the management, operation, or control of the Condominium more than 3 years from the Transitional Control Date or 2 years from the date the cause of action accrues, whichever occurs later. Further, notwithstanding any provisions in the Master Deed or these Bylaws to the contrary, the Association shall not levy any assessment or expend any Association funds for the purpose of funding otherwise permitted litigation against the Developer, or any of its affiliates or successors or assigns, relating to the development or construction of the Common Elements, or the management, operation, or control of the Condominium prior to the Transitional Control Date, without first obtaining the written approval of more than 60% of all Co-Owners, after first disclosing in writing to all Co-Owners the exact nature of the intended proceeding, the estimated total costs of that proceeding, the estimated total time involved for the proceeding, the name, qualifications and fee schedule of counsel proposed to be chosen by the Association to prosecute the proceeding, and the name, qualifications, fee schedule and evaluations of any architect, engineer, CPA or other professional advisor chosen or hired by the Association to evaluate and establish the basis of any claim of the Association to be pursued in the intended proceeding.

ARTICLE 16. FINES

Section 16.01. **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 their personal actions or the actions of their family, guests, tenants, invitees, or any other person admitted through such Co-Owner to the Condominium.

Section 16.02. **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, electronic transmission, 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 Section 8.01.E. of these Bylaws.

B. **Hearing and Decision.** The offending Co-Owner shall be provided a scheduled hearing before the Board at which the Co-Owner may offer evidence in defense of the alleged violation. The hearing before the Board shall be at its next scheduled meeting, but in no event shall the Co-Owner be required to appear less than 7 days from the date of the notice.

C. **Hearing and Decision.** Upon appearance by the Co-Owner before the Board and presentation of evidence of defense, or in the event the Co-Owner fails to appear at the scheduled hearing, the Board shall, by majority vote of a quorum of the Board, decide whether a violation has occurred. The Board's decision is final.

Section 16.03. **Fines.** Upon violation of any of the provisions of the Condominium Documents and upon the decision of the Board as recited above, the following fines may be levied:

FIRST VIOLATION	No fine will be levied unless the Board determines that the nature of the violation is such as to be best deterred if a fine is imposed for a first violation.
SECOND VIOLATION	\$50.00 Fine
THIRD VIOLATION	\$100.00 Fine
FOURTH VIOLATION AND ALL SUBSEQUENT VIOLATIONS	\$200.00 Fine

The Board of Directors, without the necessity of an amendment to these Bylaws, may make such changes in said fines or adopt alternative fines, including the indexing of such fines to the rate of inflation, in accordance with duly adopted rules and regulations of the Association promulgated in accordance with these Bylaws. For purposes of this Section, the number of the violation (i.e., first, second, etc.) is determined with respect to the number of times that a Co-Owner violates the same provision of the Condominium Documents, as long as that Co-Owner may be an owner of a Unit or occupant of the Condominium, and is not based upon time or violations of entirely different provisions. In the case of continuing violations, a new violation will be deemed to occur each successive week during which a violation continues or in such intervals as may be set forth in the Association's Rules and Regulations; however, no further hearings other than the first hearing shall be required for successive violations once a violation has been found to exist. Nothing in this Article shall be construed as to prevent the Association from pursuing any other remedy under the Condominium Documents or the Act for such violations, or from combining a fine with any other remedy or requirement to redress any violation.

Section 16.04. **Collection of Fines.** The fines levied shall be assessed against the Co-Owner and shall be immediately due and payable. Failure to pay the fine will subject the Co-Owner to all liabilities set forth in the Condominium Documents including, without limitations, those described in these Bylaws.

ARTICLE 17.
RESERVED RIGHTS OF DEVELOPER

Section 17.01 **Developer's Rights**. Any and all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or to the Association. Any such assignment or transfer shall be made by appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its acceptance of such powers and rights, and such assignee or transferee shall thereupon have the same rights and powers as herein given and reserved to the Developer. Any rights and powers reserved or granted to the Developer or its successors shall terminate, if not sooner assigned to the Association, at the conclusion of the Development and Sales Period. The immediately preceding sentence dealing with the termination of certain rights and powers granted or reserved to the Developer is intended to apply, as far as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer or its successors and assignees 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 18.
SEVERABILITY

Section 18.01 **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 which are held to be partially invalid or unenforceable.

Bylaws: KH 4925-8185-5234V.1

EXHIBIT B
Condominium Subdivision Plan

