

# ISLAND LAKE NORTH WOODS

## EXHIBIT A

### BY-LAWS

#### ARTICLE I

#### ASSOCIATION OF CO-OWNERS

Island Lake North Woods, a residential Condominium Project located in the City of Novi, County of Oakland and State of 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 Project in accordance with the Condominium Documents and the laws of the State of Michigan. These By-Laws shall constitute both the By-Laws referred to in the Master Deed and required by Section 8 of the Act and the By-Laws provided for under the Michigan Nonprofit Corporation Act. Each Co-owner shall be entitled to membership and no other person or entity shall be entitled to membership. The share of a Co-owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit. The Association shall keep current copies of the Master Deed, all amendments to the Master Deed, and other Condominium Documents for the Condominium Project available at reasonable hours to Co-owners, prospective purchasers and prospective mortgagees of Units in the Condominium Project. All Co-owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Unit therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid Condominium Documents.

#### ARTICLE II

#### ASSESSMENTS

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

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

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

(a) 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 which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. An adequate reserve fund for maintenance, repairs and replacement of those General Common Elements that must be repaired or replaced on a periodic basis shall be established in the budget and must be funded by regular payments as set forth in Section 3 below rather than by special assessments. At a minimum, the reserve fund shall be equal to ten (10%) percent of the Association's current annual budget on a noncumulative basis. Since the minimum standard required by this subparagraph may prove to be inadequate for this particular project, the Association of Co-owners should carefully analyze the Condominium Project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes from time to time. Upon adoption of an annual budget by the Board of Directors, copies of the budget shall be delivered to each Co-owner and the assessment for said year shall be established based upon said budget, although failure to deliver a copy of the budget to each Co-owner shall not affect or in any way diminish the liability of any Co-owner for any existing or future assessments. Should the Board of Directors at any time decide, in the sole discretion of the Board of Directors, that the assessments levied are or may prove to be insufficient (1) to pay the costs of operation and management of the Condominium, (2) to provide repairs or replacements of existing General Common Elements, (3) to provide additions to the General Common Elements not exceeding Fifteen Thousand (\$15,000.00) Dollars annually for the entire Condominium Project, or (4) in the event of emergencies, the Board of Directors shall have the authority to increase the general assessment or to levy such additional assessment or assessments as it shall deem to be necessary. The Board of Directors also shall have the authority, without a Co-owner's consent, to levy assessments pursuant to the provisions of Article V, Section 3 hereof regarding the Association's responsibilities for repair and maintenance. The discretionary authority of the Board of Directors to levy assessments pursuant to this subparagraph shall rest solely with the Board of Directors for the benefit of the Association and the members thereof, and shall not be enforceable by any creditors of the Association or of the members thereof.

(b) Special Assessments. Special assessments, in addition to those required in subparagraph (a) above, may be made by the Board of Directors from time to time and approved by the Co-owners as hereinafter provided to meet other requirements of the Association, including, but not limited to: (1) assessments for additions to the General Common Elements of a cost exceeding Fifteen Thousand (\$15,000.00) Dollars for the entire Condominium Project per year, (2) assessments to purchase a Unit upon foreclosure of the lien for assessments described in Section 5 hereof, or (3) assessments for any other appropriate purpose not elsewhere herein described. Special assessments referred to in this subparagraph (c) (but not including those assessments referred to in subparagraph 2(a) above, which shall be levied in the sole discretion of the Board of Directors) shall not be levied without the prior approval of more than sixty (60%) percent of all Co-owners. The authority to levy assessments pursuant to this subparagraph is solely for the benefit of the Association and the members thereof and shall not be enforceable by any creditors of the Association or of the members thereof.

(c) Assessments by the Community Association. The assessments described in subparagraph (a) above may include assessment imposed by the Community Association described in Articles VII and XV of the Master Deed in the event that such assessments are to be collected through the various associations established in connection with the condominium developments and platted subdivisions established within the Island Lake of Novi Community. The rights and remedies provided the Association in these By-Laws with respect to the collection of assessments in general shall also apply to such assessments as may be imposed by the Community Association.

Section 3. Apportionment of Assessments and Penalty for Default. Unless otherwise provided herein or in the Master Deed, all assessments levied against the Co-owners to cover expenses of administration shall be apportioned among and paid by the Co-owners in accordance with the percentage of value allocated to each Unit in Article VI of the Master Deed, without increase or decrease for the existence of any rights to the use of Limited Common Elements appurtenant to a Unit. Annual assessments as determined in accordance with Article II, Section 2(a) above shall be payable by Co-owners either in twelve (12) equal monthly installments, quarterly or annually, in the discretion of the Board of Directors, subject to Section 7 below, commencing with acceptance of a deed to or a land contract vendee's interest in a Unit, or with the acquisition of fee simple title to a Unit by any other means. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. A late fee of Twenty Five (\$25.00) Dollars per month shall be imposed on each installment which is in default for ten (10) or more days; provided that the Association, acting through its Board of Directors, shall have the right to increase the amount of this late fee from time to time by giving thirty (30) days advance written notice of such increase to the Co-owners. Additionally, the Association may, pursuant to Article XX hereof, levy additional fines for late payment of assessments as the Association deems necessary from time to time. Each Co-owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments (including fines for late payment and costs of collection and enforcement of payment) pertinent to his Unit which may be levied while such Co-owner is the owner thereof, except a land contract purchaser from any Co-owner including Developer shall be so personally liable and such land contract seller shall not be personally liable for all such assessment levied up to and including the date upon which such land contract seller actually takes possession of the Unit following extinguishment of all rights of the land contract purchaser in the Unit. Payments on account of installments of assessments in default shall be applied as follows: first, to costs of collection and enforcement of payment, including reasonable attorneys' fees; second, to any interest charges and fines for late payment on such installments; and third, to installments in default in order of their due dates.

Section 4. Waiver of Use or Abandonment of Unit. No Co-owner may exempt himself from liability for his contribution toward the expenses of administration by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

Section 5. Enforcement.

(a) Remedies. In addition to any other remedies available to the Association, the Association may enforce collection of delinquent assessments by a suit at law for a money judgment or by foreclosure of the statutory lien that secures payment of

assessments. In the event of default by any Co-owner in the payment of any installment of the annual assessment levied against his Unit, the Association shall have the right to declare all unpaid installments of the annual assessment for the pertinent fiscal year immediately due and payable. The Association also may discontinue the furnishing of services to a Co-owner in default upon seven (7) days' written notice to such Co-owner of its intention to do so. A Co-owner in default shall not be entitled to utilize any of the General Common Elements of the Condominium and shall not be entitled to vote at any meeting of the Association so long as such default continues; provided, however, this provision shall not operate to deprive any Co-owner of ingress or egress to and from his Unit. In a judicial foreclosure action, a receiver may be appointed to collect a reasonable rental for the Unit from the Co-owner thereof or any persons claiming under him. The Association may also assess fines for late payment or non-payment of assessments in accordance with the provisions of Article XX of these By-Laws. All of these remedies shall be cumulative and not alternative.

(b) Foreclosure Proceedings. Each Co-owner, and every other person who from time to time has any interest in the Condominium, shall be deemed to have granted to the Association the unqualified right to elect to foreclose the lien securing payment of assessments either by judicial action or by advertisement. The provisions of Michigan law pertaining to foreclosure of mortgages by judicial action and by advertisement, as the same may be amended from time to time, are incorporated herein by reference for the purposes of establishing the alternative procedures to be followed in lien foreclosure actions and the rights and obligations of the parties to such actions.

(c) Power of Sale. 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 with respect to which the assessment(s) is or are delinquent and to receive, hold and distribute the proceeds of such sale in accordance with the priorities established by applicable law. Each Co-owner of a Unit in the Condominium acknowledges that at the time of acquiring title to such Unit, he was notified of the provisions of this subparagraph and that he voluntarily, intelligently and knowingly waived notice of any proceedings brought by the Association to foreclose by advertisement the lien for nonpayment of assessments and a hearing on the same prior to the sale of the subject Unit.

(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 his or their last known address, a written notice that one or more installments of the annual assessment levied against the pertinent Unit is or are delinquent and that the Association may invoke any of its remedies hereunder if the default is not cured within ten (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 office of the Register of Deeds of Oakland County prior to commencement of any foreclosure proceedings, 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 delinquent Co-owner and shall inform him that he may request a judicial hearing by initiating suit against the Association.

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

Section 6. Liability of Mortgagee. Notwithstanding any other provisions of the Condominium Documents, the holder of any first mortgage covering any Unit in the Condominium Project which comes into possession of the Unit pursuant to the remedies provided in the mortgage or by deed (or assignment) in lieu of foreclosure, or any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid assessments or charges against the mortgaged Unit which accrue prior to the time such holder comes into possession of the Unit (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).

Section 7. Developer's Responsibility for Assessments. Until the First Annual Meeting is held in accordance with the provisions of Article IX, Section 2 of these By-Laws, the Developer, even though a member of the Association, shall not be responsible for payment of the regular assessments of the Association established pursuant to subsection 2(a) above. The Developer, however, shall during the period up to the First Annual Meeting pay a proportionate share of the Association's current maintenance expenses actually incurred from time to time based upon the ratio of completed Units owned by the Developer at the time the expense is incurred to the total number of completed Units in the Condominium. In no event shall the Developer be responsible for payment, until after the First Annual Meeting, of any assessments for deferred maintenance, reserves for replacement, capital improvements or other special assessments, except with respect to occupied Units owned by it. After the First Annual Meeting, Developer shall be responsible for payment of the full amount of any regular Association assessments for all completed Units owned by it. Developer shall not be responsible at any time for payment of regular assessments or payment of any expenses whatsoever with respect to unbuilt Units notwithstanding the fact that such unbuilt Units may have been included in the Master Deed. Further, the Developer shall in no event be liable for any assessment levied in whole or in part to purchase any Unit from the Developer or to finance any litigation or other claims against the Developer, any cost of investigating and preparing such litigation or claim, or any similar or related cost. "Completed Unit" shall mean a Unit with respect to which a certificate of occupancy has been issued by the local public authority.

Section 8. Property Taxes and Special Assessments. All property taxes and special assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 9. Personal Property Tax Assessment of Association Property. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium owned or possessed in common by the Co-owners, and personal property taxes based thereon shall be treated as expenses of administration.

Section 10. Construction Lien. A construction lien otherwise arising under Act No. 497 of the Michigan Public Acts of 1980, as amended, shall be subject to Section 132 of the Act.

Section 11. Statement as to Unpaid Assessments and Related Costs. The purchaser of any Unit may request a statement of the Association as to the amount of any unpaid Association assessments thereon, whether regular or special. Upon written request to the Association accompanied by a copy of the executed purchase agreement pursuant to which the purchaser holds the right to acquire a Unit, the Association shall provide a written statement of such unpaid assessments as may exist or a statement that none exist, which statement shall be binding upon the Association for the period stated therein. The written statement from the Association shall also disclose the amounts of any interest, late charges, fines, costs and/or attorneys' fees due and owing with respect to the Unit (the "Related Costs"). Upon the payment of the sums set forth in the Association's written statement within the period stated, the Association's lien for assessments and Related Costs as to such Unit shall be deemed satisfied; provided, however, that the failure of a purchaser to request such statement at least five (5) days prior to the closing of the purchase of such Unit shall render any unpaid assessments and Related Costs and the lien securing the same fully enforceable against such purchaser and the Unit itself, to the extent provided by the Act. Under the Act, unpaid assessments and Related Costs constitute a lien upon the Unit and the proceeds of sale thereof prior to all claims except real property taxes and first mortgages of record.

### ARTICLE III ARBITRATION

Section 1. Scope and Election. Disputes, claims or grievances arising out of or relating to the interpretation or the application of the Condominium Documents, or any disputes, claims or grievances arising among or between 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, be submitted to arbitration and the parties thereto shall accept the arbitrator's decision as final and binding. At the exclusive option of the Association, a contract to settle by arbitration shall be executed by the Developer with respect to any claim that might be the subject of a civil action against the Developer, which claim arises out of or relates to the Common Elements of the Condominium Project if the amount of the claim is Ten Thousand (\$10,000.00) Dollars or less. At the exclusive option of a Co-owner, any claim which might be the subject of a civil action against the Developer which involves an amount less than Two Thousand Five Hundred (\$2,500.00) Dollars and arises out of or relates to a Co-owner's Unit or the Condominium Project, shall be settled by binding arbitration. The Commercial Arbitration Rules

of the American Arbitration Association as amended and in effect from time to time hereafter shall be applicable to any such arbitration.

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

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

#### ARTICLE IV INSURANCE

Section 1. Association Coverage. The Association shall carry all risk insurance covering all commonly insured occurrences against all risks of direct physical loss; and against all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements. Such insurance shall include, but not be limited to, fire and extended coverage, vandalism and malicious mischief, host liability, all inclusive liability insurance and worker's compensation insurance, where applicable and available.

- (a) Basic Policy Provisions. Insurance policies carried by the Association shall, if available without extraordinary premium charges, provide that:
- (1) Each Unit Owner is an insured person under the policy with respect to liability arising out of his interest in the Common Elements or membership in the Association.
  - (2) The insurer waives its right to subrogation under the policy against any Co-owner or member of such Co-owner's household.
  - (3) No act or omission by any Co-owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition for recovery under the policy.
  - (4) If, at the time of a loss under the policy, there is other insurance in the name of a Co-owner covering the same risk covered by the policy, the Association's policy provides primary insurance.
  - (5) That insurance proceeds must be disbursed first for repairs or restoration of the damaged property, unless and subject to the following:
    - (A) The Condominium is terminated;
    - (B) Repair or replacement would be illegal under any state or local health or safety statute or ordinance; or

(C) More than eighty (80%) percent of the Co-owners of all of the Units in the Condominium vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense. If the entire Condominium is not repaired or replaced, then: (i) the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Condominium; (ii) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt must be distributed to the Co-owners of those Units and the Co-owners of the Units to which those Limited Common Elements were assigned, or to lien holders, as their interests may appear; and (iii) the remainder of the proceeds must be distributed to all of the Co-owners or lien holders, as their interests may appear, in proportion to the Common Element interest of all of the Units. If the Co-owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated as if the Unit had been condemned under Article V, Section 5 of these By-Laws, and the Association shall promptly prepare, execute, and record an amendment to the Master Deed reflecting the reallocations.

(b) Insurance Replacement Values for Common Elements. All General Common Elements of the Condominium shall be insured against all risks, in an amount equal to the current insurable replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association or by an insurance agent retained by the Board of Directors at each anniversary renewal date of said insurance. The Board may engage professional appraisers for this purpose.

(c) Insurance for Standard Improvements Located Within Unit Interiors and Limited Common Elements. The standard interior improvements in all Units (including the Limited Common Elements appurtenant to a Unit) shall be covered by all risk insurance procured and paid for by the Association as part of its policy of insuring the Common Elements in amounts equal to the insurable replacement value of all of the interior structural and attendant and related building materials required to establish a structure for the Unit at the points and surfaces where it begins, including, without limitation, the finished subfloors; basement floors; basement walls; drywall; cabinets, finished carpentry; electrical and plumbing conduits, supplies and fixtures; tile; lighting fixtures; doors; door jams; glass doorwalls; hardware and all other materials as may be defined as standard by the Board of Directors of the Association from time to time in a published set of specifications (the "Standard Specifications"). Should the Board fail to publish such specifications, the Standard Specifications to be used for repair and replacement shall be determined by reference to the original installations, given the passage of time, as a standard.

(d) Premium Expenses. All premiums of insurance purchased by the Association pursuant to these By-Laws shall be expenses of administration.

(e) Receipt and Distribution of Proceeds of Insurance Policies. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association and the Co-owners and their mortgagees, as their interests may appear; provided, however, that whenever repair or

reconstruction of damaged portions of the Condominium shall be required as provided in Article V of these By-Laws, the insurance proceeds received by the Association shall be first applied to such repair or reconstruction unless the other provisions of the Condominium Documents mandate otherwise.

Section 2. Authority of Association to Maintain Insurance and Settle Claims. Each Co-owner appoints the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance for all insurance for the Condominium Project, including the insurance to be carried by such Co-owner under this Article IV, Section 3 below, if the Co-owner fails to meet his responsibilities thereunder. 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 to limiting or defining provisions of the Condominium Documents), to execute releases of liability and to execute all documents and to do all things on behalf of the Association and any of its Co-owner members as shall be necessary to accomplish the foregoing.

Section 3. Insurance Responsibilities of Co-Owners. Each Co-owner shall be obligated and responsible for:

- (a) Obtaining all risk liability and property insurance (generally in the form of an HO(6) policy, or such other specifications as the Association may prescribe or as may be commonly extant from time to time, and herein sometimes referred to as "Co-owner's Insurance") with respect to the improvements, decorations and any other personal property in his Unit which have been added to the Standard Improvements defined (or to be defined) in Section 1(c) of this Article IV or any other property contained within his Unit which is not covered by the Association's policy. This provision shall not preclude the Association from acquiring a blanket policy which covers the contents within a Unit under terms and conditions acceptable to the Association and the insurance carrier.
- (b) Providing insurance coverage for all risk liability for injury to property and persons occurring in the Unit to the limits prescribed from time to time by the Board of Directors of the Association, but in amounts not less than \$100,000.00 for damage to property and \$500,000.00 for injury to persons on a per event basis.
- (c) Insuring his personal property located within his Unit or elsewhere on the Condominium Project.

All Co-owner property insurance shall be carried in an amount equal to the maximum insurable replacement value of said improvements. A Co-owner's failure to fully insure his contents shall be a risk which he solely carries. Each Co-owner shall, on or before the annual anniversary dates of the issuance of his Co-owners' insurance, deliver certificates of such insurance to the Association. The Co-owner's policy of insurance shall also name the Association as an insured under his liability coverage. If a Co-owner fails to obtain such insurance (which may be assumed to be the case if the Co-owner fails to timely provide evidence thereof to the Association), the Association may obtain such insurance on behalf of such Co-owner and the premiums therefor (if not reimbursed by the Co-owner on demand) shall

constitute a lien against the Co-owners's Unit which may be collected from the Co-owner in the same manner that Association assessments may be collected in accordance with Article II hereof. The Association shall under no circumstance have any obligation to obtain any of the insurance coverage described in this Section 3 or incur any liability to any person for failure to do so. The Association may, on its own or through its paid agents, maintain a roster of Co-owners's insurance setting forth such relevant data as it deems helpful and useful to monitor the implementation of this Section 3.

The Co-owner's policy hereunder shall contain a thirty (30) day non-cancelable clause with mandatory thirty (30) day notice of cancellation to be mailed to the Association.

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

Section 5. Additional Insurance. The Association may, as an expense of administration, purchase an umbrella insurance policy which covers any risk required hereunder which was not covered due to lapse or failure to procure.

Section 6. Modifications to Insurance Requirements and Criteria. The Board of Directors of the Association may, with the consent of thirty-three and one-third (33-1/3%) percent of the Co-owners, revise the types, amounts, provisions, specifications and other provisions of this Article IV, except where prohibited by the Act.

## ARTICLE V RECONSTRUCTION OR REPAIR

Section 1. Responsibility for Reconstruction or Repair. If any part of the Condominium Premises shall be damaged as a result of fire, vandalism, weather or other natural or person caused phenomenon or casualty, the determination of whether or not it shall be reconstructed or repaired, and the responsibility therefor, shall be as follows:

(a) General Common Elements. If the damaged property is a General Common Element, the damaged property shall be rebuilt or repaired.

(b) Unit or Improvements Thereon. If the damaged property is a Unit or an improvement thereon or appurtenance thereto, the Association shall expeditiously rebuild and/or repair the damaged property to the specifications set forth in these By-Laws. Pending rebuilding or repair, the Co-owner shall remove all debris and maintain the Unit and improvements thereon in a clean and sightly manner and in the best condition reasonable efforts can achieve. The Co-owner shall be responsible for the determination and coordination of the rebuilding of internal improvements beyond the Standard Specifications established pursuant to Article IV, Section 1(c) above if the Co-owner elects to exceed the Standard Specifications. The Association may reject any changes to the Standard Specifications which it deems not to be in the best interest of the Condominium Project. No change to the exterior appearance of any building shall be

permitted. The Association and Co-owner shall cooperate in coordinating their respective repair and replacement responsibilities.

Section 2. Repair in Accordance with Master Deed. Reconstruction or repair shall be substantially in accordance with the Master Deed, the Condominium Subdivision Plan attached thereto as Exhibit B, and the original plans and specifications for the Condominium as updated by the published Standard Specifications.

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

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

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

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

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

(c) Continuation of Condominium After Taking. In the event the Condominium Project continues after taking by eminent domain, then the remaining portion of the Condominium Project shall be resurveyed and the Master Deed amended accordingly, and, if any Unit shall have been taken, then Article II of the Master Deed shall also be amended to reflect such taking and to proportionately readjust the percentages of value of the remaining Co-owners based upon the continuing value of the Condominium of 100%. Such

amendment may be effected by an officer of the Association duly authorized by the Board of Directors without the necessity of execution or specific approval thereof by any Co-owner.

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

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

Section 6. Priority of Mortgagee Interests. Nothing contained in the Condominium Documents shall be construed to give a Co-owner or any other party priority over any rights of first mortgagees of Condominium Units pursuant to their mortgages in the case of a distribution to Co-owners of insurance proceeds or condemnation awards for losses to or a taking of Condominium Units and/or Common Elements.

Section 7. Notification of FHLMC, FNMA, Etc. In the event any mortgage in the Condominium is held by the Federal Home Loan Mortgage Corporation ("FHLMC"), Federal National Mortgage Association ("FNMA"), Government National Mortgage Association ("GNMA"), the Michigan State Housing Development Authority ("MSHDA"), or insured by the Veterans Administration ("VA"), Department of Housing and Urban Development ("HUD"), Federal Housing Association ("FHA") or any private or public mortgage insurance program, then the Association shall give the aforementioned parties written notice, at such address as they may from time to time direct, of any loss to or taking of the Common Elements of the Condominium if the loss or taking exceeds Ten Thousand and 00/100 (\$10,000.00) Dollars in amount or damage to a Condominium Unit or dwelling covered by a mortgage purchased, held or insured by them.

## ARTICLE VI RESTRICTIONS

Section 1. Uses Permitted. No Unit shall be used for other than single-family residential purposes; provided, however, that from time to time a Unit may also be occupied by a reasonable number of guests (which may include all of the members of another family). In no event may any Unit be used as a residence for more than one family and no Unit shall be used to conduct any business, trade or profession; provided, however, that any Co-owner may maintain a professional library in a Unit, maintain personal records and conduct personal business within a Unit, and participate in business or professional telephone calls from within the Unit. The operation of a "family day care home" or other day care facility within any Unit is specifically prohibited.

Section 2. Architectural and Aesthetic Control; Rules and Regulations.

(a) Standards for Construction and Replacement of Improvements. During the Development and Sales Period, any and all improvements constructed within the Condominium shall be constructed by the Developer or with the prior written approval of the Developer. The approval of any improvement not constructed by Developer during the Development and Sales Period shall be within the sole and absolute discretion of the Developer for the purpose of ensuring that the Condominium is developed as an attractive residential development that is in harmony with its surroundings.

(b) Aesthetic and Architectural Control in General. Subject to the limitation stated below, the Board of Directors of the Association, on its own initiative, acting through a sub-committee of one or more persons appointed by the Board with the Board's approval, may issue and enforce reasonable rules and uniform rules which deal with one or more of the following:

- (1) Posting of "For Sale" signs;
- (2) The exterior appearance of exterior and interior (which are visible from the exterior) window treatments;
- (3) The display, maintenance or placement of any plants, furniture, decorations or any other item on patios, decks, or porches;
- (4) The establishment and publication of Standard Specifications consistent with the Condominium Documents for the rebuilding, repair or renovation of the exteriors and interiors of each Unit and the Common Elements;
- (5) Any other rules and regulations permitted by the Act and the Condominium Documents which are reasonable and promulgated for the common benefit of the Co-owners.

The Board of Directors may establish and publish other rules and regulations which deal with the implementation of the criteria it establishes for architectural and aesthetic controls which shall be uniformly, fairly and reasonably applied. Any rule or regulation adopted pursuant to this provision during the Development and Sales Period must first be approved in writing by the Developer.

(c) General Rules and Regulations. Reasonable regulations consistent with all laws and the Condominium Documents concerning the use of the Common Elements, including any recreational facilities constructed within the Condominium, 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 of the Association, including the first Board of Directors (or its successors) prior to the Transitional Control Date. Copies of all such rules, regulations and amendments thereto shall be furnished to all Co-owners or

posted on a General Common Element. Any such regulation or amendment may be revoked at any time by the affirmative vote of a majority of the Co-owners.

Section 3. Proscribed Activities. No noxious or offensive activity shall be performed within any Unit or upon the Common Elements, nor shall anything be done thereon that tends to cause embarrassment, discomfort, annoyance or nuisance to the occupants or Co-owners's of Units within the Condominium. No charcoal grills or grills using any other type of fuel, other than propane gas, shall be used anywhere within the Condominium, including, without limitation, on any deck, patio or porch. All windows must have white-backed draperies or white-backed window treatments. All garage doors must be kept closed except when necessary for purposes of ingress to and egress from the garage. There shall not be maintained any animal or device or thing of any sort whose normal activities or existence is in any way noxious, noisy, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the reasonable enjoyment of Units. The Board of Directors of the Association shall be the final arbiter of whether a particular animal, device or thing is in violation of the foregoing restrictions. No Co-owner shall do or permit anything to be done or keep or permit to be kept in the Co-owner's Unit or on the Common Elements anything that will increase the cost of insurance on the Condominium without the written approval of the Association, and each Co-owner shall pay to the Association the increased cost of insurance premiums resulting from any such activity or the maintenance of any such condition even if approved, which increased cost may be assessed to and collected from the Co-owner in the manner provided in Article II hereof.

Section 4. Animals or Pets. No animals or fowl shall be kept or maintained on any Unit at any time, except for not more than two (2) animals that are normally considered to be household pets. (This restriction shall not apply to small animals commonly kept in a cage or container, such as parakeets or goldfish.) Any pets kept in the Condominium shall have such care and restraint as not to be obnoxious on account of noise, odor or unsanitary conditions. No savage or dangerous animal shall be kept. No animal may be permitted to run loose upon the Common Elements, and any animal shall at all times be attended and promptly cleaned up after by a responsible person while on the Common Elements. Any person who causes or permits an animal to be brought or kept on the Condominium property shall indemnify the Association and hold it harmless for any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the Condominium property. No doghouse, dog run or pet shelter of any kind shall be installed or maintained on the premises of the Condominium, including any General or Limited Common Element area.

Section 5. Vehicles. No trailers, boats, aircraft, commercial vehicles, boat trailers, boats, camping vehicles, camping trailers, snowmobile trailers, jet skis, jet ski trailers or other recreational vehicles, or any other vehicles, other than passenger cars, passenger vans, pick-up trucks and sport utility vehicles shall be parked or maintained within the Condominium unless in an attached garage included within a Unit. No vehicle that is used to promote a commercial enterprise, or used in connection with such an enterprise, shall be parked in the Condominium, or on any Unit, unless parked in a garage as provided above, except while making deliveries or pickups in the normal course of business. No vehicle shall be parked on any portion of the roads within the Condominium on an overnight basis or for an extended period of time. The Association through its Board of Directors shall have the right to impose rules and regulations

regarding parking on the roads within the Condominium and such rules may impose time limits for such parking.

Section 6. Signs, Advertising and Mailboxes. No commercial signs of any kind shall be placed or maintained within or upon any Unit except with the written permission of the Board of Directors or except as may be required by legal proceedings. If such permission is granted, the Board of Directors shall have the right to restrict the size, color and content of such signs. The Developer shall have the right to control or preclude the placement of any "for sale" sign or other advertisement anywhere in the Condominium throughout the duration of the Development and Sales Period and the Board of Directors shall have this same right thereafter. Any and all mailboxes installed within the Condominium shall throughout the Development and Sales Period conform to such standards as may be established by the Developer and those standards shall remain in effect after the Development and Sales Period unless reasonably modified by the Board of Directors.

Section 7. Co-owner Maintenance. Each Co-owner shall maintain his or her Unit and any Limited Common Elements appurtenant thereto for which the Co-owner has maintenance responsibility in a safe, clean and sanitary condition. All vacant Units must be kept free of debris, litter and trash and appropriate measures must be taken to protect such Units from winter weather-caused damage. Each Co-owner shall be responsible for damages or costs to the Association resulting from negligent damage to or misuse of any of the Common Elements by the Co-owner or the Co-owner's family, guests, agents or invitees, unless such damages or costs are covered by insurance carried by the Association in which case there shall be no such responsibility, unless reimbursement to the Association is 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 II hereof.

Section 8. Common Elements. The Common Elements shall not be obstructed in any way nor shall they be used for purposes other than for which they are reasonably and absolutely intended. No Co-owner may leave personal property of any description (including by way of example and not limitation: bicycles, vehicles, sculptures or statues, chairs and benches) unattended on or about the Common Elements. No Co-owner may decorate or modify the exterior of any building in the Condominium (said exteriors comprising General Common Elements), except in accordance with rules adopted by the Association. (This limitation includes the installation of lights and other decorations during holiday seasons, which, if permitted, shall not be installed prior to Thanksgiving or allowed to remain after January 15.) Use of all Common Elements may be limited to such times and in such manner as the Board of Directors shall determine by duly adopted regulations.

Section 9. Alterations and Modifications of the Common Elements. No Co-owner shall make changes in any of the Common Elements, limited or general (including, without limitation, the addition or removal of any plants, trees, shrubs or flowers), without the express written approval of the Board of Directors (and the Developer during the Development and Sales Period). Notwithstanding the foregoing, the Co-owners of a Unit may replace such deck or patio as may have been originally constructed by the Developer (or assignee of Developer) within the Limited Common Element located at the rear of the Unit as shown on the Condominium

Subdivision Plan so long as the replacement deck or patio conforms to the plans and specifications used to construct the original deck or patio and so long as construction of the replacement deck or patio is promptly carried out without unreasonable delay. The Board of Directors may adopt reasonable rules permitting the addition and maintenance of plants and flowers to limited common element deck and patio areas situated within the Condominium. Except as specifically permitted in the Master Deed and/or By-Laws, no Co-owner shall construct or maintain any improvement of any sort upon any General or Limited Common Elements or cause or permit any alteration or damage to any natural area that might be included in the Condominium.

Section 10. Weapons. No Co-owner shall use, or permit the use by any occupant, agent, employee, invitee, guest or member of his or her family of any firearms, air rifles, pellet guns, B-B guns, bows and arrows, sling shots, or other similar weapons, projectiles or devices anywhere on or about the Condominium.

Section 11. Leasing and Rental.

(a) Right to Lease. A Co-owner may lease or sell his Unit for the same purposes set forth in Section 1 of this Article VI; provided that written disclosure of such lease transaction is submitted to the Board of Directors of the Association in the manner specified in subsection (b) below. With the exception of a lender in possession of a Unit following a default of a first mortgage, foreclosure or deed or other arrangement in lieu of foreclosure, no Co-owner shall lease less than an entire Unit in the Condominium and no tenant shall be permitted to occupy except under a lease the initial term of which is at least six (6) months unless specifically approved in writing by the Association. The terms of all leases, occupancy agreements and occupancy arrangements shall incorporate, or be deemed to incorporate, all of the provisions of the Condominium Documents. The Developer may lease any number of Units in the Condominium in its discretion. These leasing provisions may not be revised prior to the Transitional Control Date without the Developer's prior written consent. Any revision to these leasing provisions shall be subject to the limitation set forth in Article VIII, paragraph (d) of the Master Deed.

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

- (1) A Co-owner, including the Developer, desiring to rent or lease a Unit, shall disclose that fact in writing to the Association at least ten (10) days before presenting a lease form to a potential lessee and, at the same time, shall supply the Association with a copy of the exact lease form for its review for its compliance with the Condominium Documents. If the Developer desires to rent Units before the Transitional Control Date, Developer shall notify either the Advisory Committee or each Co-owner in writing. All leases must be in writing.
- (2) Tenants and non-owner occupants shall comply with all of the conditions of the Condominium Documents and all leases and rental agreements shall so state.

- (3) If the Association determines that the tenant or non-owner occupant has failed to comply with the conditions of the Condominium Documents, the Association shall take the following action:
- (i) The Association shall notify the Co-owner by certified mail advising of the alleged violation by the tenant.
  - (ii) The Co-owner shall have fifteen (15) days after receipt of such notice to investigate and correct the alleged breach by the tenant or advise the Association that a violation has not occurred.
  - (iii) If after 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 it is under the control of the Developer, an action for eviction against the tenant or non-owner occupant and simultaneously for money damages in the same action against the Co-owner and tenant or non-owner occupant for breach of the conditions of the Condominium Documents. The relief provided for in this subparagraph may be by summary proceeding. The Association may hold both the tenant and the Co-owner liable for any damages to the General Common Elements caused by the Co-owner or tenant in connection with the Unit or Condominium Project.
- (4) When a Co-owner is in arrears to the Association for assessments, the Association may give written notice of the arrearage to a tenant occupying a Co-owner's Unit under a lease or rental agreement and the tenant, after receiving the notice, shall deduct from rental payments due the Co-owner the arrearage and future assessments as they fall due and pay them to the Association. The deductions shall not constitute a breach of the rental agreement or lease by the tenant. If the tenant, after being notified, fails or refuses to remit rent otherwise due the Co-owner to the Association, then the Association may take the following actions:
- (i) The Association may issue a statutory notice to quit for non-payment of rent to the tenant and shall have the right to enforce that notice by summary proceeding.
  - (ii) The Association may initiate proceedings for eviction and money damages as described in subparagraph (3)(iii) above following the tenant's failure to remit rent otherwise due within fifteen (15) days after issuance of notice by the Association to the tenant by certified mail.

Section 12. Special Assessment Districts for Improvement of Dedicated Roads. At some time subsequent to the recording of the Master Deed, it may become necessary to pave or improve some or all of the roads within or adjacent to the Condominium Project. If any such roads have been dedicated in accordance with Article VII of the Master Deed, such improvement may be financed, in whole or in part, by the creation of a special assessment district or districts

which may be comprised of or include the Condominium. The acceptance of a conveyance or the execution of a land contract by any Co-owner shall constitute the agreement of such Co-owner, his or her heirs, executors administrators or assigns that the Board of Directors of the Association shall be vested with full power and authority to obligate all Co-owners to participate in a special assessment district, sign petitions requesting said special assessment, and consider and otherwise act on all assessment issues on behalf of the Association and all Co-owners with respect to any dedicated roads or streets; provided, that prior to signature by the Association on a petition for improvement of such public roads, the desirability of said improvement shall be approved by an affirmative vote of not less than 51% of all Co-owners. No consent of mortgagees shall be required for approval of said public road improvement. All road improvement assessments levied by any public taxing authority shall be assessed in accordance with Section 131 of the Act.

Section 13. Use of Recreation Facilities. The authority to make rules and regulations accorded to the Board of Directors of the Association in subsection 2(c) of this Article VI shall include, without limiting the same, the authority to make reasonable rules and regulations regarding the use of any recreation facilities established or constructed as part of the General Common Elements of the Condominium.

Section 14. Reserved Rights of Developer.

(a) Developer's Rights in Furtherance of Development and Sales. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards of the Developer with respect to unoccupied Units owned by the Developer, or of the Association in furtherance of its powers and purposes. Notwithstanding anything to the contrary elsewhere herein contained, until all Units in the entire Condominium Project are sold and conveyed by Developer, Developer shall have the right to maintain a sales office, a business office, a construction office, model units, storage areas for supplies and construction materials and 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.

(b) Enforcement of By-Laws. 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 and/or do any landscaping required by the By-Laws and charge the cost thereof to the Association as an expense of administration. The Developer shall have the right to enforce these By-Laws 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 By-Laws.

(c) Developer's Assignment Rights. Any and all rights and powers of the Developer that have been granted or reserved by law or herein (or in any of the other Condominium

Documents) to Developer (including, without limitation, any right or power to approve or to disapprove any act, use or proposed action or any other matter or thing) may be assigned by Developer to any person or entity, including, without limitation, the Association. Any assignment by Developer must be evidenced by a written instrument that must also be signed by the assignee to evidence the assumption by that assignee of the rights of the Developer hereunder. Notwithstanding the foregoing, as of the expiration of the Development and Sales Period, any and all of the rights hereunder of Developer that have not been theretofore assigned by Developer will be deemed to have been assigned to and assumed by the Association; provided, however, that in no event will Developer be deemed to have thereby assigned or in any other manner relinquished any real property rights granted or reserved to Developer or its successors and assigns in the Master Deed or in any other Condominium Documents or recorded Declarations, including, without limitation, any access easements, utility easements or any other easements created or reserved in the Master Deed, any of the other Condominium Documents or any recorded Declaration (any of which may only be terminated by a written instrument signed by Developer and recorded with the Oakland County Register of Deeds).

(d) Method of Evidencing Developer's Approval. **ANY APPROVAL, WAIVER, OR OTHER ACTION HEREUNDER BY DEVELOPER WILL NOT BE EFFECTIVE UNLESS THAT APPROVAL, WAIVER, OR OTHER ACTION IS IN WRITING AND IS SIGNED BY DEVELOPER. CO-OWNERS, THE ASSOCIATION AND ANY OTHER PERSONS OR ENTITIES MAY NOT RELY UPON ANY APPROVAL, WAIVER, OR OTHER ACTION HEREUNDER IF THAT APPROVAL, WAIVER, OR OTHER ACTION IS GRANTED OR TAKEN BY ANY PERSON (INCLUDING, WITHOUT LIMITATION, ANY EMPLOYEES OR REPRESENTATIVES OF DEVELOPER) OTHER THAN DEVELOPER. AGENTS, EMPLOYEES, CONSULTANTS, ATTORNEYS AND OTHER REPRESENTATIVES AND ADVISORS OF DEVELOPER ARE NOT LIABLE WITH RESPECT TO ANY APPROVALS, WAIVERS OR OTHER ACTIONS UNDER THE CONDOMINIUM DOCUMENTS.**

Section 15. Residential Unit Development Agreement ("RUD Agreement"); Community Association Declaration; Conservation Easement. The Condominium and the Units established within the Condominium are subject to the RUD Agreement and the Community Association Declaration described in Articles VII and XV of the Master Deed. Portions of the Condominium are or shall be encumbered by a Conservation Easement as shown on the Condominium Subdivision Plan and as described in Article VII of the Master Deed. Each and every Co-owner and any person occupying a Residence constructed within the Condominium shall comply with the terms and provisions of the RUD Agreement, as amended; the Community Association Declaration, as amended; and the Conservation Easement. Any violation of the RUD Agreement, as amended; the Community Association Declaration, as amended; or the Conservation Easement shall be deemed a violation of these By-Laws.

ARTICLE VII  
MORTGAGES, MORTGAGE INSURERS  
AND MORTGAGE GUARANTORS

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

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

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

Section 4. Applicability to Mortgage Insurers and Guarantors. Any of the rights in the condominium document which are granted to first mortgagees shall also be extended to insurers and guarantors of such mortgages, provided that they have given the Association notice of their interests. However, when voting rights are attributed to a mortgagee, only one vote may be cast per mortgage as to the mortgage in question regardless of the number of mortgagees, assignees, insurers and guarantors interested in the mortgage.

Section 5. Notification of Amendments and Other Matters. All holders of first mortgages and insurers and guarantors thereof who have requested notice are entitled to timely written notice of: (a) any amendment affecting a unit in which they have an interest, (b) any amendment affecting a change in the general common elements, or limited common element appurtenant to a unit in which they have an interest, (c) a material change in the voting rights or use of a unit in which they have an interest, (d) any proposed termination of the condominium, (e) any condemnation or casualty loss which affects a material portion of the condominium or a unit in which they have an interest or (f) any lapse, cancellation or material modification of any insurance policy maintained by the Association.

ARTICLE VIII  
VOTING

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

Section 2. Eligibility to Vote. No Co-owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of a Unit in the Condominium Project to the Association. Except as provided in Article XI, Section 2 of

these By-Laws, no Co-owner, other than the Developer, shall be entitled to vote prior to the date of the First Annual Meeting of members held in accordance with Section 2 of Article IX. The vote of each Co-owner may be cast only by the individual representative designated by such Co-owner in the notice required in Section 3 of this Article VIII below or by a proxy given by such individual representative. The Developer shall be the only person entitled to vote at a meeting of the Association until the First Annual Meeting of members and shall be entitled to vote during such period notwithstanding the fact that the Developer may own no Units at some time or from time to time during such period. At and after the First Annual Meeting the Developer shall be entitled to one vote for each Unit which it owns.

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

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

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

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

## ARTICLE IX MEETINGS

Section 1. Place of Meeting. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Co-owners as may be designated by the Board of Directors. Meetings of the Association shall be conducted in accordance with Sturgis Code of Parliamentary Procedure, Roberts Rules of Order or some

other generally recognized manual of parliamentary procedure, when not otherwise in conflict with the Condominium Documents (as defined in the Master Deed) or the laws of the State of Michigan.

Section 2. First Annual Meeting. The First Annual Meeting of members of the Association may be convened only by the Developer and may be called at any time after more than fifty (50%) percent of the total number of Units that may be created in the Condominium have been sold and the purchasers thereof qualified as members of the Association. In no event, however, shall such meeting be called later than one hundred twenty (120) days after the conveyance of legal or equitable title to non-developer Co-owners of seventy five (75%) percent of the total number of Units that may be created in the Condominium, or fifty four (54) months after the first conveyance of legal or equitable title to a non-developer Co-owner of a Unit in the Condominium Project, whichever first occurs. Developer may call meetings of members for informative or other appropriate purposes prior to the First Annual Meeting of members and no such meeting shall be construed as the First Annual Meeting of members. The date, time and place of such meeting shall be set by the Board of Directors, and at least ten (10) days' written notice thereof shall be given to each Co-owner.

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

Section 4. Special Meetings. It shall be the duty of the President to call a special meeting of the Co-owners as directed by resolution of the Board of Directors or upon a petition signed by one third (1/3) of the Co-owners presented to the Secretary of the Association. Notice of any special meeting shall state the time and place of such meeting and the purposes thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 5. Notice of Meetings. It shall be the duty of the Secretary (or other Association officer in the Secretary's absence) to serve a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, upon each Co-owner of record, 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 by Article VIII, Section 3 of these By-Laws shall be deemed notice served. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, shall be deemed due notice.

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

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

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

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

Section 10. Minutes, Presumption of Notice. Minutes or a similar record of the proceedings of meetings of members, when signed by the President or Secretary, shall be presumed 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 X ADVISORY COMMITTEE

Within one year after conveyance of legal or equitable title to the first Unit in the Condominium to a purchaser or within one hundred twenty (120) days after conveyance to purchasers of one third (1/3) of the total number of Units which may be created in the Condominium, whichever first occurs, the Developer shall cause to be established an Advisory Committee consisting of at least three (3) non-developer Co-owners. The Committee shall be

established and perpetuated in any manner the Developer deems advisable except that if more than fifty (50%) percent of the non-developer Co-owners petition the Board of Directors for an election to select the Advisory Committee, then an election for such purpose shall be held. The purpose of the Advisory Committee shall be to facilitate communications between the temporary Board of Directors and the other Co-owners and to aid in the transition of control of the Association from the Developer to purchaser Co-owners. The Advisory Committee shall cease to exist automatically when the non-developer Co-owners have the voting strength to elect a majority of the Board of Directors of the Association. The Developer may remove and replace at its discretion at any time any member of the Advisory Committee who has not been elected thereto by the Co-owners.

## ARTICLE XI BOARD OF DIRECTORS

Section 1. Number and Qualification of Directors. The Board of Directors shall be comprised of three (3) members, all of whom must be members of the Association or officers, partners, trustees, employees or agents of members of the Association, except for the first Board of Directors. Directors shall serve without compensation.

Section 2. Election of Directors.

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

(b) Appointment of Non Developer Co-owners to Board Prior to First Annual Meeting. Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-Developer Co-owners of twenty five (25%) percent in number of the Units that may be created, one of the three (3) Directors shall be selected by non-Developer Co-owners. When the required number of conveyances has been reached, the Developer shall notify the non-Developer Co-owners and request that they hold a meeting and elect the required Director. Upon certification by the Co-owners to the Developer of the Director so elected, the Developer shall then immediately appoint such Director to the Board to serve until the First Annual Meeting of members unless he is removed pursuant to Section 7 of this Article or he resigns or becomes incapacitated.

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

(1) Not later than one hundred twenty (120) days after conveyance of legal or equitable title to non-developer Co-owners of seventy five (75%) percent in number of the Units that may be created, the non-Developer Co-owners shall elect all Directors on the Board, except that the Developer shall have the right to designate at least one (1) Director as long the Units that remain to be created and conveyed equal at least ten (10%) percent of all Units in the Condominium. Whenever the required conveyance level is achieved, a meeting of Co-owners

shall be promptly convened to effectuate this provision, even if the First Annual Meeting has already occurred.

- (2) Regardless of the percentage of Units which have been conveyed, upon the expiration of fifty four (54) months after the first conveyance of legal or equitable title to a non-Developer Co-owner of a Unit in the Condominium Project, the non-Developer Co-owners have the right to elect a number of members of the Board of Directors equal to the percentage of Units they own, and the Developer has the right to elect a number of members of the Board of Directors equal to the percentage of Units which are owned by the Developer and for which all assessments are payable by the Developer. This election may increase, but shall not reduce, the minimum election and designation rights otherwise established in subsection (1). Application of this subsection does not require a change in the size of the Board of Directors.
- (3) If the calculation of the percentage of members of the Board of Directors that the non-Developer Co-owners have the right to elect under subsection (2), or if the product of the number of members of the Board of Directors multiplied by the percentage of Units held by the non-Developer Co-owners under subsection (b) results in a right of non-Developer Co-owners to elect a fractional number of members of the Board of Directors, then a fractional election right of 0.5 or greater shall be rounded up to the nearest whole number, which number shall be the number of members of the Board of Directors that the non-Developer Co-owners have the right to elect. After application of this formula the Developer shall have the right to elect the remaining members of the Board of Directors. Application of this subsection shall not eliminate the right of the Developer to designate one (1) Director as provided in subsection (1).
- (4) At the First Annual Meeting, two (2) Directors shall be elected for a term of two (2) years and one (1) Director shall be elected for a term of one (1) year. At such meeting all nominees shall stand for election as one slate and the two (2) persons receiving the highest number of votes shall be elected for a term of two (2) years and the person receiving the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting held thereafter, either two (2) Directors or one Director shall be elected depending upon the number of Directors whose terms expire. After the First Annual Meeting, the term of office (except for one of the Directors elected at the First Annual Meeting) of each Director shall be two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting.
- (5) Once the Co-owners have acquired the right to elect a majority of the Board of Directors, annual meetings of Co-owners to elect Directors and conduct other business shall be held in accordance with the provisions of Article IX, Section 3 hereof.

Section 3. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all acts and

things as are not prohibited by the Condominium Documents or required thereby to be exercised and done by the Co-owners.

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

- (a) To manage and administer the affairs of and to maintain the Condominium Project and the General Common Elements thereof;
- (b) To levy and collect assessments from the members of the Association and to use the proceeds thereof for the purposes of the Association;
- (c) To carry insurance and collect and allocate the proceeds thereof;
- (d) To rebuild improvements after casualty;
- (e) To contract for and employ persons, firms, corporations or other agents to assist in the management, operation, maintenance and administration of the Condominium Project;
- (f) To acquire, maintain and improve; and to buy, operate, manage, sell, convey, assign, mortgage or lease any real or personal property (including any Unit in the Condominium and easements, rights-of-way and licenses) on behalf of the Association in furtherance of any of the purposes of the Association;
- (g) To borrow money and issue evidences of indebtedness in furtherance of any or all of the purposes of the Association, and to secure the same by mortgage, pledge, or other lien on property owned by the Association; provided, however, that any such action shall also be approved by affirmative vote of seventy five (75%) percent of all of the members of the Association in number and in value;
- (h) To make rules and regulations in accordance with Article VI, Section 2(b) and (c) of these By-Laws and to maintain and operate such recreation facilities as may be constructed or established as General Common Elements of the Condominium;
- (i) To establish such committees as it deems necessary, convenient or desirable and to appoint persons thereto for the purpose of implementing the administration of the Condominium and to delegate to such committees any functions or responsibilities which are not by law or the Condominium Documents required to be performed by the Board; and
- (j) To enforce the provisions of the Condominium Documents.

Section 5. Management Agent. The Board of Directors may employ for the Association a professional management agent (which may include the Developer or any person or entity related thereto) at reasonable compensation established by the Board to perform such duties

and services as the Board shall authorize, including, but not limited to, the duties listed in Sections 3 and 4 of this Article, and the Board may delegate to such management agent any other duties or powers which are not by law or by the Condominium Documents required to be performed by or have the approval of the Board of Directors or the members of the Association. In no event shall the Board be authorized to enter into any contract with a professional management agent, or any other contract providing for services by the Developer, sponsor or builder, in which the maximum term is greater than three (3) years or which is not terminable by the Association upon ninety (90) days written notice thereof to the other party and no such contract shall violate the provisions of Section 55 of the Act. Contracts with professional management agents may provide for the collection of "set-up" fees or "transfer" fees by the management agent upon the initial conveyance of a Unit by the Developer and upon the subsequent sale or conveyance of a Unit by a non-Developer Co-owner; provided that the amounts of such fees shall be fixed by the terms of the contract with the management agent and further provided that payment of any such fees shall be the responsibility of the Co-owner(s) that are selling the Unit. Any "set-up" fee charged with respect to the purchase of a Unit from the Developer shall be paid by the purchaser of the Unit.

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

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

Section 8. First Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such times and places as shall be determined from time to time by a majority of the Directors, but at least two (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, by mail, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

Section 10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each given personally, by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) Directors.

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

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

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

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

## ARTICLE XII OFFICERS

Section 1. Officers. The principal officers of the Association shall be a President, who shall be a member of the Board of Directors, a Vice President, a Secretary and a Treasurer. The Directors may appoint an Assistant Treasurer, and an Assistant Secretary, and such other

officers as in their judgment may be necessary. Any two offices except that of President and Vice President may be held by one (1) person.

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

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

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

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

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

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

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

### ARTICLE XIII SEAL

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

### ARTICLE XIV FINANCES

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

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

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

### ARTICLE XV INDEMNIFICATION OF OFFICERS AND DIRECTORS

Every Director and officer of the Association shall be indemnified by the Association against all expenses and liabilities, including actual and reasonable counsel fees and amounts paid in settlement, incurred by or imposed upon him 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 he may be a party or in which he may become involved by reason of his being or having been a Director or officer of the Association, whether or not he

is a Director or officer at the time such expenses are incurred, except as otherwise prohibited by law; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or officer seeking such reimbursement or indemnification, the indemnification herein shall apply only if the Board of Directors (with the Director seeking reimbursement abstaining) approves such settlement and reimbursement as being in the best interest of the Association. 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. At least ten (10) days prior to payment of any indemnification which it has approved, the Board of Directors shall notify all Co-owners thereof. Further, the Board of Directors is authorized to carry officers' and directors' liability insurance covering acts of the officers and Directors of the Association in such amounts as it shall deem appropriate.

## ARTICLE XVI AMENDMENTS

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

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

Section 3. By the Co-owners. These By-Laws may be amended by the Co-owners at any regular annual meeting or a special meeting called for such purpose by an affirmative vote of not less than sixty six and two thirds (66-2/3%) percent of all Co-owners. No consent of mortgagees shall be required to amend these By-Laws unless such amendment would materially alter or change the rights of such mortgagees, in which event the approval of sixty six and two thirds (66-2/3%) percent of the mortgagees shall be required, with each mortgagee to have one vote for each first mortgage held.

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

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

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

Section 7. Approval of the City of Novi. Any amendment to these By-Laws which affects the conditions imposed on the Condominium by the City of Novi or the rights of the City

shall require the prior written consent of the City, which consent will not be unreasonably withheld.

## ARTICLE XVII COMPLIANCE

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

## ARTICLE XVIII DEFINITIONS

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

## ARTICLE XIX REMEDIES FOR DEFAULT

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

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

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

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

Section 4. Assessment of Fines. The violation of any of the provisions of the Condominium Documents by any Co-owner shall be grounds for assessment by the Association,

acting through its duly constituted Board of Directors, of monetary fines for such violations. No fine may be assessed unless in accordance with the provisions of Article XX below.

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

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

Section 7. Enforcement of Provisions of Condominium Documents. A Co-owner may maintain an action against the Association and its officers and Directors to compel such persons to enforce the terms and provisions of the Condominium Documents. A Co-owner may maintain an action against any other Co-owner for injunctive relief or for damages or any combination thereof for noncompliance with the terms and provisions of the Condominium Documents or the Act.

## ARTICLE XX ASSESSMENT OF FINES

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

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

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

(b) Opportunity to Defend. The offending Co-owner shall have an opportunity to appear before the Board and offer evidence in defense of the alleged violation. The

appearance before the Board shall be at its next scheduled meeting but in no event shall the Co-owner be required to appear less than ten (10) days from the date of the Notice.

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

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

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

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

(b) Second Violation. A fine of Seventy-Five Dollars (\$75.00).

(c) Third Violation. A fine of One Hundred Dollars (\$100.00).

(d) Fourth Violation and Subsequent Violations. A fine of One Hundred and Fifty Dollars (\$150.00) for each violation.

The Association, acting through its Board of Directors, may increase or decrease the fine schedule set forth above by Board resolution after giving prior written notice to the Co-owners of the proposed change. The resolution and a proof of notice shall then be recorded in the Oakland County Records and the new schedule shall be effective upon recording.

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

## ARTICLE XXI JUDICIAL ACTIONS AND CLAIMS

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 By-Laws and in the Association's Articles of Incorporation, the Association may assert, defend or settle claims on behalf of all Co-owners in connection with the Common Elements of the Condominium. As provided in the Articles of Incorporation of the Association, the commencement of any civil action (other than one to enforce these By-Laws or collect delinquent assessments) shall require the approval of a majority in number and in value of the Co-owners, and shall be governed by the requirements of this Article. The requirements of this Article will ensure that the Co-owners are fully informed regarding the prospects and likely costs 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 where reasonable and prudent alternatives to the litigation exist. Each Co-owner shall have standing to sue to enforce the requirements of this Article. The following procedures and requirements apply to the Association's commencement of any civil action other than an action to enforce these By-Laws or to collect delinquent assessments:

Section 1. Board of Directors' Recommendation to Co-owners. The Association's 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.

Section 2. Litigation Evaluation Meeting. Before an attorney is 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 written notice to the Co-owners of the date, time and place of the Litigation Evaluation Meeting shall be sent to all Co-owners not less than twenty (20) days before the date of the meeting and shall including the following information copied onto 8-1/2" x 11" paper:

(a) A certified resolution of the Board of Directors setting forth in detail the concerns of the Board of Directors giving rise to the need to file a civil action and further certifying that:

- (i) it is in the best interests of the Association to file a lawsuit;
- (ii) that at least one member of the Board of Directors has personally made a good faith effort to negotiate a settlement with the putative defendant(s) on behalf of the Association, without success;
- (iii) litigation is the only prudent, feasible and reasonable alternative; and
- (iv) the Board of Directors' proposed attorney for the civil action is of the written opinion that litigation is the Association's most reasonable and prudent alternative.

(b) A written summary of the relevant experience of the attorney ("Litigation Attorney") the Board of Directors recommends be retained to represent the Association in the proposed civil action, including the following information: (i) the number of years the Litigation Attorney has practiced law; and (ii) the name and address of every condominium and homeowner association for which the attorney has filed a civil action in any court, together with the case number, county and court in which each civil action was filed.

(c) The Litigation Attorney's written estimate of the amount of the Association's likely recovery in the proposed lawsuit, net of legal fees, court costs, expert witness fees and all other expenses expected to be incurred in the litigation.

(d) The Litigation Attorney's written estimate of the cost of the civil action through a trial on the merits of the case ("Total Estimated Cost"). The Total Estimated Cost of the civil action shall include the Litigation Attorney's expected fees, court costs, expert witness fees, and all other expenses expected to be incurred in the civil action.

(e) The Litigation Attorney's proposed written fee agreement.

(f) The amount to be specially assessed against each Unit in the Condominium to fund the estimated cost of the civil action both in total and on a monthly per Unit basis, as required by Section 6 of this Article.

Section 3. Independent Expert Opinion. If the lawsuit relates to the condition of any of the Common Elements of the Condominium, the Board of Directors shall obtain a written independent expert opinion as to reasonable and practical alternative approaches to repairing the problems with the Common Elements, which shall set forth the estimated costs and expected viability of each alternative. In obtaining the independent expert opinion required by the preceding sentence, the Board of Directors shall conduct its own investigation as to the qualifications of any expert and shall not retain any expert recommended by the Litigation Attorney or any other attorney with whom the Board of Directors consults. The purpose of the independent expert opinion is to avoid any potential confusion regarding the condition of the Common Elements that might be created by a report prepared as an instrument of advocacy for use in a civil action. The independent expert opinion will ensure that the Co-owners have a realistic appraisal of the condition of the Common Elements, the likely cost of repairs to or replacement of the same, and the reasonable and prudent repair and replacement alternatives. The independent expert opinion shall be sent to all Co-owners with the written notice of the Litigation Evaluation Meeting.

Section 4. 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 in the text of the Association's written notice to the Co-owners of the Litigation Evaluation Meeting.

Section 5. 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 and whether the matter should be handled by the Litigation Attorney. The commencement of any civil action by the Association (other than a suit to enforce these By-Laws or collect delinquent assessments) shall require the approval of a majority in number and in value of the Co-owners. Any proxies to be voted at the Litigation Evaluation Meeting must be signed at least seven (7) days prior to the Litigation Evaluation Meeting. Notwithstanding any other provision of the Condominium Documents, no litigation shall be initiated by the Association against the Developer until such litigation has been approved by an affirmative vote of seventy-five (75%) percent of all members of the Association in number and value attained after a Litigation Evaluation Meeting held specifically for the purpose of approving such action.

Section 6. Litigation Special Assessment. All legal fees incurred in pursuit of any civil action that is subject to Sections 1 through 10 of this Article shall be paid by special assessment of the Co-owners ("Litigation Special Assessment"). The Litigation Special Assessment shall be approved at the Litigation Evaluation Meeting (or any subsequent duly called and noticed meeting) by a majority in number and in value of all Co-owners in the amount of the estimated total cost of the civil action. If the Litigation Attorney proposed by the Board of Directors is not retained, the Litigation Special Assessment shall be adjusted to an amount equal to the estimated total cost of the civil action, as estimated by the attorney actually retained by the Association. The Litigation Special Assessment shall be apportioned to the Co-owners in accordance with their respective percentage of value interests in the Condominium and shall be collected from the Co-owners on a monthly basis. The total amount of the Litigation Special Assessment shall be collected monthly over a period not to exceed twenty four (24) months.

Section 7. Attorney's Written Report. During the course of any civil action authorized by the Co-owners pursuant to this Article, the retained attorney shall submit a written report ("Attorney's Written Report") to the Board of Directors every thirty (30) days setting forth:

(a) The attorney's fees, the fees of any experts retained by the attorney, and all other costs of the litigation during the thirty (30) day period immediately preceding the date of the Attorney's Written Report ("Reporting Period").

(b) All actions taken in the civil action during the reporting period, together with copies of all pleadings, court papers and correspondence filed with the court or sent to opposing counsel during the reporting period.

(c) A detailed description of all discussions with opposing counsel during the reporting period, written and oral, including, but not limited to, settlement discussions.

(d) The costs incurred in the civil action through the date of the written report, as compared to the attorney's estimated total cost of the civil action.

(e) Whether the originally estimated total cost of the civil action remains accurate.

Section 8. Monthly Board Meetings. The Board of Directors shall meet monthly during the course of any civil action to discuss and review:

- (a) the status of the litigation;
- (b) the status of settlement efforts, if any; and
- (c) the Attorney's Written Report.

Section 9. Changes in the Litigation Special Assessment. If, at any time during the course of a civil action, the Board of Directors determines that the originally estimated total cost of the civil action or any revision thereof is inaccurate, the Board of Directors shall immediately prepare a revised estimate of the total cost of the civil action. If the revised estimate exceeds

the Litigation Special Assessment previously approved by the Co-owners, the Board of Directors shall call a special meeting of the Co-owners to review the status of the litigation, and to allow the Co-owners to vote on whether to continue the civil action and increase the Litigation Special Assessment. The meeting shall have the same quorum and voting requirements as a Litigation Evaluation Meeting.

Section 10. 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 budget. 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.

## ARTICLE XXII RIGHTS RESERVED TO DEVELOPER

Any or all of the rights and powers granted or reserved to the Developer in the Condominium Documents or by law, including the right and power to approve or disapprove any act, use, or proposed action or any other matter or thing, may be assigned by it to any other entity or entities 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, upon expiration 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, insofar as the Developer is concerned, only to the Developer's rights to approve and control the administration of the Condominium and shall not, under any circumstances, be construed to apply to or cause the termination of any real property rights granted or reserved to the Developer or its successors and assigns in the Master Deed or elsewhere (including, but not limited to, access easements, utility easements and all other interests or easements created, excepted or 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, exception or reservation and not hereby).

## ARTICLE XXIII SEVERABILITY

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